

PUBLIC HEARING
2024-25 Budget
& Proposed 2025
Property Taxes



NRHEG Public Schools
December 16, 2024 6:00 pm
Secondary School Media

- 
- **Truth in Taxation Law, passed in 1989**

- **Two major requirements:**

- 1. Tax Statements**

Counties must send out proposed property tax statements in November based on preliminary tax levies set by all taxing jurisdictions (counties, cities, townships, school districts, etc.)

- 2. Public Hearing**

Most taxing jurisdictions must hold a public hearing prior to certifying the final levy and discuss:

- Payable 2025 levy
- Fiscal year 2025 budget
- Public comments

**This is the school district's
annual required hearing**



Who sets the School Levy?

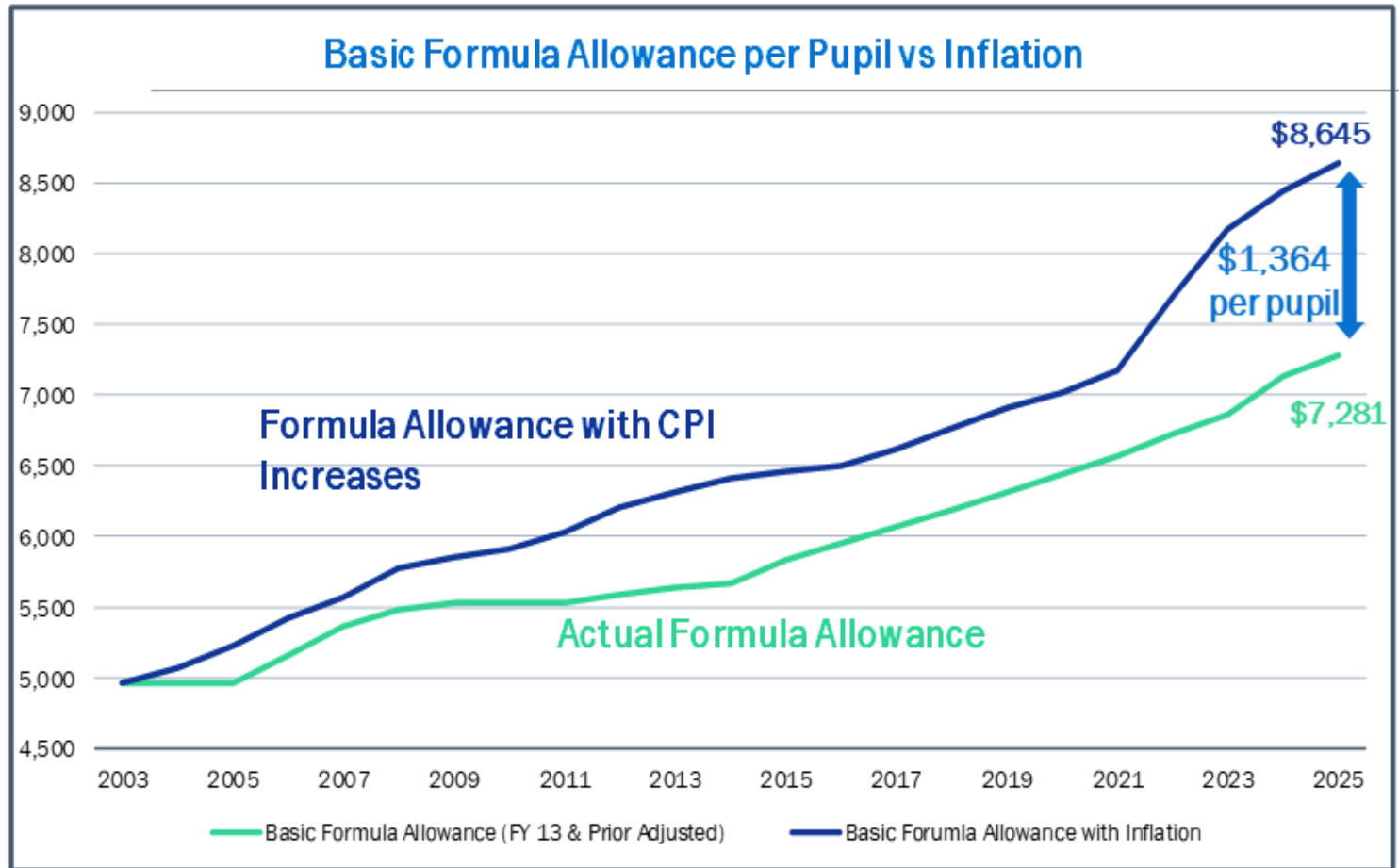
Components of a District Tax Levy are either:

- **Set By State Formula By Legislature**
 - General Education Formula, Operating Capital, Career & Technical, Reemployment, etc.
- **Voter Approved as Authorized by the State**
 - Operating Referendum or Building Bonds

How is my property tax determined?

- County Assessor determines market value for each parcel of property.
- MN Legislature sets formulas for Tax Capacity. These formulas determine how the tax burden is split on different types of property (residential, commercial, ag, etc.).
- County Auditor calculates the tax capacity for each parcel based on the above.
- County Auditor divides the total levy by total tax capacity of the District to determine tax rate needed. Tax rate is multiplied by each property's tax capacity*.

*Certain levies are spread based on Market Value rather than tax capacity.



¹ Inflation is based on consumer price index

² Basic formula allowance includes changes made by legislature in 2023 and is adjusted for FY 2014 and earlier due to pupil weight changes

³ FY 2024-25 are based on estimated inflation forecasts updated in June 2024 by the State of Minnesota

FY 2025 Budget






FY25 Budget

<u>Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Net</u>
General *	\$10,421,191	\$10,780,710	-\$359,519
Food Service	\$859,700	\$809,756	\$49,944
Community Education *	\$477,286	\$469,114	\$8,172
Debt Service *	\$1,373,674	\$1,292,841	\$80,833
Scholarship Trust	\$1,000	\$1,500	-\$500
Student Activity	<u>\$55,500</u>	<u>\$55,500</u>	<u>\$0</u>
Totals	\$13,188,351	\$13,409,421	-\$221,070

Proposed Tax Levy for Taxes Payable in 2025

Timeline for Taxpayers

March 2024	Spring/Early Summer	November 10 -24	November 25 – December 30	March
Taxpayers received preliminary valuations notice from county for taxes payable the following year	Local and county board of appeal and equalization meetings held providing taxpayers opportunity to challenge property valuations.	Counties deliver mailed notice of proposed property taxes to each taxpayer.	School District holds Truth in Taxation meeting and certify final property tax levy for taxes payable in 2025	Taxpayers receive tax statement from counties for taxes payable in 2025



Spruce County
Jane Stevens, Assessor
345 12th Street East, Box 77
Spruceville, MN 55555-5555
(555) 345-6780
www.co.spruce.mn.us

VALUATION NOTICE

2024

2023 Values for Taxes Payable in

Property tax notices are delivered on the following schedule:

Step	Valuation and Classification Notice	See Details Below
1	Class: Residential Homestead Estimated Market Value: \$150,000 Homestead Exclusion: \$23,800 Taxable Market Value: \$126,200	
2	Proposed Taxes Notice 2024 Proposed Tax: Coming November 2023	
3	Property Tax Statement Lot Split Taxes: Coming March 2024 2nd Half Taxes: Total Taxes Due in 2024:	

The time to appeal or question your CLASSIFICATION or VALUATION is NOW!

It will be too late when proposed taxes are sent.

Property ID Number: 01.234.56.7890.R1

Property Description:
Lot 5, Block 13 of the Spruceville Estates Addition to the City of Spruceville.

TAXPAYER(S):
John and Mary Johnson
123 Pine Road South
Spruceville, MN 55555-5555

Your Property's Classification(s) and Values

	Taxes Payable in 2023 (2022 Assessment)	Taxes Payable in 2024 (2023 Assessment)
<i>The assessor has determined your property's classification(s) to be:</i>		
Residential Homestead 1a		Residential Homestead 1a
<input type="checkbox"/> If this box is checked, your classification has changed from last year's assessment.		
<i>The assessor has estimated your property's market value to be:</i>		
Estimated Market Value (EMV)	\$158,000	\$150,000
<i>Several factors can reduce the amount that is subject to tax:</i>		
Green Acres Value Deferral		
Rural Preserve Value Deferral		
Open Space Deferral		
Platted Vacant Land Deferral		
Exclusion for Veterans With Disabilities		
Mold Damage Exclusion		
Homestead Market Value Exclusion	\$23,000	\$23,800
Taxable Market Value (TMV)	\$135,000	\$126,200

The following values (if any) are reflected in your estimated and taxable market values:

New Improvement Value	\$0
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The classification(s) of your property affect the rate at which your value is taxed.

The following meetings are available to discuss or appeal your value and classification:

Local Board of Appeal and Equalization/Open Book	County Board of Appeal and Equalization Meeting
10 a.m. April 19, 2023 Spruceville Town Hall 123 Main Street, Spruceville	5 p.m. June 10, 2023 Spruce County Courthouse 345 12th Street East, Spruceville

Information on the Appeal process is located on the valuation notice sent in March

Appealing the Value or Classification of Your Property

Informal Appeal Options - Contact Your Assessor

If you have questions or concerns, the assessor can help explain the details of your property's valuation and classification. Contact information for your assessor's office is on the other side of this notice.

Some jurisdictions choose to hold open book meetings to allow property owners to discuss their concerns with the assessor. If this is an option available to you, the meeting time(s) and location(s) will be indicated on the other side of this notice.

Formal Appeal Options

If your questions or concerns are not resolved after meeting with your assessor, you have two formal appeal options:

Option 1 - The Boards of Appeal and Equalization

You may appear before the Boards of Appeal and Equalization in person, through a letter, or through a representative authorized by you. The meeting times and locations are on the other side of this notice. You must have presented your case to the Local Board of Appeal and Equalization BEFORE appealing to the County Board of Appeal and Equalization.

Step 1- Local Board of Appeal and Equalization

If you believe your value or classification is incorrect, you may bring your case to the Local Board of Appeal and Equalization. Please contact your assessor's office for more information. If your city or township does not have a Local Board of Appeal and Equalization (as indicated on the other side of this notice) you may appeal directly to the County Board of Appeal and Equalization.

Step 2- County Board of Appeal and Equalization

If the Local Board of Appeal and Equalization did not resolve your concerns, you may bring your case to the County Board of Appeal and Equalization. Please contact the county assessor's office to get on the agenda or for more information.

Option 2 - Minnesota Tax Court

Depending on the type of appeal, you may take your case to either the Small Claims Division or the Regular Division of Tax Court. You have until April 30 (October 1 for manufactured homes assessed as personal property) of the year in which taxes are payable to file an appeal with the Small Claims Division or the Regular Division of Tax Court for your valuation and classification.

For more information, contact the Minnesota Tax Court:
Phone: 651-539-3260 or for MN Relay call 1-800-627-3529
On the web: www.mn.gov/tax-court

Definitions

Exclusion for Veterans With Disabilities - Veterans with qualifying disabilities may be eligible for a valuation exclusion on their homestead property.

Estimated Market Value - This value is what the assessor estimates what your property would likely sell for on the open market.

Green Acres - Applies to class 2a agricultural property that is facing increasing values due to pressures not related to the agricultural value of the land. This value is determined by looking at what comparable agricultural land is selling for in areas where there is no development pressure. The taxes on the higher value are deferred until the property is sold, transferred, withdrawn, or no longer qualifies for the program.

Homestead Market Value Exclusion - Applies to residential homesteads and to the house, garage, and one acre of land for agricultural homesteads. The exclusion is a maximum of \$30,400 at \$76,000 of market value, and then decreases by nine percent for value over \$76,000. The exclusion phases out for properties valued at \$413,800 or more.

New Improvements - This is the assessor's estimate of the value of new or previously unassessed improvements that have been made to your property within the past five years.

Plat Deferral - For land that has been recently platted (divided into individual lots) but not yet improved with a structure, the increased market value due to platting is phased in over time. If construction begins, or if the lot is sold before expiration of the phase-in period, the lot will be assessed at full market value in the next assessment.

Rural Preserve - Applies to class 2b rural vacant land that is part of a farm homestead or that had previously been enrolled in Green Acres, if it is contiguous to agricultural land enrolled in Green Acres. This value may not exceed the Green Acres value for tilled lands. The taxes on the higher value are deferred so long as the property qualifies.

Taxable Market Value - This is the value that your property taxes are actually based on, after all reductions.

For more information on appeals, visit the Department of Revenue website: www.revenue.state.mn.us.

Property Classifications and Value



Spruce County
Jane Smith, Auditor-Treasurer
345 12th Street East, Box 78
Spruceville, MN 55555-5555
(555) 345-6789
www.co.spruce.mn.us

TAXPAYER(S):
John and Mary Johnson
123 Pine Rd S
Spruceville, MN 55555-5555

Property Information

PIN Number: 01.234.56.789.R1 **Property Address:** 789 Pine Rd S
Spruceville, MN 55555

Property Description:
Lot 1, Block 1, Spruce Acres Subdivision

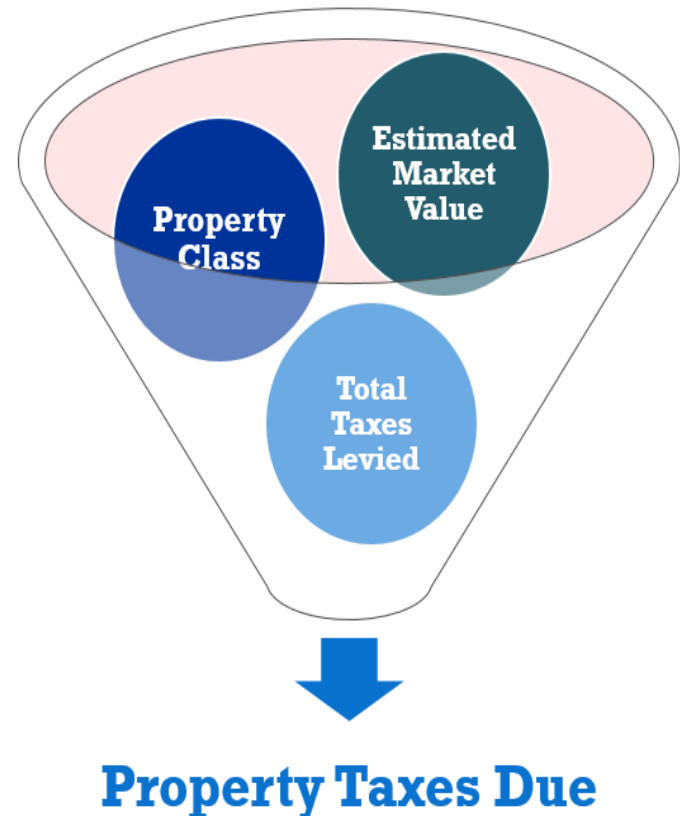
PROPOSED TAXES 2025			
THIS IS NOT A BILL. DO NOT PAY.			
VALUES AND CLASSIFICATION			
Step	Taxes Payable Year	2024	2025
1	Estimated Market Value	\$125,000	\$150,000
	Homestead Exclusion	\$	\$33,050
	Taxable Market Value	\$125,000	\$116,950
	Class	Res NHmstd	Res Hmstd
PROPOSED TAX			
Step			
2	Property taxes before credits	\$1,479.52	
	School building bond credit	\$	\$ 12.00
	Agricultural market value credit		
	Other credits		
	Property taxes after credits	\$1,467.52	
PROPERTY TAX STATEMENT			
Step			
3			Coming in 2025
The time to provide feedback on PROPOSED LEVIES is NOW			
It is too late to appeal your value without going to Tax Court.			

Proposed Property Taxes and Meetings by Jurisdiction for Your Property			
Contact Information	Meeting Information	Actual 2024	Proposed 2025
State General Property Tax	No public meeting	\$0	\$0
County of Spruce Spruce County Courthouse 123 Spruce St Spruceville, MN 55555 www.co.spruce.mn.us (555) 123-4567	December 5, 7:00 PM	\$438.06	\$484.18
City of Spruceville Mayor's Office 456 Spruce St Spruceville, MN 55555 www.ci.spruceville.mn.us (555) 123-7654	December 2, 6:30 PM Spruceville City Hall	\$273.79	\$312.06
Spruceville School District 999 150 1st St N Spruceville, MN 55555 www.spruceville.k12.mn.us (555) 123-6789	December 9, 7:00 PM Spruceville High School Cafeteria		
Voter Approved Levies		\$289.35	\$296.68
Other Levies		\$340.11	\$374.60
<i>Your school district was scheduled to hold a referendum at the November general election. If the referendum was approved by the voters, the school district's voter approved property tax for 2025 may be higher than the proposed amount shown on this notice.</i>			
Total excluding any special assessments		\$1,341.31	\$1,467.52 9.4%

Calculating Property Taxes

3 Key Variables

1. **Estimated Market Value**
established for each parcel
by Assessor
2. **Property Classification**
rates established by state
legislature
3. **Tax levy** established by
taxing jurisdictions (School,
City, County and others)



Important Changes to Property Tax Law

- Homestead Market Value Exclusion is increasing for taxes payable in 2025
 - This will reduce taxes for residential homestead properties valued up to \$517,200
- Agricultural Homestead Classification Increasing
 - Limited to \$2,150,000 for taxes payable in 2024
 - Limited to \$3,500,000 for taxes payable in 2025
 - This will reduce taxes for landowners with greater than \$2,150,000 in land classified as homestead

Share of Tax Liability

Property Classification	Market Value Share (2023 Assessment)	Share of Net Taxes (Payable in 2024)
Farms	18.9%	6.8%
Seasonal Rec Residential	4.2%	2.6%
Commercial and Industrial	12.7%	28.8%
Residential Homes	57.7%	54.2%
Other Residential	6.5%	7.7%

Source: Jared Swanson House Legislative Analyst



Ag2School Tax Credit

- Permanent law enacted in 2017
- Affects all existing Fund 7 debt levies, except OPEB bonds
- Reductions for farmers and timber owners
- Will remain at 70% in 2025
- The revenue for Ag2School comes from state income, sales and other tax revenue

Find Your Ag2School Credit

Truth in Taxation Notice:

- Calculated on each parcel statement
- Sum all parcels for total
- Because paid by state, it does not show up on Levy Certification Report

PROPOSED TAXES 2024		
THIS IS NOT A BILL. DO NOT PAY.		
	VALUES AND CLASSIFICATION	
Step	<u>Taxes Payable Year</u>	<u>2023</u> <u>2024</u>
1	Estimated Market Value	\$125,000 \$150,000
	Homestead Exclusion	\$ \$23,800
	Taxable Market Value	\$125,000 \$126,200
	Class	Res NHmstd Res Hmstd
	PROPOSED TAX	
Step	Property Taxes before credits	\$1,479.52
2	School building bond credit	\$ 12.00
	Agricultural market value credit	
	Other credits	
	Property Taxes after credits	\$1,467.52
Step	PROPERTY TAX STATEMENT	
3	Coming in 2024	
The time to provide feedback on PROPOSED LEVIES is NOW		
It is too late to appeal your value without going to Tax Court.		

Your School District Tax Levy

Possible reasons for changes to your parcel:

- Change in value or classification to your property
- Change in enrollment numbers
- Change in valuation of property in district
Equalization aid depends on district property wealth per pupil
- Local decisions and requirements
- Adjustment for prior years (estimate to actual)
- Legislative changes (Local Optional Revenue)

NRHEG School District

Estimated Tax Impacts - Pay 2025 Levy Total School Taxes

Summary					
	Pay 2024		Est. Pay 2025		% Change
Referendum Market Value	\$	562,379,925	\$	611,766,885	8.78%
RMV Tax Rate		0.12%		0.11%	-5.24%
Net Tax Capacity	\$	17,886,461	\$	18,637,865	4.20%
NTC Tax Rate		9.67%		9.53%	-1.37%

Types of Property	Pay 2024 Value	Pay 2025 Est. Value			\$ Change	% Change
			Pay 2024	Pay 2025		
Residential Homestead (Value Increase 4%)	\$72,100	\$75,000	\$128	\$128	(\$0)	-0.14%
	120,200	125,000	234	227	(7)	-3.09%
	168,300	175,000	343	336	(7)	-1.98%
	216,300	225,000	451	445	(6)	-1.36%
	264,400	275,000	559	553	(6)	-1.03%
	312,500	325,000	667	662	(5)	-0.80%
360,600	375,000	775	770	(5)	-0.63%	
Commercial / Industrial** (Value Increase 4%)	\$144,200	\$150,000	\$382	\$385	\$3	0.78%
	240,400	250,000	680	689	9	1.29%
	480,800	500,000	1,432	1,449	17	1.15%
	961,500	1,000,000	2,937	2,969	32	1.10%
Agricultural Homestead (Value Increase 4%)	\$7,700	\$8,000	\$1.77	\$1.86	\$0.08	4.72%
	8,700	9,000	2.00	2.09	0.09	4.26%
	9,600	10,000	2.21	2.32	0.11	4.99%
	10,600	11,000	2.44	2.55	0.11	4.59%
Agricultural Non-Homestead (Value Increase 4%)	\$7,700	\$8,000	\$3.55	\$3.71	\$0.17	4.72%
	8,700	9,000	4.01	4.18	0.17	4.26%
	9,600	10,000	4.42	4.64	0.22	4.99%
	10,600	11,000	4.88	5.11	0.22	4.59%

*Actual taxes may be lower in certain taxing districts due to Disparity Reduction Aid.

Summary					
	Pay 2024		Est. Pay 2025		% Change
Referendum Market Value	\$	562,379,925	\$	611,766,885	8.78%
RMV Tax Rate		0.12%		0.11%	-5.24%
Net Tax Capacity	\$	17,886,461	\$	18,637,865	4.20%
NTC Tax Rate		9.67%		9.53%	-1.37%

Property Value Increase
0%

Types of Property	Pay 2024 Value	Pay 2025 Est. Value	Pay 2024	Pay 2025	\$ Change	% Change
Residential Homestead	\$72,100	\$72,100	\$128	\$123	(\$5)	-3.97%
	120,200	120,200	234	217	(18)	-7.52%
	168,300	168,300	343	321	(21)	-6.23%
	216,300	216,300	451	426	(25)	-5.56%
	264,400	264,400	559	530	(29)	-5.16%
	312,500	312,500	667	635	(32)	-4.87%
	360,600	360,600	775	739	(36)	-4.67%

Property Value Increase
4%

Types of Property	Pay 2024 Value	Pay 2025 Est. Value	Pay 2024	Pay 2025	\$ Change	% Change
Residential Homestead	\$72,100	\$75,000	\$128	\$128	(\$0)	-0.14%
	120,200	125,000	234	227	(7)	-3.09%
	168,300	175,000	343	336	(7)	-1.98%
	216,300	225,000	451	445	(6)	-1.36%
	264,400	275,000	559	553	(6)	-1.03%
	312,500	325,000	667	662	(5)	-0.80%
	360,600	375,000	775	770	(5)	-0.63%

Property Value Increase
10%

Types of Property	Pay 2024 Value	Pay 2025 Est. Value	Pay 2024	Pay 2025	\$ Change	% Change
Residential Homestead	\$72,100	\$79,310	\$128	\$135	\$7	5.61%
	120,200	132,220	234	243	8	3.61%
	168,300	185,130	343	358	15	4.43%
	216,300	237,930	451	473	22	4.88%
	264,400	290,840	559	588	29	5.13%
	312,500	343,750	667	702	35	5.30%
	360,600	396,660	775	817	42	5.44%

*Actual taxes may be lower in certain taxing districts due to Disparity Reduction Aid.

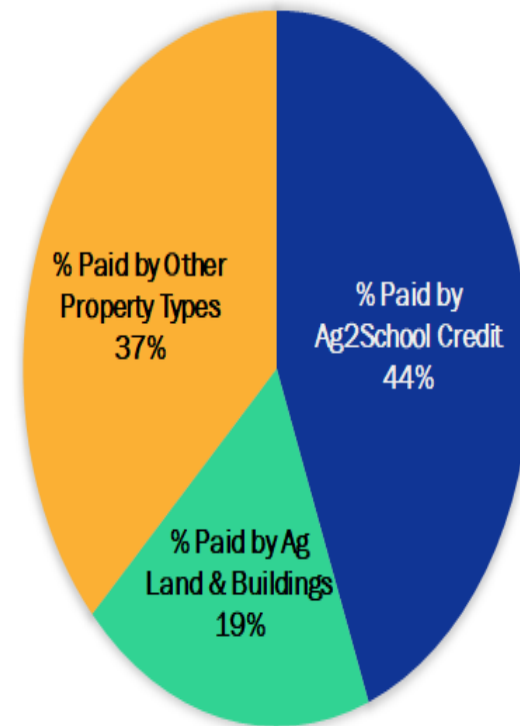
Ag2School Impact

ISD No. 2168, NRHEG School District

Source of Debt Service Payments

(Assuming 70% Ag2School Credit)

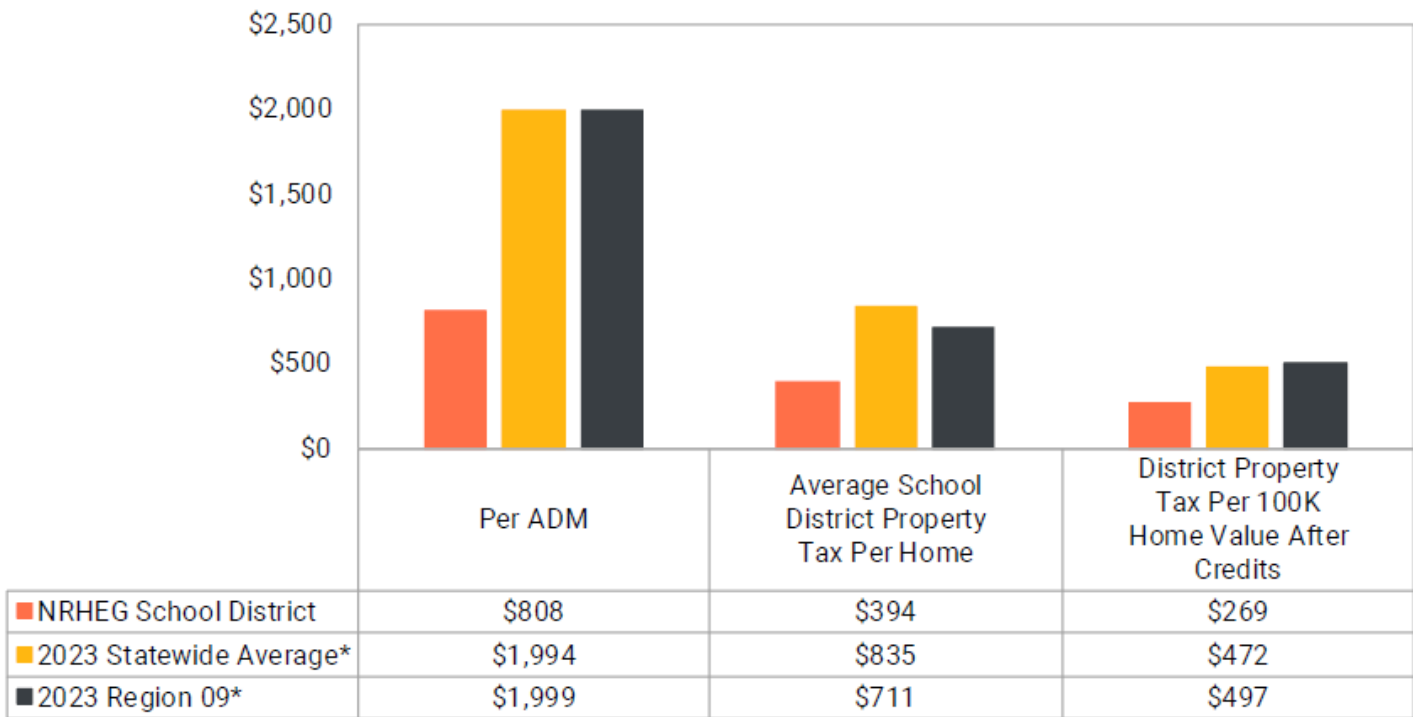
(Based on Valuations for taxes payable in 2024)



Notes:

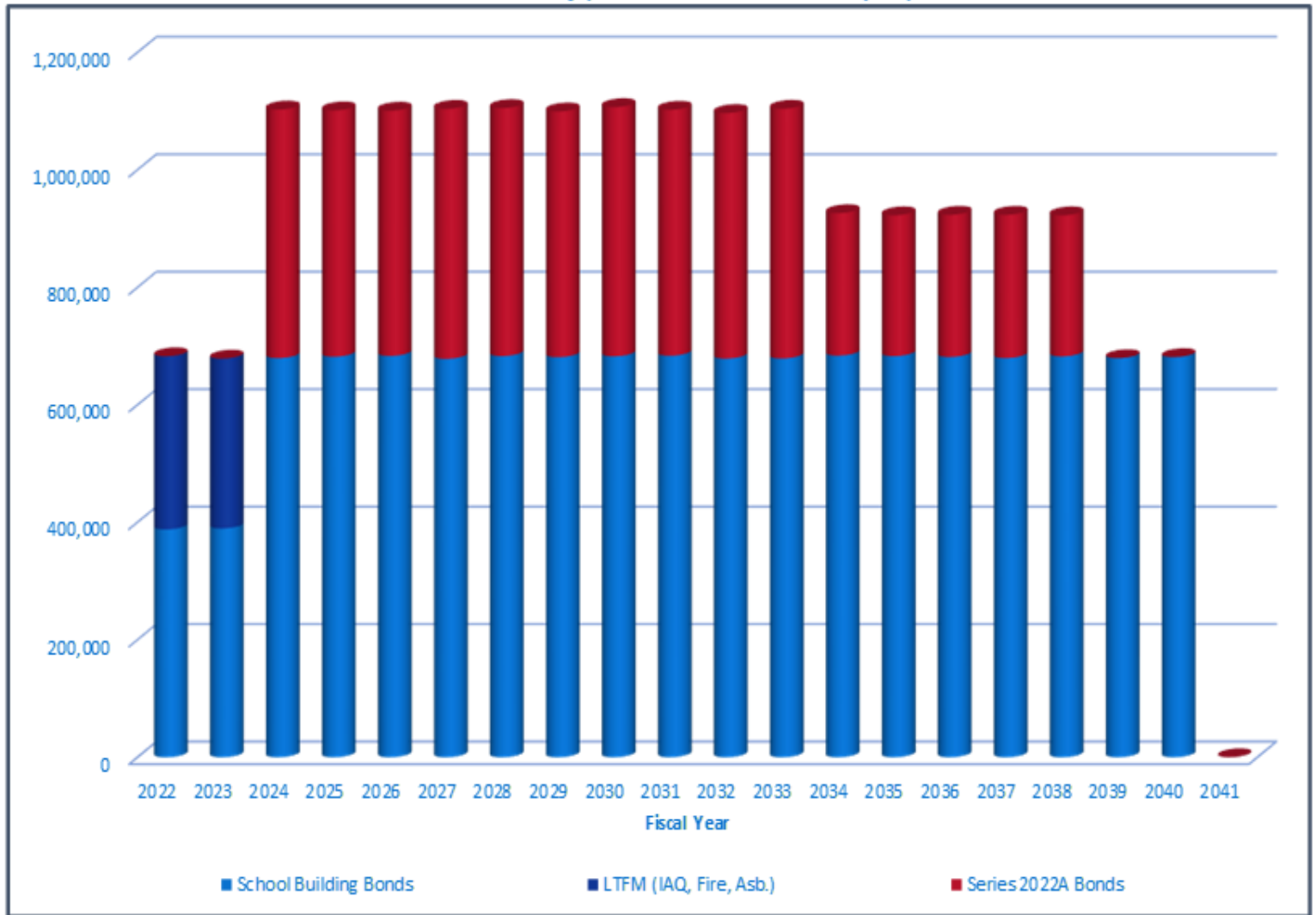
1. The Ag2School credit applies to agricultural land and buildings. The house, garage and first acre of land do not benefit from the Ag2School credit.
2. The Ag2School credit does not increase or decrease the tax impact on all other property types.

The state will pay for approximately \$574,000 of the \$1,302,822 debt service levy for Pay 2025 via the Ag2School Credit.



* Information obtained from School District Profile reports published by the MDE

ISD 2168, N.R.H.E.G.
Bond Summary (All Debt with Direct Tax Impact)



Proposed Pay '25 Levy

Certification for NRHEG

Fund	Pay '25 Levy Limit	Increase (Decrease)	Percent Change
General	\$ 1,031,061.92	\$ 50,869.84	5.19 %
Community Ed	\$ 132,768.17	\$ 4,458.34	3.47%
General Debt Service	\$ 1,302,821.80	\$ 9,411.48	.73%
Total	\$2,466,651.89	\$ 64,739.66	2.70%

Board Resolution

- Whereas, Pursuant to Minnesota Statutes the School Board of NRHEG School District, New Richland, Minnesota, is authorized to make the following proposed tax levies for general purposes:

General	\$ 1,031,061.92
Community Service	132,768.17
General Debt Service	<u>1,302,821.80</u>

Total Proposed School Tax Levy \$ 2,466,651.89

Now Therefore, Be it resolved by the School Board of NRHEG School District, New Richland, Minnesota, that the levy to be levied in 2024 to be collected in 2025 is set at **\$2,466,651.89** The clerk of the NRHEG School Board is authorized to certify the proposed levy to the County Auditor of Waseca County, Minnesota.



QUESTIONS?