



April 19, 2024

TO: Members
Senate Tax Committee

FROM: Brad Lundell
Executive Director, Schools for Equity of Education

RE: Support for SF 4995 (Hauschild)

I am writing expressing Schools for Equity in Education's (SEE) support for SF 4995, Senator Grant Hauschild's bill that would provide greater property tax fairness and relief for residents in school districts with heavy concentrations of seasonal/recreational property. Several SEE members would benefit from the mechanism proposed in this bill and this effort is greatly appreciated.

Heavy concentrations of seasonal/recreational property can distort the property tax burden experienced by property taxpayers in the district and the remedy proposed here would provide needed relief. SEE has long proposed more wide-ranging improvements to the equalizing factors that govern the blend of aid and levy in operating referenda, but even with improvements to those equalizing factors the heavy concentration of season/recreational property in a number of school districts produces unique challenges in those districts. SF 4995 is a welcome entry to the discussion on how to remedy this particular disparity and promote property tax fairness.

It is totally appropriate that the property tax relief Senator Hauschild is seeking be addressed in the Tax Committee with the costs absorbed in the target assigned to that committee. Over the past two-plus decades, a number of education-related property tax issues—several of great significance—have come to fruition in the omnibus tax bill. Included among them are:

1. The elimination of the general education levy advocated by former Governor Ventura's administration was contained in the omnibus tax bill passed during the 2001 special session,
2. The Location Equity Revenue funding mechanism was established as part was part of the 2013 omnibus tax bill and expanded to Local Option Revenue in the tax bill the following year.
3. The school building Agricultural Bond Credit was passed as part of the 2017 omnibus tax bill and increased in subsequent sessions through the omnibus tax bill.
4. The last increase in the referendum equalization formula was part of the 2019 omnibus tax bill.

Senator Hauschild's bill is an extremely important bill for districts with a unique composition of overall property wealth and the Senate Tax Committee should give it serious consideration.

Going forward, I believe that improvements to all education-related property tax levies should also be in the domain of the Tax Committee in conjunction with the Education Finance Committee. Pitting resources for schools against property tax relief for education-related levies in the education target has consistently put property tax relief on the back burner as decisions regarding that target are made. This has helped fuel a significant increase in the statewide property taxes dedicated to education, both in terms of overall amount and as a share of the total amount of property taxes collected by local units of government.

Education-related levies have grown by approximately \$2.8 billion since the elimination of the general education levy in 2001 for taxes payable in 2002. There are a variety of reasons for this increase, but the failure to consistently update equalizing factors and address issues like those districts with high concentrations of seasonal/recreational property have certainly contributed substantially to the rise. SF 4995 is a significant step in the right direction regarding property tax fairness and SEE urges your support both in the Tax Committee and subsequent proceedings.