

**EDUCATION FINANCE
School property taxes reduced,
local optional revenue
equalizing factor increased**

March 15, 2022

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 3906 (Keeler) / S.F. 3911 (Rest) as introduced

	Fund Impact			
	F.Y. 2022	F.Y. 2023	F.Y. 2024	F.Y. 2025
	(000's)			
Education Aid	\$0	\$0	(\$13,850)	(\$13,720)
Property Tax Refund Interaction	\$0	\$0	\$1,150	\$1,010
Income Tax Interaction	\$0	\$0	\$240	\$210
General Fund Total	\$	\$	(\$12,460)	(\$12,500)

Effective beginning with revenue for fiscal year 2024.

EXPLANATION OF THE BILL

The proposal would increase the equalization factors for the first and second tier of school local optional revenue.

REVENUE ANALYSIS DETAIL

- Based on estimates from the Department of Education, the proposal would increase state aid to school districts by \$13.85 million in fiscal year 2024 and \$13.72 million in fiscal year 2025.
- The increase in local optional revenue to independent school districts would reduce existing school district levies beginning in taxes payable 2023. Lower levies would reduce property taxes on all property.
- The lower property tax burden would reduce state-paid homeowner property tax refunds and income tax deductions beginning in fiscal year 2024, resulting in a savings to the state general fund.

Source: Minnesota Department of Revenue
Property Tax Division – Research Unit
<https://www.revenue.state.mn.us/revenue-analyses>

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