

HOUSE RESEARCH

Bill Summary

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Authors: Hortman and others

Subject: Lowering Market Value School District Levies by Increasing the Equalizing Factor

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Overview

Most of the major school district levies are equalized. This means that the aid and levy share is based on the district's relative amount of tax base per pupil. The higher the per pupil tax base, the lower the state aid, and the lower the district's tax base, the higher the state aid. The district's levy share is made by forming the ratio of the district's tax base per pupil unit to the equalizing factor established in statute. The equalizing factor for levies calculated and spread on referendum market value has been fixed at \$476,000 for a number of years. During this period of time, the per pupil tax base has risen substantially. As a result, these school funding formulas have provided less state aid over time.

This bill raises the equalizing factors for the transition, equity, and referendum levy programs from \$476,000 to \$750,000.

Section

- 1** **Equity levy.** Increases the equity levy equalizing factor from \$476,000 to \$750,000 beginning in fiscal year 2009.
- 2** **Transition levy.** Increases the transition levy equalizing factor from \$476,000 to \$750,000 beginning in fiscal year 2009.
- 3** **Referendum equalization levy.** Increases the first tier referendum levy equalizing factor from \$476,000 to \$750,000 beginning in fiscal year 2009. Leaves the second tier referendum levy equalizing factor at \$270,000.

