

MINNESOTA • REVENUE

PROPERTY TAX Debt Service Alternative Referendum Levy Option

April 19, 2005

Department of Revenue
Analysis of S.F. 1324 (Neuville) / H.F. 1414 (Brod)

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

Fund Impact

	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
General Fund	\$0	(Unknown)	(Unknown)	(Unknown)

(000's)

Various effective dates.

EXPLANATION OF THE BILL

The bill would allow a school board by resolution to elect to levy the debt service for a bond issued after July 1, 2005, against alternative referendum market value rather than net tax capacity. The resolution must be passed at an open meeting of the board at least 60 days before the referendum election. Debt service equalization revenue would be calculated as provided regardless of tax base option. Debt service equalization aid would be apportioned between alternative referendum and net tax capacity levies. Net tax capacity debt service revenues minus equalization aid equals the additional amount to be spread by net tax capacity levies. Alternative referendum debt service revenues minus equalization aid equals the levy to be spread on the alternative referendum tax base. The tax base option chosen is among the required information for the bonding proposal. The alternative referendum tax base is defined as the market value of all taxable property except class 2 farmland. The alternative referendum tax base also includes 100% of class 3 commercial-industrial market value plus 50% of the difference between its market value and net tax capacity times 100.

REVENUE ANALYSIS DETAIL

- More levies spread against alternative referendum market value compared to net tax capacity may result in more homestead taxes. Increased homestead taxes would result in an increase in property tax refunds paid by the state.

Number of Taxpayers: Unknown.

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

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