



Program Finance Division

**OVERVIEW
OF
MINNESOTA PROPERTY TAX SYSTEM
AND
SCHOOL DISTRICT LEVY PROCESS
2002 Payable 2003 Levy**

Overview of Minnesota Property Tax System.	1
K-12 Education Levy Summary, Pay 2002 vs Pay 2003 est.	7
Class Rates used in Computing Net Tax Capacity	8
Levy Limitation & Certification Calendar.	9
Key Dates for November 5, 2002 Referendum Elections.	12
Summary of Methods Used to Determine School Levy Limits	13
Levy Adjustments for Class Rate Changes in Tax Bill	15
2002 Pay 2003 Levy Certification Memo	16
(includes Contact Persons for Further Information)	19
Truth in Taxation Materials	20

September 2002

I. Overview of the Minnesota Property Tax System

A. Levy Limitation and Certification

School district property tax levies are limited by state law. The Minnesota Department of Children, Families & Learning computes the levy limitation for each school district. The school district then certifies the levy to the county auditor. The county then sends out the tax statements, collects the tax, and makes the payments to the school districts.

B. Determination of the Net Tax Capacity Tax Base

1. Determination of Tax Capacities

County assessors determine the estimated market value as of January 2 of each year for all taxable property in their jurisdiction. All property is to be reassessed once every four years. Estimated market value is subject to reductions for statutory exclusions such as green acres farmland, limited market value, and “this old house” provisions in determining taxable market value.

The tax capacity is calculated by multiplying the taxable market value by the class rate percentages set in law for each category of property. (See tables for various percentages.)

2. Determination of Adjusted Tax Capacities

In order to adjust for differing assessment practices by county assessors, the Minnesota Department of Revenue each year conducts a sales ratio study. The sales ratio study compares the assessor’s market values with the actual sales prices of properties sold over a 21-month period. The tax capacities are then adjusted by the results of the sale ratio study. The results are called the Adjusted Net Tax Capacity (ANTC).

C. Determination of Tax Rates

1. Adjustments to Tax Capacity

The county auditor uses the taxable tax capacity of the school district to determine the tax capacity rate. In many school districts the tax capacity and the taxable tax capacity are the same. However, in some districts certain adjustments are made. These adjustments are for:

- a. Power Line Credit Value
- b. Tax Increment Financing Districts
- c. Fiscal Disparities

The net effect of these adjustments is to reduce the taxable tax capacity and increase the tax capacity rate. The additional taxes collected as a result of the higher tax capacity rate are then used to provide funding for these purposes.

2. Tax Rate Computations

a. Initial Tax Rate

The initial tax rate is computed by dividing the total property tax levy by the total taxable tax capacity. This is done for each taxing district (county, city, town, school district and special taxing district).

b. Local Tax Rate

The local tax rate is equal to the total initial tax rate minus the disparity reduction aid divided by the taxable tax capacity. The adjustment for disparity reduction aid cannot reduce the total local tax rate for all taxing districts to less than 90 percent. This adjustment is calculated for each unique taxing area and thus, may result in a non-uniform school tax rate.

D. Total Tax Before Property Tax Credits

The gross property tax for a parcel of property before the deduction for any applicable property tax credits is calculated by multiplying the local tax rate for all taxing districts times the tax capacity of the property. This tax amount does not include special assessments which may apply to the property.

E. State Paid Property Tax Relief

The state provides property tax aids and credits to reduce the actual amounts of tax paid by property owners. School aids (such as referendum equalization aid, debt service equalization aid, community education aid, etc) and referendum tax base replacement aid reduce the property tax levy before it is certified to the county.

1. Disparity Reduction Aid

Disparity reduction aid is computed for the unique taxing area and provides additional aid to districts that had an effective tax rate of more than 1% of the first \$69,000 of homestead market value (approximately 125 equalized mills) for taxes payable in 1988.

2. Property Tax Credits

Property tax credits are calculated for each parcel of qualifying property and they reduce the tax on that parcel. The property tax credits are:

Market Value Homestead Credits

- Replace education homestead and education agricultural credits, beginning with taxes payable in 2002

a. Residential Homestead Market Value Credit

- Eligible properties include residential homesteads and the house, garage & 1 acre of land for farm and class 1c resort* homesteads
*commercial seasonal recreational not used >250 days per year, which includes a portion used as homestead by owner
- Total Credit = 0.4% of first \$76,000 of taxable market value, less 0.09% of taxable market value over \$76,000. (Maximum is \$304 for a homestead valued at \$76,000; no credit for a homestead with value of \$413,778 or higher.)

- Total credit is allocated among local taxing jurisdictions in proportion to final local tax rate (referendum levies, which are levied against market value, are not included in this calculation).
- b. Agricultural Homestead Market Value Credit
 - Eligible property is agricultural homestead property excluding the house, garage and 1 acre (Class 2a)
 - Total Credit = 0.2% of the first \$115,000 of taxable market value. (Maximum credit = \$230.)
 - Total credit is allocated among local taxing jurisdictions in proportion to final local tax rate (referendum levies, which are levied against market value, are not included in this calculation).
 - c. Disparity Reduction Credit
 - Provides relief to apartment, commercial, industrial and public utility properties in economically depressed areas designated as enterprise zones, located along state borders
 - d. Disaster Credit
 - Provides relief to homesteads located in declared disaster or emergency areas
 - e. Agricultural Preserve Credit
 - Provides relief to agricultural property in the seven county metro area
 - f. Enterprise Zone Credit
 - Provides relief to commercial and industrial properties in economically depressed areas designated as enterprise zones with the purpose of retaining business base and generating employment
 - g. County Conservation Credit
 - Provides relief of \$1.50 per acre for land located in an agricultural preserve created under chapter 40A.
 - h. Power Line Credit
 - Provides relief to certain property classes, over which runs a high -voltage transmission line constructed after 1974
 - i. Taconite Homestead Credit and Supplemental Homestead Credit
 - Provides relief to Iron Range homeowners. Depending on the characteristics of the mining industry within the district, the credit is either 66% of the tax up to \$315.10 per property, or 57% of the tax up to \$289.80 per property

F. Net Tax

The net tax is computed by subtracting the applicable tax credits from the total tax before credits. The net tax is the amount actually paid by the property owner, except for special assessments.

G. Tax Collections, Distributions and Revenue Recognition

1. Payment Dates

Property taxes are paid to the county treasurer in two equal installments. For real estate taxes over \$50, the first half of the tax is due by May 15, and second half is due by October 15. For agricultural property, the second half payment is due by November 15. If the real estate taxes are \$50 or less, the entire amount is due by May 15.

2. School District Settlement Dates

<u>Taxes Due from Taxpayers:</u>	<u>Settlement between Auditor and Treasurer:</u>	<u>Percentage Paid to School District:</u>	<u>Payment to School District By:</u>
May 15	May 20	50%	7 business days after the taxes due date
		100%	14 business days after the taxes due date
October 15		50%	7 business days after the taxes due date
		100%	14 business days after the taxes due date
November 15	January 5	100%	10 business days after the taxes due date
		Balance	January 25

3. Revenue Recognition

From 1983 until 1998, property taxes paid in a calendar year were recognized as revenue in two different school years. This change in revenue recognition was referred to as the “property tax shift.” The state then made an adjustment to state aid payments to balance the school district’s revenues with the statutory formulas. At its peak for taxes payable in 1993, 50% of the levy was recognized as revenue in FY 1993, and 50% was recognized as revenue in FY 1994. Beginning with taxes payable in 1994, the state began to reduce the percentage of the levy recognized early, and pay back the aid adjustments that were taken in earlier years. For taxes payable in 1998 and later, most levies are recognized as revenue in the fiscal year beginning on July 1 of the year the levy is payable (e.g., 1999 payable 2000 levy recognized in FY 2001).

However, a portion of some levies is still recognized early, as outlined below:

- Operating referendum – frozen at the sum of (i) 31% of the levy for taxes payable in 2001, plus (ii) an additional referendum shift to avoid a revenue loss for districts with a decrease in the Pay 1994 referendum levy because of changes in HACA allocations and an increase in equalization aid
- Integration levy for Minneapolis, St Paul & Duluth – 100% of current levy
- Health benefits & Health Insurance levies – 100% of current levy
- Minneapolis & St Paul Retirement levies—100% of current levy
- Reemployment insurance levy – 100% of current levy
- Levy adjustments due to retroactive law changes—100% of current levy

If the May, June & July tax settlement revenue is insufficient to cover the amount to be recognized early, then a portion of July and August general education aid is also recognized in the prior fiscal year.

H. UFARS Coding

<u>Fund</u>	<u>Source</u>	<u>Levy</u>
General	001 005 GNL 414	Except U.I and S.O.D. Unemployment insurance Operating Debt (Special legislation in 1990 or 1992)
Other K-12 Funds	GNL 415 001	Statutory operating debt (1977)

I. Statistical Summary

<u>State Totals</u>	<u>Amount</u>	<u>Percent Change</u>
<u>Market Value</u>		
1998	222.4 billion	8.0%
1999	241.0 billion	8.4%
2000	264.4 billion	9.7%
2001	292.0 billion	10.4%

<u>Referendum Market Value</u>		
1997	\$200.5 billion	
1998	215.2 billion	7.3%
1999	233.6 billion	8.6%
2000*	227.2 billion	-2.7%
2001	252.6 billion	11.2%

* Excludes ag land and seasonal recreational cabin property; total based on old definition = \$256.6 billion

<u>Net Tax Capacity</u>		
1998	3,277,886,359	6.1%
1999	3,588,274,759	9.5%
2000	2,923,195,009	-18.5%
2001	3,175,071,192	8.6%

<u>Average Sales Ratio</u>		
1998	88.3%	-0.7%
1999	87.4%	-1.0%
2000	84.9%	-2.5%
2001	81.9%	-3.0%

<u>Adjusted Net Tax Capacity</u>		
1998	3,713,745,242	7.0%
1999	4,105,783,376	10.6%
2000**	3,443,714,302	-16.1%
2001	3,856,791,793	12.0%

** Reflects major changes in class rates (see attached). Total based on old class rates is \$4,641,916,620 (13.1% increase over 1999). Total based on new class rates is 74.1% of total based on old class rates.

<u>Total Certified Levy Before Credits</u>		
1999 Pay 2000	2,270,569,400	3.6%
2000 Pay 2001	2,407,101,100	6.0%

2001 Pay 2002	1,067,746,500	-55.6%
2002 Pay 2003 est	1,288,129,300	20.6%
<u>Total Net Levy After Credits</u>		
1999 Pay 2000	1,793,059,800	-2.5%
2000 Pay 2001	1,922,392,600	7.2%
2001 Pay 2002	986,858,200	-48.7%
2002 Pay 2003 est	1,209,043,600	22.5%
<u>Education Homestead Credit</u>		
1999 Pay 2000	395,013,000	29.7%
2000 Pay 2001	404,102,400	2.3%
2001 Pay 2002 and later	-0-	(Repealed)
<u>Education Agricultural Credit</u>		
1999 Pay 2000	45,979,200	N/A
2000 Pay 2001	55,116,100	19.9%
2001 Pay 2002 and later	-0-	(Repealed)
<u>Market Value Credits (School Portion)</u>		
Pay 2002 Residential	67,259,000	N/A
Pay 2002 Ag Land	3,674,000	N/A
Pay 2003 Residential (est)	66,879,000	-0.6%
Pay 2003 Ag Land (est)	3,766,000	2.5%
<u>School HACA</u>		
1999 Pay 2000	24,676,600	-31.3%
2000 Pay 2001	13,468,200	-43.9%
2001 Pay 2002 and later	-0-	(Repealed)

K-12 Education Property Tax Levy Summary
Taxes Payable in 2002 vs. Taxes Payable in 2003
 End of 2002 Legislative Session Estimates

Levy Type	Total \$ in Millions			Percent Change
	Pay 2002	Pay 2003	Change	
<u>General Fund</u>				
Referendum	226	308	82	36.3%
Safe Schools	10	27	17	170.0%
Integration	27	20	(7)	-25.9%
Health & Safety	123	108	(15)	-12.2%
Building Lease	39	47	8	20.5%
Alternative Facilities	40	40	-	0.0%
Secondary Vocational	13	13	-	0.0%
Taconite Adj	-	(6)	(6)	
Other General Fund	18	33	15	83.3%
Subtotal, General Fund	496	590	94	19.0%
<u>Community Service Fund</u>				
Basic	31	34	3	9.7%
ECFE	22	22	-	0.0%
Taconite Adj	-	(1)	(1)	
Other	9	9	-	0.0%
Subtotal, Community Service	62	64	2	3.2%
<u>Debt Redemption Fund</u>				
Gross Initial Levy	577	701	124	21.5%
Debt Equalization	(32)	(37)	(5)	15.6%
Debt Excess	(35)	(30)	5	-14.3%
Taconite Adj	-	(1)	(1)	
Subtotal, Debt Redemption	510	634	124	24.3%
Subtotal before Credits	1,068	1,288	220	20.6%
Subtotal, Referendum & Debt Levies	736	942	206	28.0%
Subtotal, Other Levies	332	346	14	4.2%
<u>Credits</u>				
Mkt Value Homestead Credit	67	67	-	0.0%
Mkt Value Ag Credit	4	4	-	0.0%
Other	9	8	(1)	-11.1%
Subtotal Credits	80	79	(1)	-1.3%
Net Levy After Credits	988	1,209	221	22.4%

CLASS RATES USED IN COMPUTING NET TAX CAPACITY
Taxes Payable in 2001 and Later

Property Type	II. Pay 2001 Levy	Pay 2002 Levy and Later	
		Local Tax	State Tax
Residential Homestead: Up to \$76,000 \$76,000 – \$500,000 Over \$500,000	1.0 % 1.65 1.65	1.0 % 1.0 1.25	
Residential Nonhomestead: Single unit: Up to \$76,000 \$76,000 – \$500,000 Over \$500,000 2-3 Unit and Undeveloped Land	1.2 1.65 1.65 1.65	1.0 1.0 1.25 1.5 ¹	
Apartments: Regular Small City Low-Income	2.4 2.15 1.0	1.8 ² 1.8 ² 0.9 ³	
Commercial-Industrial-Public Utility: Up to \$150,000 Over \$150,000 Electric Generation machinery	2.4 3.4 3.4	1.5 2.0 2.0	1.5 2.0 -
Seasonal Recreational Commercial: Homestead resorts (1c): Up to \$500,000 Over \$500,000 Seasonal Resorts: (4c): Up to \$500,000 Over \$500,000	1.0 1.0 1.65 1.65	1.0 1.0 1.0 1.25	- - 1.0 1.25
Seasonal Recreational Residential: Up to \$76,000 \$76,000 - \$500,000 Over \$500,000	1.2 1.65 1.65	1.0 ⁴ 1.0 ⁴ 1.25 ⁴	0.4 1.0 1.25
Disabled homestead	0.45	0.45	
Agricultural land & buildings: Homestead: Up to \$115,000 \$115,000 - \$600,000 Over \$600,000 Non-Homestead	0.35 0.8 1.2 1.2	0.55 ⁴ 0.55 ⁴ 1.0 ⁴ 1.0 ⁴	

¹ Rate reduced to 1.25% in pay 2003 and thereafter.

² Rate reduced to 1.5% in pay 2003 and 1.25% in pay 2004 and thereafter.

³ Rate increased to 1.0% in pay 2003, classification abolished in pay 2004.

⁴ Exempt from referendum market value tax

**SCHOOL DISTRICT
LEVY LIMITATION & CERTIFICATION CALENDAR
2002 Payable 2003 Levy**

July 1 Department of Revenue certifies final 2001 Adjusted Net Tax Capacity (ANTC) for each district before this date.

Department of Children, Families and Learning certifies tax rate for Early Childhood Family Education (ECFE).

July 15 Deadline for school districts to submit population estimates for community education funding to the State Demographer.

Deadline for county auditors to submit Six-Month Supplemental School Tax Abatement Report for current year to the Department.

The following reports are due at the Department:

- Levy Data Report
- Training & Experience Projections Report
- Pupil Transportation Projections Report (Summer Levy)
- Health Insurance Levy Report (Summer Levy)
- Health Benefits Levy Report (Summer Levy)
- Health and Safety Revenue Application - *All school board-certified Attachment 99s to be completed and returned to CFL.*
- Disabled Access Revenue Levy Authority Application

Deadline for school districts to submit requests for leased building levy to the Department.

Deadline for school districts to submit requests for a debt service loan.

Deadline for cooperating school districts to submit requests for extra capital expenditure levy for repair costs to the Department.

Deadline for consolidating districts to request levy authority for retirement incentives.

Deadline for reorganizing districts to request levy authority for reorganization operating debt.

Deadline for cooperative secondary facilities districts, and school districts participating in an agreement for secondary education, or reorganizing under dissolution and attachment to request levy authority for severance pay and/or early retirement incentives.

School districts making the following transfers should notify the Department of the amounts transferred by this date:

- (a) from the debt redemption fund to the general fund; and

(b) from the undesignated general fund to the reserved for statutory operating debt account.

- August 9* Health and Safety Revenue Application - All districts must have completed logging new or revised project information onto the Health and Safety web page. All documentation for major projects must be received by this date. Web page taken down.
- August 10** Deadline for school boards to certify to auditors of the counties in which the school district is located the dates selected for truth-in-taxation hearing and continuation of hearing if necessary. Dates selected must not conflict with dates set for counties (December 5 and 17 for this year). Also, for school districts within the seven county metropolitan area, dates selected must not conflict with dates set for metropolitan special taxing districts (December 4 and 11 for this year).
- September 8
(Effectively
September 9)* Deadline for the Department to certify levy limitations to school districts.
- September 30* Deadline for school boards to certify proposed property tax levies to home county auditor.
- October 7* Deadline for school districts to submit copy of proposed levies to the Department.
- October 21* Deadline for school districts holding referendum elections on November 5 to deliver by first class mail a notice of the referendum to each taxpayer in the district and to the Department. (The notice may not be mailed to taxpayers prior to October 6.)
- November 5* General election day. Referendum elections can be held only on this date (except by mail-in ballot).
- November 24* Deadline for county auditor to prepare and county treasurer to deliver by first class mail a notice of proposed property taxes for all taxing authorities to each taxpayer. (This notice cannot be mailed earlier than November 10.)
- At Least Two Days
But Not More Than
Six Days Before
Truth-in-Taxation
Hearing ** Each nonexempt school district must advertise its truth-in-taxation hearing in an official newspaper of general circulation in the district.
- Between November 29
and December 20 ** Nonexempt school districts must hold their scheduled truth-in-taxation hearing(s).
- At Least Five Working
Days But No More
Than 14 Business
Days After the
Public Hearing* School district must hold continuation hearing if the public hearing is not completed on the scheduled date.

*One Or More
Days After The
Public Hearing
But No Later
than December 30*

School District must adopt their final property tax levy.

*Five Working Days
After December 20
(effectively
December 30)*

Deadline for school districts to certify final adopted levies to home county auditor.

January 15

Deadline for school districts to notify the Department of final certified levies.

*February 1
(effectively
February 3)*

Deadline for county auditors to submit School Tax Abatement Report for previous year to the Department.

April 1

Deadline for county auditors to submit School Tax Report to the Department.

*** NOTES:**

1. Common school districts 323 and 815, and cooperative secondary facilities districts are exempt from the public hearing requirements of truth-in-taxation. However, these districts must comply with other levy certification requirements, including certification of proposed levies by September 30 and certification of final levies on or before five working days after December 20.
2. A school district is exempt from the Truth in Taxation public hearing and notice of public hearing requirements if its total proposed property tax (including both net tax capacity and referendum market value based levies) does not exceed its previous year final property tax by more than the percentage increase in the implicit price deflator (IPD) for the 12 month period ending March 31 of the year the levy is certified. For 2002 payable 2003 taxes, this percentage increase in the IPD is 0.7618%.

**Dates of Importance for the
November 5, 2002 Referendum Elections
Source: MSBA Web Site**

September 17, 2002	Last day to adopt resolution calling the referendum election.
September 17, 2002	Last day to notify county auditors of the date of the election and the questions or offices to be voted on.
October 6, 2002	First day absentee ballots must be available for November election (30 days prior to election).
October 6, 2002	First day District may mail required notice (no more than 30 days prior to election).
October 11, 2002	Last day to adopt resolution appointing election judges for November election (at least 25 days prior to election).
October 15, 2002	Last day to preregister for November election (at least 21 days prior to date of election).
October 21, 2002	Last day to mail required notice (at least 15 days prior to date of election).
October 21, 2002	Last day to provide copy of required notice to Commissioner of Children, Families and Learning and county auditors (at least 15 days prior to date of election).
October 22, 2002	Last day to publish first notice of November election.
October 26, 2002	Last day to post notice of November election (at least 10 days prior to date of the election).
October 29, 2002	Last day to publish second notice of November election.
November 1, 2002	Last day to post sample ballot of November election (at least 4 days prior to date of election).
November 4, 2002	Last day to apply for absentee ballot for November election (day prior to date of election).
November 5, 2002	Election Day.
November 12, 2002	Last day to adopt resolution canvassing for November election.
15 days after canvass	Last day to notify Commissioner of results of election

**SUMMARY OF METHODS USED TO
DETERMINE SCHOOL DISTRICT LEVY LIMITATIONS
2002 PAYABLE 2003**

1. Equalized Levies

a. Goals

- i. Equal revenue per pupil unit for equal local tax effort (horizontal tax equity)
- ii. Proportionately higher revenue per pupil unit for districts with higher local effort (Vertical tax equity)

b. Program Types

i. Fixed Level programs

1. Description – All districts receive the same revenue per need unit from a uniform local property tax rate

2. Example:

a. ECFE:

Revenue = \$120 X population under 5 years of age

Levy = lesser of revenue or .006578 * ANTC

Aid = Revenue – Levy

ii. Variable Level Programs

1. Description – Districts receive varying levels of revenue per need unit based on approved expenditures referendum allowances. Districts levy for a percentage of revenue based on the ratio of the district's tax base per pupil unit to an "equalizing factor" or guaranteed tax base set in law.

2. Examples:

a. Health & Safety:

Revenue = Approved expenditure

Levy = Revenue * lesser of 1 or (district ANTC/PU / \$2,935)

Aid = Revenue – Levy

b. Operating Referendum

• First \$126/PU:

Revenue = Allowance approved by voters * PU

Levy = Revenue * lesser of 1 or

(district referendum market value / PU / \$476,000)

Aid = Revenue – Levy

• Over \$126/PU up to Referendum Cap:

Revenue = Allowance approved by voters * PU

Levy = Revenue * lesser of 1 or

(district referendum market value / PU / \$270,000)

Aid = Revenue – Levy

2. Percentage Matching Levies

- a. Integration Revenue
 - Revenue = Statutory Allowance * PU
 - (Allowance varies from \$93/PU to \$436/PU, depending on district group)
 - Levy = 22% of Revenue
 - Aid = 78% of Revenue
- b. Disabled Adults
 - 50% aid; 50% levy

3. Unequalized levies

- a. Flat tax rate programs
 - i. Uniform tax rate based on statutory formula
 - 1. Statutory operating debt
 - 2. Operating debt
- b. Allowance per pupil
 - i. Safe Schools (Crime) Levy -- \$30 / AMC pupil unit
- c. Variable amount based on expenditure
 - i. Reemployment insurance
 - ii. Judgment
 - iii. Retired employee health insurance
- d. Variable amount based on local referendum
 - i. Unequalized portion of debt service, operating referendum
 - ii. Building down payment

Minn. Dept of Children, Families & Learning			Revised 07/30/2001			
Program Finance Division						
LEVY ADJUSTMENTS FOR CLASS RATE CHANGES IN TAX BILL						
Effective for F.Y. 2003						
(Under First Special Session Laws 2001, Chapter 5, Article 3, Sections 32-36 and Chapter 6, Article 5, Section 12)						
Computation of Adjustment Factor for Tax Rates						
1)	2000 ANTC with 2000 Class Rates	\$4,641,916,620				
2)	2000 ANTC with 2001 Class Rates	\$3,443,714,302				
3)	Adjustment Ratio (1 / 2)	1.347938944				
Computation of Adjustment Factor for Equalizing Factors for ANTC Levies						
4)	2000 ANTC with 2001 Class Rates	\$3,443,714,302				
5)	2000 ANTC with 2000 Class Rates	\$4,641,916,620				
6)	Adjustment Ratio (1 / 2)	0.741873365				
Adjustment to Revenue Authorities Based on Tax Rates			Adjustment to Tax Rates			
		Old (Statutory)	New		Old (Statutory)	New
	Program	Tax Rate	Tax Rate	Program	Tax Rate	Tax Rate
	=====	=====	=====	=====	=====	=====
	Operating Debt			Basic Community Educ		
	Pre 1992 #712	0.0501	0.0675	w/o After Sch Enrich	0.004795	0.006463
	1992	0.01	0.01	w/After Sch Enrich	0.007431	0.010017
				Maximum Effort (exisitng)	0.24	0.32
	SOD			Maximum Effort (new)	0.30	0.40
	#695	0.0198	0.0267			
	#2154	0.0050	0.0067	Capital Loan	450%	607%
	Minneapolis Health Ins	0.001	0.001			
	St. Paul Severance	0.0025	0.0034			
Debt Equalization (excluded from conversion)			Adjustment to Equalizing Factors			
			Equalizing		Old (Statutory)	New
		Tax Rate	Factor	Program	Equal Factor	Eq Factor
		=====	=====	=====	=====	=====
	Tier I	0.15	\$3,200			
	Tier II	0.25	\$8,000	School Age Care	\$3,280	\$2,433
				Health & Safety	\$3,956	\$2,935
Referendum Equalization (excluded from conversion)						
		Amount	Equalizing			
		per AMCPU	Factor			
		=====	=====			
	Tier I	\$126	\$476,000			
	Tier II	balance up to \$837 *	\$270,000			
	* No limit for sparsity districts					



Phone: 651/582-8779
Fax: 651/582-8878

MEMORANDUM

TO: School District Superintendents

FROM: Tom Melcher, Manager
Division of Program Finance

DATE: September 6, 2002

SUBJECT: **2002 Payable 2003 Levy Limitation and Certification Report**

This memo describes the information that is available to you for your levy certification process. Most of the information needed for the levy certification process is available on the Department of Children, Families and Learning's website. You will find enclosed miscellaneous levy-related items unique to your district, worksheets showing the computation of any special adjustments made to the levy limitation and a list of staff to contact if you have questions concerning your levy limitations or need to change the data used in computing your levy limits.

For technical assistance with accessing the information available on the CFL website, please contact Marilyn Martin at 651/582-8821 or Teri Kostelecky at 651/582-8288. If you need paper copies of any information items, please contact Donna Ollila at 651/582-8779.

I. The following information is available on the Program Finance website under the Levy button:

- 2002 Payable 2003 Levy Limitation and Certification Report Memo
- An explanation of the levy limitation and certification report and levy certification timelines
- Levy Limitation Calendar
- Link to the District Funding & Payment Reports
- Link to the Compensatory Revenue, Fiscal Year 2003 spreadsheet
- Link to the Sparsity Revenue, 2000-01 spreadsheet
 - For elementary and multiple high school sparsity, projected revenues are explained in this spreadsheet under the Future Worksheet. The FY 2003 projected revenues are also used for FY 2004 projected revenues.
- Link to the District Revenue Estimates by Strata and by District Spreadsheet End of 2002 Session.
 - Data from this spreadsheet is used for the FY 2003 estimates for special education excess cost and special education prorated aid.*
- Link to the Building Age Report, 2001-02
 - Data from this report is used in calculating your actual FY 2002 operating capital revenue and your estimated FY 2003 and FY 2004 operating capital revenue.
- *Link to the Lost Interest Earnings Levy spreadsheet*
- *Link to the Excess Debt Redemption Fund Balance-Payable 2003 Levy spreadsheet*

- *Link to Tax Base Replacement Aid spreadsheet*
- *Link to Referendum Phaseout Report*
- *Link to the General Education Revenue "What If 04"*
- Link to the Minnesota Health & Safety website
- Link to the ADM/LEP Reporting System
- Link to the Summer Levy Reporting System

Notices of revised 2002 Payable 2003 Levy Limitation and Certification reports and a list of the districts with revised reports will also be posted to the website.

- II. The following reports are available at <http://cfl.state.mn.us/dpf>, under the District Funding & Payment Reports button. To access your district's reports, select the first letter of your district's name; select your district and then select View Reports Last Month or Report Categories/Levy or Aid Entitlement or if not listed then click on View All Available Reports.
- A. The 2002 Payable 2003 Levy Limitation & Certification Report (ED-00111-24) for your district. **Each school district is required to certify its proposed 2002 Payable 2003 Property Tax Levy to the County Auditor by September 30, 2002 and to the Department of Children, Families and Learning by October 7, 2002.**
 - B. Capital Expenditure Health and Safety Aid Reports for 2000-01, 2001-02 and 2002-03. Data from these reports is used in computing your health and safety levy adjustments.
 - C. COMMED-Community Education and Early Childhood Family Education Aid Entitlement Calculation for 2002-03. Data from this report is used in computing your FY 2003 early childhood family education and home visit levy adjustments.
 - D. School to Work Disabled Aid Entitlement Report for 2002-03. Data from this report is included on your Levy Limitation and Certification Report for budget forecasting purposes.
 - E. Abatement Aid Report for 2002-03. Data from this report is used in computing your abatement levy adjustments.
 - F. General Education Aid Reports for 2000-01 and 2002-03. Data from these reports is used in computing your general education levy adjustments.
 - G. Integration Revenue Report, 2002-03. Data from this report is used in computing your integration revenue adjustments. (The FY 2001 report was sent to districts in February.)
 - H. Secondary Vocational Aid Report for 2000-01. Data from this report is used in computing your Career and Technical levy authority for FY 2003 and levy adjustments for FY 2002.
 - I. Adjustment to School Tax Report, 2002-03. Data from this report appears as an adjustment on lines 1115, 1124, 1125, or 1418 of the Levy Limitation and Certification Report.

III. Instructions for Updating ADM Projections

The district can update ADM Projections for FY 2003 and/or FY 2004 via EDRS. The directions are available under the Levy button. Districts can also view the data via EDRS. However, unless you want to make changes to the data be sure to "View" the data (Main Menu Item #1) rather than "Enter/Modify" the data (Main Menu Item #2). If you do modify the data (Main Menu Item #2) be sure to authorize the submission (Main Menu Item #3) or we will not pick up your changes. If you want a levy rerun after changing FY 2003 and FY 2004 estimates, call or e-mail Sharon Peck at 651/582-8811 or sharon.peck@state.mn.us.

IV. Instructions for Updating Data on the Summer Levy Reporting System

Changes to data for the Health Insurance Levy, Health Benefits Levy, and Pupil Transportation should be made through the Summer Levy Reporting System. After September 25, 2002 any changes should be made through Program Finance staff. Instructions on how to access this system can be found at the Program Finance website under the Levy button.

V. Integration Revenue

Fiscal Year 2003 and fiscal year 2004 approved costs have been entered onto the levy database and included in the current report only if the local school board has approved the plan and budget. Boards that approve their initial or adjusted integration plan and budget at a September meeting should fax a copy of these board minutes to Barbara Zohn in the Office of Equity (Fax 651/582-8725).

VI. Debt Redemption Fund Excess

A spreadsheet detailing each district's Excess Debt Redemption Fund (Debt Excess) calculation was placed on the Program Finance website on August 15th. District requested data corrections have been made since the spreadsheet was compiled. However, revisions do not appear on the spreadsheet. To verify the accuracy of your Debt Excess calculation, please review lines 742 - 759 on your Payable 2003 Levy Limitation and Certification Report. This is especially important if your district requested changes to the data presented on the spreadsheet. If you have questions or believe the Debt Excess data as it appears on your levy is in error, call or e-mail Chris Kubesh at 651/582-8319 or chris.kubesh@state.mn.us.

VII. Notification of Revised Levy Limitations

You will be notified by mail that your district has a revised Levy Limitation and Certification Report. This notice will also provide detailed instructions on how to certify your proposed levy when revisions are made. You can obtain the revised report through our website at <http://cfl.state.mn.us/dpf>, under the District Funding & Payment Reports button. To access your district's reports, select the first letter of your district's name; select your district and then select View Reports Last Week or Month. The notice and a listing of school districts affected by the revisions will also be available on our website under the Levy button.

2002 Payable 2003 Levy Limitation and Certification Report
 September 6, 2002
 Page Four

VIII. Contact Persons for Further Information

If you have questions concerning your levy limitations or need to change the data used in computing your levy limits, please telephone the appropriate person shown below. All numbers are in area code 651.

Corrections to Levy Data Report	Marilyn Martin	582-8821
2002-2003, 2003-2004 ADM Estimates Resident and Adjusted	Sharon Peck	582-8811
General Fund Levies		
General Education and Referendum	Bob Porter Terri Yetter	582-8851 or 582-8868
Integration Levies	Sharon Peck	582-8811
Re-employment and Staff Development Levies	Colleen Leemon	582-8566
Safe Schools	Colleen Leemon	582-8566
Career & Technical	John Bulger	582-8781
Health and Safety Cost Data	Phil Allmon Chris Kubesh	582-8748 or 582-8319
Building Lease Levies	Chris Kubesh Bill Kiesow	582-8319 or 582-8801
Other Capital Expenditure Data and Levies	Chris Kubesh Bill Kiesow	582-8319 or 582-8801
Judgment	Colleen Leemon	582-8566
Operating Debt	Colleen Leemon	582-8566
Health Insurance and Health Benefits & FY 01 Health Insurance & Health Benefits Expenditure Data	Colleen Leemon	582-8566
Ice Arena and Swimming Pool Levies	Chris Kubesh Bill Kiesow	582-8319 or 582-8801
Lost Interest Earnings	Colleen Leemon	582-8566
Tree Growth	Bill Kiesow	582-8801
Abatement Adjustments	Colleen Leemon	582-8566
Community Service Levies	Greg Sogaard	582-8858
Debt Service Levies	Chris Kubesh	582-8319
Truth-in-Taxation Procedures (Revenue Department)	Rich Gardner	296-3155

Your Proposed Property Tax for 2003
County of Spruce
— This is Not a Bill • Do Not Pay —

Your local units of government have proposed the amount of property taxes that they will need for 2003. Column (1) below shows your actual 2002 property taxes. Column (2) below shows the amount of increase/decrease in tax due to local government spending changes. Column (3) below shows the amount of increase/decrease in tax due to changes in your property's market value, changes in state aid, and other miscellaneous factors. **Column (4) below shows what your 2003 property taxes will be if your local jurisdictions approve the property tax amounts they are now considering.** Any upcoming referendums, legal judgments, natural disasters, or special assessments could change these amounts.

Your county commissioners, school board, city council (if your property is located in a city over 500 population), and metropolitan special taxing districts will be soon be holding public meetings to discuss their proposed 2003 budgets and proposed 2003 property taxes. (The school board will discuss the 2002 budget). **You are invited to attend these meetings to express your opinion. The meeting places and times for these meetings are listed on the bottom of this notice.** Also shown are the addresses and telephone numbers for these local units of government if you have comments or questions concerning the proposed property tax amounts shown on this notice. No meeting is required if a local unit of government is not increasing its property taxes for 2003 or if its increase is not above the rate of inflation. There is also no public hearing on the state general tax.

Owner(s): John J. and Mary A. Johnson
123 Spruce Street
Spruceville, Minnesota 55555

Legal description: Lot 1, Block 1, Spruce Acres Subd.

Property address: 123 Spruce Street
Spruceville, Minnesota 55555

Taxes payable in 2002 **Taxes payable in 2003**

Your taxable market value for property tax payable in 2003 was sent to you in the spring of 2002. The period to discuss possible changes has passed and changes can no longer be made to your property valuation. It is included here for your information only.

Property classification: Res. Hstd. Res. Hstd.

Taxable market value: \$100,000 \$110,000

	(1) Actual 2002 Property Tax	(2) Increase/Decrease Due to Spending	(3) Increase/Decrease Due to Other Factors	(4) Proposed 2003 Property Tax
TOTAL	\$ 1,104.34	\$ 75.24	\$ 33.02	\$ 1,212.60
<i>Excluding special assessments</i>				
Percent of change				9.8%

County of Spruce:	\$ 562.66	\$ 48.00	\$ 7.34	\$ 618.00
City of Spruceville:	130.28	7.85	4.72	142.85
State General Tax:	0.00	0.00	0.00	0.00
School District 999:				
Voter Approved Levies:	188.94	10.35	8.17	207.46
Other Local Levies:	190.90	7.64	11.07	209.61
Your school district was scheduled to hold a referendum at the November general election. If the referendum was approved by the voters, the school district's voter approved property tax for 2003 may be higher than the proposed amount shown on this notice.				
Metro Special Taxing Districts:	27.56	1.29	1.34	30.19
Other Special Taxing Districts:	4.00	.11	.38	4.49
Tax Increment Tax:	0.00	0.00	0.00	0.00
Fiscal Disparity Tax:	0.00	0.00	0.00	0.00

Budget and Tax Hearings: Locations and Dates	Mailing Addresses and Telephone Numbers:	
Spruce County Spruce County Courthouse December 5, 2002 – 7:00 p.m.	County of Spruce Attention: County Board 123 Spruce Street Spruceville, MN 55555	Tel.: (555) 123-4567
City of Spruceville Spruceville City Hall December 3, 2002 – 6:30 p.m.	City of Spruceville Mayor's Office 321 Spruce Street Spruceville, MN 55555	Tel.: (555) 123-9867
School District 999 High School Cafeteria November 29, 2002 – 7:00 p.m.	Attention: School Board of District #999 Spruce High School 150-1st Street North Spruceville, MN 55555	Tel.: (555) 123-5432
Metropolitan Special Taxing Districts Mears Park Centre December 4, 2002 – 7:30 p.m.	Metro Council Mears Park Centre 230 East Fifth Street St. Paul, MN 55101	Tel.: (555) 123-9182