

SF1197 - 0 - Seasonal Tax Base Replacement Aid Established

Chief Author: **Grant Hauschild**
 Committee: **Education Finance**
 Date Completed: **3/6/2025 7:51:53 PM**
 Agency: **Education Department**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Dollars in Thousands					
General Fund	-	-	8,196	9,176	9,300
Total	-	-	8,196	9,176	9,300
Biennial Total			8,196		18,476

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028
					FY2029
General Fund	-	-	8,196	9,176	9,300
Total	-	-	8,196	9,176	9,300
Biennial Total			8,196		18,476
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	-	8,196	9,176	9,300
Total	-	-	8,196	9,176	9,300
Biennial Total			8,196		18,476
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

This bill provides new school district seasonal tax base replacement aid.

Section 1 adds seasonal tax base replacement aid to general education aid. It makes the section effective for revenue in fiscal year (FY) 2027 and later.

Section 2 defines seasonal tax base replacement aid as one minus the seasonal tax base adjustment factor times the district's referendum equalization levy. A district's seasonal tax base adjustment factor equals the ratio of the district's referendum market value to its seasonal market value. The ratio must be between 0.5 and 1.0. "Seasonal market value" is defined as the market value of all taxable property classified as class 4c(12) under section 273.13. The seasonal tax base replacement aid must be used to reduce the district's referendum levy after adjustments under section 126C.17, subdivisions 7a and 7b (referendum tax base replacement aid and referendum aid guarantee, respectively), except that the district's referendum levy must not be less than zero. Makes the section effective for taxes payable in 2026 and later.

Assumptions

Seasonal tax base data by school district was provided by the Minnesota Department of Revenue. The seasonal tax base adjustment factor defined in Section 2 was calculated and applied to each district's referendum levy amount from the February 2025 forecast for FY 2027 through 2029.

The taxable property classification 4c(12) will be a new data point annually collected by MDE from the Department of Revenue.

MNIT will need to update general education and levy revenue calculations and reports. For both GENED and LEVY, the user program area will be doing calculation code library changes and analysis, along with their typical annual work for these systems. This will be a one-time cost of \$13,773 in FY 2027.

Expenditure and/or Revenue Formula

Task Description	Work Estimate (Hours)		
LEVY - Additional Fields	Approx. time		
New columns to LEVY (DBA support also required)	24		
Supporting any calculation changes	8		
Additional Support Work	2		
SUBTOTAL	34		
GENED - Additional Fields	Approx. time.		
New columns to GENED (DBA support also required)	16		
Supporting any calculation changes (DAC updates etc.)	4		
New columns to GENED (DBA support also required) - Charter Schools	16		
Supporting any calculation changes (DAC updates etc.)- Charter Schools	4		
Additional Support Work	2		
SUBTOTAL	42		
TOTAL	76		
LEVY and GENED - Resource Description	Work Estimate (weeks)	FTE	Work Estimate (hours)
Project Manager	1	0.20	8
Business Analyst	1	0.20	8
Senior Web Application Developer (LEVY)	1	0.90	34
Senior Web Application Developer (GENED)	1.1	1.00	42
Quality Assurance Analyst	1	0.40	16
Other	1	0.20	8
TOTAL			116
Blended rate			\$118
Cost Estimate			Amount
TOTAL			\$ 13,772.68

SF1197	FY 2026	FY 2027	FY 2028	FY 2029
Entitlement		9,091,472	9,185,048	9,313,155
90% Current Year Appropriation		8,182,325	8,266,544	8,381,839
10% Final Year Appropriation			909,147.25	918,505
Total Appropriation		8,182,325	9,175,691	9,300,344
MNIT		13,773		
Total Bill Costs		8,196,098	9,175,691	9,300,344

Long-Term Fiscal Considerations

The general education costs will be ongoing.

Local Fiscal Impact

	FY 2026	FY 2027	FY 2028	FY 2029
Levy		(9,091)	(9,185)	(9,313)

References/Sources

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