

# Government budgets impact property taxes

BY KIRSTEN FAURIE  
EDITOR@MORAMINN.COM

Local government units have been hitting the books, talking budgets and setting proposed tax levies.

These proposed/preliminary levies are still subject to change as boards and councils continue to refine their budgets and hear comments from constituents.

The final levy can be less than the proposed levy, but not more.

## WHAT IS A LEVY?

Property taxes are based on levies set by local governments (a.k.a. "taxing units") and the value and classification of a property. Local taxing units can include your county, township, school district and city or town.

These local governments use property taxes to help pay for things like libraries, schools, roads, fire protection, police, public health, parks and other services.

Typically, each property is taxed by several taxing units. For example, each property in Kanabec County is taxed by the county, a school district and a city or township.

Every September, each government unit reviews budgets and determines how much money they must levy from taxpayers to fund those budgets.

Governments must first set a preliminary or proposed levy. This is used to estimate next year's property taxes for each jurisdiction's property owners.

Final levies are approved before Dec. 31 and can be less than the preliminary levy, but not more.

These levies determine (in part) how much property owners pay in property taxes in the year 2021.

Once a local government sets a property tax levy, it must be divided among that government's total tax capacity (i.e. the total value of all the properties based on their market value and class rates).

Many factors affect a property tax bill. Determining how much each property owner owes and their role in it can be broken down into four stages detailed at right.

## 4 STAGES OF PROPERTY TAXES

### 1. VALUING THE PROPERTY

**Minnesota property tax** is divided among properties according to their value and classification.

**The estimated** market value and classification of a property is determined by the Kanabec County Assessor's Office as of Jan. 2 each year.

**The assessor** uses historical sales in order to estimate each property's market value.

**The classification** of a property is based on its use. Each class of property (residential, cabin, farm, commercial, etc.) has a different classification rate set by the Legislature. Some property types pay a greater share of the property tax than others.

### 2. PROTESTING THE VALUES

**Notice of valuation statements** are sent out every year in March informing you of the value and classification of your property as of Jan. 2. The value is based on qualified sales from the prior Oct. 1-Sept. 30 sales period.

**If a property owner** believes the value or classification of their property is incorrect, they should contact the assessor's office right away.

**If a property owner** is not satisfied with the results of their visit with the assessor, they may take their complaint to the Local Board of Appeal and Equalization in April.

**Still not satisfied?** Property owners can then take the valuation issue to the County Board of Appeal and then to Minnesota Tax Court.

### 3. ADOPTING LEVIES

**Each local government** (city, township, school district, etc.) first determines how much money it needs to collect from property taxes. This amount is called the levy.

**The levy** is then spread among the taxpayers according to their property's value and classification.

### THE PRELIMINARY OR PROPOSED LEVY

**In September**, each local government must first set a preliminary or proposed levy. This is used to estimate next year's taxes for Truth-in-Taxation notices.

### TRUTH IN TAXATION

**Every year** between Nov. 10 and Nov. 25, all property owners receive a "Truth-in-Taxation" notice.

**This notice** includes three things:

1. **The valuation** and classification information
2. **The current-year** property tax amounts
3. **An estimate** of how taxes may change based on the local governments' proposed levies

**The notice** also shows the schedule for local Truth-in-Taxation meetings. These meetings are designed for citizens to voice concerns regarding that unit's budget and spending. This is not the time to appeal market value or discuss individual property taxes.

### APPROVING THE FINAL LEVY

**After local governments** hold their Truth-In-Taxation meetings, the unit must approve the final levy before Dec. 31. The final levy can be less than the proposed levy, but not more.

### 4. COLLECTING TAXES

**The Kanabec County Treasurer's Office** mails a tax statement to each property owner by March 31 each year.

**Taxes are** due in two, equal portions.

**First payment** due: May 15

**Second payment** due: October 15

**(If agricultural**, second payment is not due until Nov. 15)

## LOCAL PRELIMINARY LEVIES

### KANABEC COUNTY

**2020 Levy:** \$12,285,713

**Proposed 2021 Levy:** \$ 12,671,886

**Percent Change:** + 3.1%

**Truth-in-taxation meeting:** 6:30 p.m. Dec. 3, Kanabec County Courthouse

**Items of Note:** The most substantial changes in the county's budget are the usual employee wage and benefit increases in vendor contract pricing, insurance premiums, and scheduled maintenance for the building, technology and other equipment. The county commissioners are evaluating the pros and cons of bonding for infrastructure projects as current interest rates are low. Bonding for the projects could reduce the 2021 levy increase.

### CITY OF MORA

**2020 Levy:** \$889,442

**Proposed 2021 Levy:** \$1,076,635

**Percent Change:** + 21.0%

**Truth-in-taxation meeting:** 6:30 p.m. Dec. 1 at Mora City Hall

**Items of Note:** The 2021 preliminary levy shows a \$187,193 increase over the 2020 budget levy. However, because a number of new homes and commercial properties have come onto the city tax roles, the levy increase is being spread out among more properties, therefore the average household will not see much change in their property taxes. \$167,000 of that levy increase is earmarked for capital improvement purchases. City Administrator Lindy Crawford said the city is playing "catch up" on some large purchases. The 2021 budget includes: Street crack sealant machine, purchase of a columbarium for the cemetery, rehabilitation of the cemetery chapel, computer replacements, painting the library exterior, pool repair, etc.

### CITY OF OGILVIE

**2020 Levy:** \$107,600

**Proposed 2021 Levy:** \$129,093

**Percent Change:** +20.0%

**Final budget meeting:** 6:30 p.m. Dec. 16, at the Ogilvie Civic Center.

**Items of Note:** The majority of the levy increase is due to more money budgeted for road and sidewalk improvements. As the council refines this budget, it is expected the final levy will decrease.

### MORA SCHOOL DISTRICT (ISD 332)

**2020 Levy:** \$3,174,818.19

**Proposed 2021 Levy:** \$6,964,221.57

**Percent Change:** +119.4%

**Truth-in-taxation meeting:** 6:30 p.m. Dec. 17, Mora Elementary School commons area

**Items of Note:** While an increase of 119% in the local levy appears shocking, it was not unexpected. This increase is the result of the Mora High School Bond referendum that was approved by voters in May 2020. The preliminary levy is not expected to decrease for the final levy.

### OGILVIE SCHOOL DISTRICT (ISD 333)

**2020 Levy:** \$1,011,657

**Proposed 2021 Levy:** \$993,301

**Percent Change:** -1.8%

**Truth-in-taxation meeting:** 6:01 p.m. Dec. 14, Ogilvie School Board Room

**Items of Note:** The Ogilvie School District has paid off its 30-year capital loan which was used to construct the current school facility; as that debt expired, the school took on debt to complete an indoor air quality project. Overall, this has meant a slight reduction in the 2021 levy.

### CITY OF GRASSTON

**2020 Levy:** \$13,800

**Proposed 2021 Levy:** \$13,800

**Percent Change:** 0%

### CITY OF QUAMBA

**2020 Levy:** \$34,790

**Proposed 2021 Levy:** \$35,500

**Percent Change:** + 2.0%

### KANABEC COUNTY ECONOMIC DEVELOPMENT AUTHORITY

**2020 Levy:** \$147,996

**Proposed 2021 Levy:** \$150,000

**Percent Change:** + 1.4%

### EAST CENTRAL REGIONAL DEVELOPMENT COMMISSION

**2020 Levy:** \$147,996

**Proposed 2021 Levy:** \$150,000

**Percent Change:** + 1.4%

**Townships plan** their levies and budgets differently than other government entities, typically having annual meetings and approving budgets on Township Day, the second Tuesday in March.

### ANN LAKE TOWNSHIP

**2020 Levy:** \$79,780

**Proposed 2021 Levy:** \$79,780

**Percent Change:** 0%

### ARTHUR TOWNSHIP

**2020 Levy:** \$207,500

**Proposed 2021 Levy:** \$230,000

**Percent Change:** + 10.8%

### BRUNSWICK TOWNSHIP

**2020 Levy:** \$155,000

**Proposed 2021 Levy:** \$156,000

**Percent Change:** + 0.6%

### COMFORT TOWNSHIP

**2020 Levy:** \$150,000

**Proposed 2021 Levy:** \$150,000

**Percent Change:** 0%

### FORD TOWNSHIP

**2020 Levy:** \$91,510

**Proposed 2021 Levy:** \$91,510

**Percent Change:** 0%

### GRASS LAKE TOWNSHIP

**2020 Levy:** \$100,000

**Proposed 2021 Levy:** \$115,000

**Percent Change:** +15.0%

### HAYBROOK TOWNSHIP

**2020 Levy:** \$74,000

**Proposed 2021 Levy:** \$74,000

**Percent Change:** 0%

### HILLMAN TOWNSHIP

**2020 Levy:** \$68,000

**Proposed 2021 Levy:** \$71,000

**Percent Change:** +4.4%

### KANABEC TOWNSHIP

**2020 Levy:** \$95,728

**Proposed 2021 Levy:** \$95,572

**Percent Change:** -0.2%

### KNIFE LAKE TOWNSHIP

**2020 Levy:** \$119,000

**Proposed 2021 Levy:** \$123,000

**Percent Change:** +3.4%

### KROSCHER TOWNSHIP

**2020 Levy:** \$49,891

**Proposed 2021 Levy:** \$50,773

**Percent Change:** +1.8%

### PEACE TOWNSHIP

**2020 Levy:** \$142,000

**Proposed 2021 Levy:** \$142,000

**Percent Change:** 0%

### POMROY TOWNSHIP

**2020 Levy:** \$120,000

**Proposed 2021 Levy:** \$120,000

**Percent Change:** 0%

### SOUTHFORK TOWNSHIP

**2020 Levy:** \$55,232

**Proposed 2021 Levy:** \$55,232

**Percent Change:** 0%

### WHITED TOWNSHIP

**2020 Levy:** \$67,412

**Proposed 2021 Levy:** \$82,000

**Percent Change:** + 21.6%

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