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## Overview

H.F. 603 provides for a property tax credit on all agricultural property equal to 50 percent of the tax on the property attributable to school district debt levies. Also makes a minor adjustment in the timing of state aid payments to school districts to offset the impact of replacing some property tax payments with state-paid credit payments.

### Section

- 1**      **Payments to school funds.** Provides that state payments to school districts for nonoperating funds must be paid over the first six months of each fiscal year. Under current law, the payments are spread evenly over the entire fiscal year.
- 2**      **Aid payment percentage.** Excludes payments for nonoperating funds from the “metering” payment schedule for other state aid payments to school districts.
- 3**      **School building bond agricultural credit.** Provides for a property tax credit on all property classified as agricultural, excluding the house, garage and surrounding one acre of land of an agricultural homestead, equal to 50 percent of the tax on the property attributable to school district bonded debt levies. Provides an open and standing appropriation to pay for the credit. Effective beginning with taxes payable in 2018.
- 4**      **Payment; school districts.** Provides for state payment of school bond agricultural credit reimbursements to school districts according to the schedule under section 1.

**Section**

- 5**        **Computation of net property taxes.** Includes the new school bond agricultural credit in the list of credits that reduce taxes.
- 6**        **Notice of proposed property taxes.** Provides for the credit to be shown on the Truth-in-Taxation statement.
- 7**        **School district levies; special requirements.** Defines which school district levies are considered to be debt service levies.
- 8**        **Computation of tax rates.** Requires the county auditor to compute a school debt tax rate for each school district so that the credit can be computed.
- 9**        **Contents of tax statements.** Provides for the credit to be shown on the tax statement.