

MINNESOTA • REVENUE

PROPERTY TAX Levy for School Bus Purchases

March 25, 2004

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

Department of Revenue
Analysis of S.F. 2720 (Fischbach) / H.F. 3025 (Severson)

	Revenue Gain or (Loss)			
	<u>F.Y. 2004</u>	<u>F.Y. 2005</u>	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>
General Fund	\$0	\$0	(\$35)	\$0

(000's)

Effective July 1, 2004.

EXPLANATION OF THE BILL

For taxes payable in 2005, a school district in statutory operating debt may levy up to the amount paid for school buses purchased by the district from May 1, 2004, through September 1, 2004. The school district must recognize the full amount of this levy as revenue for the fiscal year in which it is certified.

REVENUE ANALYSIS DETAIL

- According to the Minnesota Department of Education, there were 25 school districts in statutory operating debt in FY 2003, about 7% of all independent and special school districts.
- From 1998 to 2002, Minnesota schools purchased an average of 386 buses annually. The average net cost of all school buses purchased was about \$45,000.
- It is assumed that schools will levy for 28 bus purchases made from May 1, 2004 through September 1, 2004, costing approximately \$1.3 million.
- An increase levy for the purchase of school buses would increase taxes for all property owners in the school district. The increased burden on homeowners caused by the increased levy will increase state-paid homeowner refunds by about \$35,000 in FY 2006.

Number of Taxpayers: All property taxpayers in a school district levying for school bus purchases.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy