PROPERTY TAX
General Education Levy Made a State Levy

April 11, 2001

	Yes	No
Separate Official Fiscal Note Requested		X
Fiscal Impact		
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 1907 (Biernat)

	Revenue Gain or (Loss)			
	F.Y. 2002	**F.Y. 2003**	**F.Y. 2004**	**FY2005**
	(000's)			
General Fund	$0	$0	$0	$0

Effective for taxes payable in 2002 and thereafter.

EXPLANATION OF THE BILL

Current Law: The Department of Children, Families, and Learning (CFL) annually certifies the statewide uniform tax rate for general education levies, dividing the statewide general education levy in statute (currently $1,330,000,000 for taxes payable in 2001) by the sum of the adjusted net tax capacity of all districts. Each county auditor then computes a general education tax rate for each district, using the levy determined by the statewide rate, dividing by the total taxable net tax capacity of each district. County auditors spread and collect the general education levies, and distribute the tax to school districts. County auditors also compute the education credits and report the credit totals to the Department of Revenue (DOR). DOR determines and certifies the credit totals to CFL, and CFL pays the credit reimbursements to school districts.

Current law also authorizes a state property tax levy and specifies that the tax rate shall be certified by the state auditor to each county auditor on or before November 15 annually. Under Article XI of the Minnesota Constitution, the state may pledge its full faith, credit, and taxing powers for public debt, including if necessary levying a property tax on all property.

Proposed Law: The general education tax rate would be certified by DOR to each county auditor. For taxes payable in 2002 and thereafter, the general education levy is continued at $1,330,000,000 per year. DOR would verify the education credits calculated by county auditors. General education state aids to school districts would include the revenue raised by the state levy plus reimbursement of the education credit reductions allowed under the state levy.

REVENUE ANALYSIS DETAIL

- The state takeover of the general education levy will not change state costs or taxpayer property tax bills.

Number of Taxpayers Affected: None

ADMINISTRATIVE/OPERATIONAL IMPACT

There will be no significant administrative or operational costs or savings to DOR in administration of this bill.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/polic.html#analyses

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