

HOUSE RESEARCH

Bill Summary

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Authors: Drazkowski and others

Subject: Property taxation; levies for voter-approved bonded debt

Analyst: Tim Strom and Steve Hinze, Legislative Analysts

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Overview

Provides that one-half of school and non-school levies for debt obligations approved by voters after June 30, 2015 must be levied against referendum market value, with the other half levied against net tax capacity. Provides that school debt service equalization aid for the portion levied on referendum market value is initially determined by applying the entire amount of debt service revenue to an aid formula similar to the existing formula substituting referendum market value rates and amounts for net tax capacity rates and amounts. Final equalization aid amounts for the referendum market value levies are then determined by subtracting the net tax capacity aid amounts from the initial referendum aid amounts.

Section

- 1 **Definitions.** Creates new definitions for “total eligible debt service revenue,” “net tax capacity eligible debt service revenue,” and “referendum market value eligible debt service revenue.”
- 2 **Net tax capacity debt service equalization revenue.** Specifies that the existing definition of debt service equalization revenue will now apply to net tax capacity debt service equalization revenue.
- 3 **Equalized net tax capacity debt service levy.** Specifies that the existing definition of equalized debt service levy will now apply to net tax capacity equalized debt service levy.
- 4 **Net tax capacity debt service equalization aid.** Specifies that the existing definition of debt service equalization aid will now apply to net tax capacity debt service equalization aid.

Section

- 5** **Initial referendum market value debt service equalization revenue.** Provides that initial referendum market value debt service equalization revenue is determined based on the total eligible debt service revenue of the district, with a two-tier formula similar to the current formula now to be used for equalization of the net tax capacity bond referendum levy. The tier 1 tax rate is 0.1574 percent of referendum market value, and the tier 2 rate is 0.2624 percent of referendum market value.
- 6** **Equalized initial referendum market value debt service levy.** Provides that initial referendum market value debt service levy is determined based on the initial referendum market value debt service equalization revenue tiers, with the levy amounts for each tier calculated in a similar manner to the current law formula for debt service equalization levies. The equalization levels are \$443,000 per pupil for tier 1 and \$800,000 per pupil for tier 2.
- 7** **Initial referendum market value debt service equalization aid.** Provides for calculating initial referendum market value debt service equalization aid based on the initial referendum market value debt service equalization revenue and initial referendum market value debt service levies.
- 8** **Actual referendum market value aid.** Provides that actual referendum market value aid is initial referendum market value debt service equalization aid minus net tax capacity debt service equalization aid. Limits referendum market value aid to the amount the district would qualify for if the entire referendum market value debt service revenue was in the second equalization tier.
- 9** **Debt service levy.** Provides that one-half of the debt service revenue for projects approved after June 30, 2015, is to be considered net tax capacity debt service revenue, with the net levy amount levied against net tax capacity, and the other half is to be considered referendum market value debt service revenue, with the net levy amount levied against referendum market value.
- 10** **Non-school referenda for bonded debt.** Provides that one-half of non-school levies for debt obligations approved by voters after June 30, 2015 must be levied against referendum market value, with the other one-half levied against net tax capacity.