

HOUSE RESEARCH

Bill Summary

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Subject: Extending levy limits

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Overview

Extends the general levy limit law for another two years, through taxes payable in 2001. The general levy limit provision applies to counties and cities with a population greater than 2,500. The law limits the growth in the sum of a local government's property tax levy plus general purpose aids (LGA, HACA, taconite aids, etc.). A local government's levy plus aid is allowed to grow based on (1) its household growth, (2) inflation, and (3) its growth in commercial-industrial property due to new construction. The levy limit provisions were enacted in 1997 and under current law expire after taxes payable in 1999.

- 1 Levy limit base.** States that for property taxes levied in 1999 and 2000, payable in 2000 and 2001, a local government's levy limit base is its adjusted levy limit base from the previous year.
- 2 Adjusted levy limit base.** Increases the levy limit base for taxes levied in 1999 and 2000 by the same three factors allowed in current law -- household growth, inflation, and growth in new commercial-industrial property.
- 3 Property tax levy limit.** States that a local government's levy limit for taxes levied in 1999 and 2000, payable in 2000 and 2001, will be equal to its adjusted levy limit base minus its general aid payments in payable 2000 and 2001.
- 4 Effective Date.** Extends the effective date of the existing levy limit law through taxes levied in 2000, payable in 2001. Currently this law is only effective through taxes levied in 1998, payable in 1999.
- 5 Effective date.** Makes this bill effective for taxes levied in 1999 and 2000, payable in 2000 and 2001.