

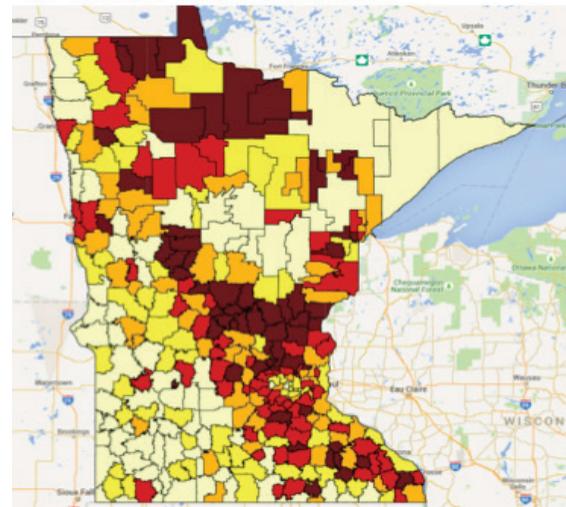
SCHOOL BONDS ISSUES AND SOLUTIONS

While the legislature took a major step forward in 2015 to assist rural districts with long-term maintenance needs, most rural districts face major hurdles to remodeling old facilities or building new facilities due to tax base issues related to agricultural production land and seasonal rec values. Improving school technology also is among the greatest needs across Greater Minnesota.

KEY TRENDS

- **Bond elections are increasingly difficult to pass in rural Minnesota.** In the first six months of 2015, 100% of metro issues passed, while only 42% of rural issues passed (excluding one-day bonds).
- **Increased ANTC equalization is not distributed equally.** As illustrated in this map, 42% of districts will not see any equalization at the recommended 125% level. Farmland would pick up most of the tab.
- **Agriculture land values greatly impact ANTC.** 20% of districts have at least 75% of ANTC wealth in agriculture land and one-third have 50% of ANTC wealth in ag land.
- **Huge gap in median household incomes by district in state with 43% difference between rural and the 7-county metro area.**

ADJUSTED NET TAX CAPACITY BY SCHOOL DISTRICT



0.00 to 4,499.99	Less than \$4,500 ANTC per APU
4,500.00 to 5,964.99	Between \$4,500 and \$5,965 ANTC per APU
5,965.00 to 8,280.99	Between \$5,965 and \$8,280 ANTC per APU
8,281.00 to 11,999.99	Between \$8,281 and \$11,999 ANTC per APU
12,000.00 to 53,000.00	Between \$12,000 and \$53,000 ANTC per APU

OPTIONS FOR 2016

The MDE School Facilities Task Force report outlined a series of recommendations. Several bills have been introduced and are eligible for the 2016 session that would address the Facility Fallout.

MREA along with Minnesota Corn Growers Association, Farm Bureau and Farmers Union are active on these issues. Bill and concepts introduced include:

- Increase Debt Service Equalization to 125% of ANTC. SF 490 (Dahle)/HF 784 (Norton)
- 50% credit to farmers for school bond taxes paid each year. HF 848 (Davids)
- Limits to increases in ag land taxes in the first year of a school bond issue. SF 826 (Skoe)
- Ag2School bond credit program paid with state aid and a general levy on all agricultural production land. SF 1995 (Dahle)/HF 2122 (Kiel)

SF 1995/HF 2122 and SF 826/HF 848 came forward in 2015 as alternatives to a campaign by farm interests that called for changing school bond elections from the ANTC tax base to the RMV tax base or more commonly referred to as "House-Garage-One Acre."

H-G-1A for school bond elections would put a crushing tax burden on homeowners and businesses and only affect farm taxes for future bond elections. The Farm Bureau and Farmer's Union support H-G-1A as a top priority, but are supportive of other relief measures for agricultural land taxes for school bonds.