

HOUSE RESEARCH

Bill Summary

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Authors: Demmer and others

Subject: Exempting agricultural land from school debt levies

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Overview

H.F. 101 exempts agricultural land, but not agricultural buildings, from school district levies for capital improvements. Under current law, all agricultural land and buildings are excluded from property tax for school operating referendums, but included for school building referendums.

Effective for taxes payable in 2008 and thereafter.

Section

- 1** **Equalized debt service levy.** Specifies that the tax base measure used in the school debt equalization aid formula is the school capital net tax capacity as defined in section 0.
- 2** **School capital net tax capacity.** Defines "school capital net tax capacity" as the net tax capacity of all property excluding agricultural land. The homesite (house, garage and one acre) of an agricultural homestead is not excluded, nor are any buildings ("improvements") on agricultural property.
- 3** **Adjusted school capital net tax capacity.** Defines "adjusted school capital net tax capacity" as the net tax capacity defined in section 0, adjusted by the sales ratio.
- 4** **Class 2.** Provides that in accounting for the value of an agricultural homestead, all of the buildings will be considered to be in the first valuation tier, regardless of where the buildings are located on the farm. (This is necessary because otherwise the assessor would have to arbitrarily decide which tier to place the building value in, which could lead to a lack of uniformity between counties.)