

# School Debt Taxes Under Current Law and Without Ag Production Land

February 2, 2015

The attached printout shows estimated school debt service property taxes on selected properties under current law and two alternatives, described below. The tax amounts shown are estimated, but should provide a reasonable approximation of the change in school general debt service taxes that would result under the two alternatives relative to current law.

Under alternative #1, school agricultural land value is excluded from the general school debt levy. However, the level of state aid to school districts is not changed relative to current law, so the resulting school debt levy tax rate increases in each school district with agricultural land value, resulting in a shift of taxes on to other classes of property. Throughout this analysis, "agricultural land" refers to class 2a and 2b agricultural homestead and non-homestead land (excluding the house, garage, and 1 acre) and class 2d property.

Under alternative #2, school agricultural land value is excluded from the general school debt levy; general school debt service aid and levy is then recalculated to account for the reduction in ANTC resulting from the exclusion of agricultural land, holding all current law equalization factors and other parameters constant. (The ANTC reduction was estimated by multiplying current law ANTC by the ratio of total tax capacity excluding agricultural land to total tax capacity including agricultural land; this approach does not take into account the difference in sales ratios between agricultural land and other types of property and thus should be regarded as approximate.) The estimated cost increase to the state as a result of increased equalization aid payment is \$31 million; there is a statewide reduction in school general debt service levies of approximately the same amount.

## Description of columns in printout:

- **Total Tax Capacity (Net).** Total taxable tax capacity after subtracting fiscal disparity contribution, captured tax increment, and excluded power line tax capacity and adding fiscal disparity distribution tax capacity, based on the 2014 assessment (corresponding to taxes payable in 2015).
- **Agricultural Land Tax Capacity.** Total tax capacity of all class 2a and 2b agricultural land (excluding the house, garage, and 1 acre) and class 2d property.
- **Current Law Debt Levy.** Projected current law school district general debt service levy for taxes payable in 2016.
- **Debt Tax Rates: Current Law.** Estimated current law school general tax service tax rate, calculated by dividing "current law debt levy" by "total tax capacity (net)."
- **Debt Tax Rates: Excluding Agricultural Land: Alternative #1.** Estimated tax rate under alternative #1, calculated by dividing (1) "current law debt levy" by (2) "total tax capacity (net)" minus "agricultural land tax capacity."
- **Debt Tax Rates: Excluding Agricultural Land: Alternative #2.** Estimated tax rate under alternative #2, calculated by dividing (1) debt levy after subtracting the increased equalization aid resulting from the ANTC reduction by (2) "total tax capacity (net)" minus "agricultural land tax capacity."
- **Debt Tax on a \$150,000 Homestead Under Current Law.** Estimated school general debt tax under current law for a residential homestead with a \$150,000 market value.
- **Debt Tax on a \$150,000 Homestead Under Alternative #1.** Estimated school general debt tax under alternative #1 for a residential homestead with a \$150,000 market value.
- **Debt Tax on a \$150,000 Homestead Under Alternative #2.** Estimated school general debt tax under alternative #2 for a residential homestead with a \$150,000 market value.
- **Debt Tax on a \$1 Million Business Under Current Law.** Estimated school general debt tax under current law for a commercial/industrial property with a \$1 million market value.
- **Debt Tax on a \$1 Million Business Under Alternative #1.** Estimated school general debt tax under alternative #1 for a commercial/industrial property with a \$1 million market value.
- **Debt Tax on a \$1 Million Business Under Alternative #2.** Estimated school general debt tax under alternative #2 for a commercial/industrial property with a \$1 million market value.
- **Debt Tax on \$1 Million Agricultural Land Under Current Law.** Estimated school general debt tax under current law for agricultural land with a \$1 million market value.
- **Debt Tax on \$1 Million Agricultural Land Under Alternative #1.** Estimated school general debt tax under alternative #1 for agricultural land with a \$1 million market value (\$0 in all school districts).
- **Debt Tax on \$1 Million Agricultural Land Under Alternative #2.** Estimated school general debt tax under alternative #2 for agricultural land with a \$1 million market value (\$0 in all school districts).

# School Debt Taxes Under Current Law and Two Alternatives

2014 Tax Base, Projected Pay 2016 School Debt Levies, and Approximate School Debt Taxes for Selected Properties Under Current Law and Two Alternatives

See cover page for additional explanation and column description

MDE Code	Name	Total Tax Capacity (Net)	Ag. Land Tax Capacity	Current Law Debt Levy	Debt Tax Rates:			Debt Tax on a \$150,000 Homestead Under:			Debt Tax on a \$1 Million Business Under:			Debt Tax on \$1 M. Ag. Land Under:					
					Current Law	Excluding Ag. Land		Current Law	Alter-native #1	Alter-native #2	Current Law	Alter-native #1	Alter-native #2	Current Law	Alter-native #1	Alter-native #2	Current Law	Alt. #1	Alt. #2
						Alt. #1	Alt. #2												
	State-wide	6,331,650,097	1,120,005,319	741,129,732															
2854	Ada-Borup	8,095,502	7,308,441	480,518	5.936%	61.052%	23.696%	74.94	770.84	299.19	1,142.61	11,752.55	4,561.48	296.78	0.00	0.00			
511	Adrian	8,439,537	7,306,690	608,646	7.212%	53.727%	24.923%	91.06	678.36	314.68	1,388.28	10,342.47	4,797.70	360.59	0.00	0.00			
1	Aitkin	16,125,964	2,515,052	0	0.000%	0.000%	0.000%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
745	Albany	7,787,662	1,719,119	1,568,743	20.144%	25.850%	23.495%	254.34	326.39	296.65	3,877.71	4,976.20	4,522.79	1,007.20	0.00	0.00			
241	Albert Lea	19,408,376	6,367,354	2,789,555	14.373%	21.391%	20.816%	181.47	270.08	262.83	2,766.79	4,117.69	4,007.16	718.65	0.00	0.00			
242	Alden	3,832,666	3,181,823	393,317	10.262%	60.432%	24.163%	129.57	763.01	305.08	1,975.48	11,633.15	4,651.28	513.11	0.00	0.00			
206	Alexandria	39,991,162	2,857,296	6,270,959	15.681%	16.887%	16.887%	197.99	213.22	213.22	3,018.57	3,250.83	3,250.83	784.04	0.00	0.00			
876	Annandale	14,914,359	1,392,998	2,361,739	15.835%	17.467%	17.467%	199.94	220.53	220.53	3,048.30	3,362.34	3,362.34	791.77	0.00	0.00			
11	Anoka-Hennepin	200,905,617	670,699	8,351,831	4.157%	4.171%	4.171%	52.49	52.66	52.66	800.24	802.92	802.92	207.85	0.00	0.00			
261	Ashby	2,299,928	1,033,767	533,141	23.181%	42.107%	33.987%	292.68	531.64	429.11	4,462.30	8,105.58	6,542.42	1,159.04	0.00	0.00			
2396	Atwater-Cosmos-Grove City	13,589,890	9,131,401	0	0.000%	0.000%	0.000%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
492	Austin	17,034,709	4,197,014	2,572,688	15.103%	20.040%	19.085%	190.69	253.03	240.97	2,907.26	3,857.72	3,673.93	755.13	0.00	0.00			
676	Badger	867,715	601,697	0	0.000%	0.000%	0.000%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
162	Bagley	4,436,702	1,226,622	312,192	7.037%	9.725%	9.725%	88.84	122.79	122.79	1,354.54	1,872.13	1,872.13	351.83	0.00	0.00			
146	Barnesville	8,605,398	6,050,872	0	0.000%	0.000%	0.000%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
91	Barnum	3,090,036	646,275	271,141	8.775%	11.095%	11.095%	110.79	140.09	140.09	1,689.13	2,135.83	2,135.83	438.73	0.00	0.00			
542	Battle Lake	12,080,502	1,402,794	593,178	4.910%	5.555%	5.555%	62.00	70.14	70.14	945.22	1,069.39	1,069.39	245.51	0.00	0.00			
726	Becker	22,635,429	990,787	3,334,645	14.732%	15.406%	15.406%	186.01	194.52	194.52	2,835.90	2,965.72	2,965.72	736.60	0.00	0.00			
2364	Belgrade-Brooten-Elrosa	6,889,843	4,426,722	128,436	1.864%	5.214%	5.214%	23.54	65.84	65.84	358.85	1,003.76	1,003.76	93.21	0.00	0.00			
716	Belle Plaine	10,223,130	2,566,971	2,990,366	29.251%	39.058%	33.402%	369.32	493.15	421.74	5,630.81	7,518.72	6,429.92	1,462.55	0.00	0.00			
31	Bemidji	30,726,386	2,115,784	3,408,294	11.092%	11.913%	11.913%	140.05	150.41	150.41	2,135.29	2,293.19	2,293.19	554.62	0.00	0.00			
777	Benson	14,070,392	10,186,073	0	0.000%	0.000%	0.000%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
786	Bertha-Hewitt	1,472,932	900,049	388,995	26.410%	67.901%	28.113%	333.45	857.32	354.95	5,083.84	13,071.00	5,411.67	1,320.48	0.00	0.00			
727	Big Lake	12,489,436	234,193	3,581,932	28.680%	29.228%	28.739%	362.11	369.03	362.85	5,520.84	5,626.34	5,532.16	1,433.98	0.00	0.00			
2534	Bird Is.-Olivia-Lake Lillian	14,257,424	11,392,003	431,265	3.025%	15.051%	15.051%	38.19	190.03	190.03	582.28	2,897.25	2,897.25	151.24	0.00	0.00			
32	Blackduck	3,020,517	801,094	327,470	10.842%	14.755%	14.755%	136.89	186.29	186.29	2,086.99	2,840.29	2,840.29	542.08	0.00	0.00			
756	Blooming Prairie	7,917,602	5,997,809	1,136,028	14.348%	59.175%	29.782%	181.16	747.14	376.03	2,762.02	11,391.09	5,733.06	717.41	0.00	0.00			
271	Bloomington	107,282,239	3,661	12,063,076	11.244%	11.245%	11.245%	141.97	141.97	141.97	2,164.52	2,164.59	2,164.59	562.21	0.00	0.00	*		
2860	Blue Earth Area	19,209,414	15,442,273	325,148	1.693%	8.631%	8.631%	21.37	108.98	108.98	325.83	1,661.50	1,661.50	84.63	0.00	0.00			
314	Braham	3,724,855	866,090	686,353	18.426%	24.009%	21.197%	232.65	303.13	267.63	3,547.06	4,621.68	4,080.37	921.32	0.00	0.00			
181	Brainerd	52,383,530	2,185,661	6,272,629	11.974%	12.496%	12.496%	151.19	157.77	157.77	2,305.08	2,405.44	2,405.44	598.72	0.00	0.00			















MDE Code	Name	Total Tax Capacity (Net)	Ag. Land Tax Capacity	Current Law Debt Levy	Debt Tax Rates:			Debt Tax on a \$150,000 Homestead Under:			Debt Tax on a \$1 Million Business Under:			Debt Tax on \$1 M. Ag. Land Under:					
					Current Law	Excluding Ag. Land		Current Law	Alter-native #1	Alter-native #2	Current Law	Alter-native #1	Alter-native #2	Current Law	Alter-native #1	Alter-native #2	Current Law	Alt. #1	Alt. #2
						Alt. #1	Alt. #2												
110	Waconia	23,466,979	1,727,810	7,212,638	30.735%	33.178%	32.139%	388.06	418.91	405.79	5,916.54	6,386.78	6,186.75	1,536.76	0.00	0.00			
2155	Wadena-Deer Creek	4,113,731	1,146,005	502,246	12.209%	16.924%	16.824%	154.15	213.68	212.43	2,350.24	3,257.79	3,238.71	610.45	0.00	0.00			
113	Walker-Hackensack-Akeley	19,315,247	1,689,712	1,229,701	6.366%	6.977%	6.977%	80.38	88.09	88.09	1,225.55	1,343.04	1,343.04	318.32	0.00	0.00			
2176	Warren-Alvarado-Oslo	11,536,823	9,791,079	255,452	2.214%	14.633%	14.440%	27.96	184.75	182.33	426.24	2,816.82	2,779.79	110.71	0.00	0.00			
690	Warroad	4,018,356	598,158	1,281,669	31.895%	37.474%	31.895%	402.71	473.14	402.71	6,139.86	7,213.65	6,139.85	1,594.77	0.00	0.00			
829	Waseca	11,564,979	4,917,663	1,147,635	9.923%	17.265%	16.913%	125.29	217.98	213.54	1,910.25	3,323.44	3,255.77	496.17	0.00	0.00			
111	Watertown-Mayer	10,930,518	1,971,952	4,012,175	36.706%	44.786%	40.108%	463.45	565.47	506.40	7,065.94	8,621.29	7,720.78	1,835.31	0.00	0.00			
2143	Waterville-Elysian-Morristw.	8,769,543	3,040,695	0	0.000%	0.000%	0.000%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
435	Waubun	5,295,191	2,259,050	741,125	13.996%	24.410%	24.410%	176.72	308.20	308.20	2,694.27	4,698.94	4,698.94	699.81	0.00	0.00			
284	Wayzata	119,552,944	432,980	17,593,150	14.716%	14.769%	14.769%	185.80	186.48	186.48	2,832.79	2,843.08	2,843.08	735.79	0.00	0.00			
2342	West Central Area	12,168,513	9,392,035	0	0.000%	0.000%	0.000%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
197	West Saint Paul	57,659,500	22,388	7,818,533	13.560%	13.565%	13.565%	171.21	171.27	171.27	2,610.27	2,611.28	2,611.28	677.99	0.00	0.00 *			
2898	Westbrook-Walnut Grove	11,970,952	10,894,973	0	0.000%	0.000%	0.000%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
277	Westonka	33,304,842	243,700	3,463,655	10.400%	10.477%	10.477%	131.31	132.28	132.28	2,001.97	2,016.73	2,016.73	519.99	0.00	0.00			
803	Wheaton Area	9,421,079	8,392,333	0	0.000%	0.000%	0.000%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
624	White Bear Lake	69,176,670	346,967	5,200,793	7.518%	7.556%	7.556%	94.92	95.40	95.40	1,447.24	1,454.54	1,454.54	375.91	0.00	0.00			
347	Willmar	23,401,382	5,675,908	0	0.000%	0.000%	0.000%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
577	Willow River	3,091,731	821,530	175,713	5.683%	7.740%	7.740%	71.76	97.72	97.72	1,094.04	1,489.95	1,489.95	284.17	0.00	0.00			
177	Windom	10,699,996	7,273,519	1,114,580	10.417%	32.528%	25.356%	131.52	410.70	320.14	2,005.20	6,261.73	4,880.95	520.83	0.00	0.00			
2609	Win-E-Mac	4,477,822	1,742,524	664,122	14.831%	24.280%	24.280%	187.26	306.56	306.56	2,855.04	4,673.84	4,673.84	741.57	0.00	0.00			
861	Winona Area Public	28,785,085	2,843,283	1,590,518	5.525%	6.131%	6.131%	69.76	77.41	77.41	1,063.66	1,180.24	1,180.24	276.27	0.00	0.00			
518	Worthington	19,394,294	11,078,907	1,950,309	10.056%	23.454%	21.320%	126.97	296.13	269.19	1,935.80	4,514.94	4,104.09	502.80	0.00	0.00			
100	Wrenshall	2,972,767	369,498	347,656	11.695%	13.355%	13.355%	147.66	168.62	168.62	2,251.23	2,570.76	2,570.76	584.73	0.00	0.00			
2190	Yellow Medicine East	17,963,403	14,504,600	633,100	3.524%	18.304%	17.978%	44.50	231.11	226.99	678.44	3,523.52	3,460.81	176.22	0.00	0.00			
2805	Zumbrota-Mazeppa	8,060,750	3,018,766	996,635	12.364%	19.767%	19.758%	156.11	249.57	249.46	2,380.08	3,805.09	3,803.35	618.20	0.00	0.00			

\*Total agricultural homestead land in this school district is less than \$1 million, so there is no single property with agricultural homestead land value of \$1 million in this district. If there were a property with agricultural homestead land value of \$1 million in this district, the state tax on this value under alternative #2 would be \$392.78 based on the methods used in this analysis.