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**1986 SUPPLEMENT
TO THE
1985 TAX LEVY
AUTHORIZATIONS AND LIMITATIONS BOOKLET**

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F O R E W O R D

This supplement is intended to bring the 1985 Tax Levy Authorizations and Limitations booklet (The Blue Book) up to date with changes in the property tax levies made by the 1986 Minnesota Legislature. It also includes several corrections of errors and omissions that were made in the 1985 Blue Book.

A revision and publication of the complete Blue Book itself is planned for 1987.

SECTION I

INTRODUCTION TO MILL RATE, PER CAPITA, AND LEVY LIMITATIONS LAWS

B. THE OVERALL LEVY LIMITATION

Page 3

Laws 1986, Chapter 441, Section 2 amends M.S. 275.50, Subdivision 2 by expanding the overall levy limitation to include the cities and towns that receive a distribution from the taconite municipal aid account. The law is effective for taxes payable in 1987.

The cities and towns that are subject to the overall levy limit under the law are listed below with their home counties:

<u>County</u>	<u>City</u>	<u>Town</u>
Cook	(None)	Schroeder
Crow Wing	Crosby Ironton Riverton Trommald	Irondale Rabbit Lake Wolford
Itasca	Bovey Calumet Coleraine Keewatin Marble Nashwauk Taconite	Bass Brook Grand Rapids Greenway Lone Pine Nashwauk
Lake	Silver Bay	(None)
St. Louis*	Aurora Babbitt Biwabik Buhl Ely Franklin Gilbert Hoyt Lakes Kinney Leonidas McKinley Mountain Iron	Balkan Biwabik Breitung Fayal Great Scott McDavitt White Wuori
Total Number	24 cities	17 towns

* NOTE: Four cities in St. Louis County--Chisholm, Eveleth, Hibbing, and Virginia--do receive a distribution from the taconite municipal aid account. However, because they are already subject to the overall levy limit as cities with a population of 5,000 or more, they are not included under the new law.

B. OVERALL LEVY LIMITATION - continued

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Laws 1986, Chapter 441, Section 3 amends M.S. 275.51, Subdivision 3f by establishing the method for calculating the "levy limit base" for the taconite cities and towns subject to the overall levy limit under the new law. The law is also effective for taxes payable in 1987. The steps in the calculation procedure are listed below:

1. Payable 1986 Property Tax Levy;
2. Minus: Payable 1986 Debt Service Levy;
3. Plus: 1986 Certified Local Government Aid;
4. Plus: 1986 Taconite Aid Distribution;
5. Plus: Payable 1986 Special Assessments for Municipal Operation and Maintenance Costs.

The levy limit base determined for these taconite cities and towns is to be adjusted according to the current provisions under M.S. 275.51, Subdivision 3h used for other levy limit cities. (See page 4, paragraphs 1-5 of the 1985 Blue Book.)

The law also states that, for taxes payable in 1988 and later, the levy limit base of these taconite cities and towns will be equal to the adjusted levy limit base for the preceding year.

The final overall levy limitation for these taconite cities and towns is determined by reducing their adjusted levy limit base by the sum of the state aids listed under M.S. 275.51, Subdivision 3i and used for other levy limit cities. (See page 4, paragraph 7 of the 1985 Blue Book.)

Laws 1986, Chapter 441, Section 4 amends M.S. 275.51, Subdivision 3i by adding a restriction on the method for calculating the overall levy limit for taconite counties. For payable 1987 and later, the adjusted levy limit base is to be decreased by an additional amount equal to the reduction in the taconite aid distribution from 1986 to 1987. In other words, the taconite counties are not allowed to make up the loss by increasing their property tax levies. The law is effective for taxes payable in 1987.

Pages 4-6

L.1986, Chapter 425, Section 29 amends M.S. 275.50, Subdivision 5 by adding a new special levy for designated costs of solid waste management. The new special levy is available for county governments only. The law will be codified as M.S. 275.50, Subdivision 5(v). It is effective for taxes payable in 1987.

The costs of solid waste management which are eligible for the special levy are listed below:

1. Planning requirements under M.S. 115A.46;
2. Planning requirements for the metro plan under M.S. 473.149 and for the county master plan under M.S. 473.803;
3. Waste reduction and source separation programs and facilities;
4. Response actions financed partly by service charges under M.S. 400.08 or Laws 1986, Chapter 425, Section 41;
5. Closure and postclosure care of a solid waste facility closed by order of the MPCA or by expiration of an agency permit before January 1, 1989;
6. Current operating and maintenance costs of a publicly-owned solid waste processing facility financed with general obligation bonds issued after a referendum held before March 25, 1986.

C. \$54 PER CAPITA LEVY LIMITATION *

Page 7

For taxes levied in 1986, payable in 1987, the per capita limitation is \$270.00 (\$54 plus \$216.00 which is the cost-of-living adjustment in 1986/1987) as calculated below:

1. Consumer Price Index for Minneapolis/St. Paul, December, 1985 (1967 = 100)	340.4
2. Adjustment factor to convert from 1967 to 1947-49 base	0.6973501
3. Consumer Price Index for Minneapolis/St. Paul, December, 1985 (1947-1949 = 100) (340.4 divided by .6973501)	488
4. Index points above 102 (488 - 102)	386
5. Percentage for first six index points above 102 (3 1/3% times 6)	20%
6. Percentage for remaining index points above 102 (1% times 380)	380%
7. Total percentage increase in the \$54 per capita levy limitation (20% plus 380%)	400%
8. Cost-of-living adjustment (400% of \$54)	\$216
9. Total 1986/1987 per capita limitation (\$54 plus \$216)	\$270

* NOTE: L.1985, Chapter 65, Section 1 amended M.S. 275.14 by changing the definition of the "population" to be used in calculating a city's \$54 per capita limitation. A city is directed to use whichever of the following "populations" has the latest stated date of count or estimate before July 2 of the current levy year: (1) the last federal census; (2) a special census taken by the U.S. Bureau of the Census; (3) an estimate made by the metropolitan council; or (4) an estimate made by the state demographer. The law was effective for taxes payable in 1986 and later.

F. ECONOMIC DEVELOPMENT AUTHORITIES

Page 9

L.1986, Chapter 400, Sections 13-33 authorizes all cities to establish economic development authorities (EDA's). The law was passed as a response to the growing number of port authority bills introduced each year in the House and Senate. In the 1985 Session alone, nine laws were passed granting port authority status or powers to thirteen cities. In the 1986 Session, six more cities requested laws to be passed putting them on the port authority band wagon. Their requests were refused because the EDA law was passed instead.

The cities request the powers of a port authority for one major purpose--to get hold of the industrial/commercial economic development powers authorized as part of the port authority statute, M.S. 458. The EDA law will function as a substitute to port authorities for these cities. The law will allow every city to have the same industrial/commercial, economic-development powers authorized under M.S. 458. As a result, cities will have a source for exercising these powers without having to jump on the port authority band wagon.

For a more complete review of the EDA law, please refer to the "Summary of 1986 Local Government Laws" published by the Department of Revenue.

The property tax levies authorized for cities and for EDA's as new special taxing districts are listed in this Supplement in Sections III and VI.

G. PRIVATIZATION AGREEMENTS

Page 9

Laws 1986, Chapter 465, Article 4, Sections 1-14 authorizes municipalities to enter into privatization agreements. The law defines a "municipality" as a "home rule charter or statutory city, county, sanitary district, or other governmental subdivision or public corporation, including the metropolitan council and the metropolitan waste control commission."

Under a privatization agreement, a local government unit could contract with a private entity to provide waste water treatment or public water services. The law specifies the terms of these agreements and attempts to provide the private vendor with most of the same advantages enjoyed by the local unit of government; i.e., exemption from sales and property taxes, access to the tax exempt bond market, property tax backing, and collection procedures for service fees. At the same time, the vendor will not be subject to some of the constraints imposed on municipalities.

For a more complete review of the law, please refer to the "Summary of 1986 Local Government Laws" published by the Department of Revenue.

The property tax levies authorized for municipalities to pay for the costs of the service contracts are listed in this Supplement in Sections II, III, IV, and VI.

SECTION II

COUNTY TAX LEVIES

B. Special Purposes - General Application

Page 15

	<u>Citation</u>	<u>Authorization and Limitation</u>
Lake improvement district.....	M.S. 1984, 378.52; L. 1986, C.443, s.11	Amount needed for projects and services levied within the district.**

Privatization Agreement: (Service
contracts for wastewater/public
water systems)

Costs of service contract
(excluding debt service).....

L. 1986,
C. 465,
Article 4,
s. 4-5

Amount necessary.

Debt service costs of service
contract.....

L. 1986
C. 465,
Article 4,
s. 4-5

Amount needed for P/I.**

Page 17

Solid Waste Management:
(Except Metro Area)

Advance funding.....

M.S. 1984,
400.11;
L. 1986,
C.425, s.32

Amount necessary.

Bonds for Acquisition/
Betterment & Capital
Improvements.....

L. 1986,
C.425, s.31

Amount needed for P/I and reserve
fund.

Services in designated
service areas.....

M.S. 1984,
400.08;
L. 1986,
C.425, s.30

Amount needed after designation of
service area by county board
resolution and public hearing.

** Levy may be made in excess of limitations in 275.50 to 275.56.

COUNTY TAX LEVIES - Continued

B. Special Purposes - General Application

Page 17

Solid Waste Management:
(Metro Area)

Acquisition/Betterment.....

M.S. 1984,
473.811,
Subd. 1

Amount needed in anticipation of
costs for county master plan.

Bonds for Acquisition/
Betterment & Capital
Improvements.....

M.S. 1984,
473.811,
Subd. 2;
L. 1986,
C.425, s.40

Amount needed for P/I and reserve
fund.

Services in designated
service areas.....

L. 1986,
C.425,s.41

Grants metro counties same levy
powers as others under M.S. 400.08
as amended above.

C. Special Purposes - Particular Counties

Page 18

Aitkin

Bonds for McGregor library.....

L. 1986,
C. 399,
Article 1,
s. 6

Amount needed as county's share under
joint powers agreement for P/I on
bonds issued by McGregor.

Tourism and economic development

L. 1986,
C. 399,
Article 1,
s. 1-2

1 1/3 mills subject to reverse
referendum.**

Page 20

Clearwater

County hospital.....

L. 1985,
C.289, s.5;
L. 1986,
Spec.Sess.,
C.1, Art.4,
s. 46-47

3.0 mills subject to reverse
referendum to be held prior to
October 1 of the year when a tax
is initially proposed to be levied.**

** Levy may be made in excess of limitations in 275.50 to 275.56.

COUNTY TAX LEVIES - continued

C. Special Purposes - Particular Counties

Citation

Authorization and Limitation

Page 20

Dakota

Bonds for county library.....

L. 1986,
C. 392

3/4 mill for P/I on up to \$15,000,000 in bonds subject to reverse referendum. The tax is not allowed in cities where a public library is currently located.**

Page 23

Ramsey

Bonds for library buildings/
equipment.....

L. 1986,
C. 370

Amount needed for P/I on up to \$15,000,000 in bonds to be levied outside the city of St. Paul.**

Page 26

Washington

Water systems for cities and
towns under joint powers
agreement

Bonds for construction and
improvement.....

L. 1986
C.348, s.2

Amount needed for P/I.**

Pages 18-21, 24-25, and 26 (all metro counties)

Water Management

Tax Districts:

Planning Costs.....

473.882,
Subd. 3;
473.881

Amount necessary levied in districts within watersheds.**

Capital Improvements:

Bonds for County Levy.....

473.882,
Subd. 3-4;
473.881;
L. 1986,
C.389, s.2

Amount necessary for P/I on bonds for a county certified levy in districts within watersheds or minor watershed units.**

Bonds for Watershed Levy.....

473.883
Subd. 5-6;
L. 1986,
C. 389, s.6

Amount necessary for P/I on bonds for a watershed certified levy in districts within watersheds or minor watershed units. Limited to 1.0 mill on rural towns without town resolution.**

** Levy may be made in excess of limitations in 275.50 to 275.56.

COUNTY TAX LEVIES- continued

C. Special Purposes - Particular Counties	Citation	Authorization and Limitation
Pages 18-21, 24-25, and 26 (all metro counties)		
Maintenance Costs.....	473.881, Subd. 3; 473.881; L. 1986, C.389, s.2	Amount necessary levied in districts within watersheds or minor watershed units.**

** Levy may be made in excess of limitations in 275.50 to 275.56.

SECTION III
CITY TAX LEVIES

**C. Special Purposes -
General Application**

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	<u>Citation</u>	<u>Authorization and Limitation</u>
Economic development authority (EDA).....	L. 1986, C.400, s.32	3/4 of a mill city-wide on EDA request. Levy may be increased by reverse referendum.* **
Infrastructure replacement funds..	L. 1986, C. 465, Article 2, s. 14	Amount needed subject to reverse referendum.**

Page 32

Privatization Agreement:
(Service contracts for waste-
water/public water systems)

Cost of service contract
(excluding debt service).....

L. 1986,
C. 465,
Article 4,
s. 4-5

Amount necessary.*

Debt service costs of service
contract.....

L. 1986
C. 465.
Article 4,
s. 4-5

Amount needed for P/I.**

**E. Special Purposes -
Statutory Cities**

Page 34

	<u>Citation</u>	<u>Authorization and Limitation</u>
Equipment capital notes.....	L. 1986, C. 465 Art.2, s.8	Amount needed for P/I on notes.**

**F. Special Purposes -
Particular Cities**

Page 35

Aitkin County, cities in:

Bonds for McGregor library.....

L. 1986,
C. 399,
Article 1,
s. 6

Amount needed as city's share under
joint powers agreement for P/I on
bonds issued by McGregor.

* Levy may be made in excess of limitations in 275.11.

** Levy may be made in excess of limitations in 275.50 to 275.56.

CITY TAX LEVIES - continued

F. Special Purposes -
Particular Cities

Citation

Authorization and Limitation

Page 36

Bloomington

Fiscal disparities
distribution levy.....L. 1986,
C. 391,
s. 12Equal to interest on highway
improvement bonds for Mega Mall. Levy
received is not subject to any levy
limits through payable 1999. Law
effective payable 1988.

Breezy Point

Per capita limit.....

L. 1986,
C. 399,
Art.1, s.3-4\$54 per capita levy limit may be
increased by \$175,000 beginning with
payable 1987. Increase is subject to
reverse referendum.*

Cambridge

Special Service District:
Bonds for improvements.....L. 1986,
C. 399,
Art.1, s.3,6Amount needed for P/I levied on
nonhomestead property in district
after public notice and hearing.
City-wide deficiency levy is
authorized.* **

Costs of special services.....

L. 1986,
C. 399,
Art.1, s.3Amount needed for services not already
provided or for increased level of
services already provided by city
after public notice and hearing. Levy
limited to nonhomestead property
within district.* **

Page 37

Cologne

Bonds for fire station and city
hall.....L. 1986,
C. 419Amount needed for P/I on up to
\$350,000 in bonds by voter approval.*

Page 41

Lindstrom

Special Service District:
Bonds for improvements.....L. 1986,
C. 399,
Art. 1,
s. 14,17Amount needed for P/I levied on
nonhomestead property in district
after public notice and hearing.
City-wide deficiency levy is
authorized.* **

Costs of special services.....

L. 1986,
C. 399,
Art.1, s.14Amount needed for services not already
provided or for increased level of
services already provided by city
after public notice and hearing. Levy
limited to nonhomestead property
within district.* **

* Levy may be made in excess of limitations in 275.11.

** Levy may be made in excess of limitations in 275.50 to 275.56.

CITY TAX LEVIES - continued

F. Special Purposes - Particular Cities

Page 42

	Citation	Authorization and Limitation
McGregor Bonds for McGregor library.....	L. 1986, C. 399, Art.1, s.6	Amount needed as city's share under joint powers agreement for P/I on bonds issued by McGregor.
McIntosh Bonds for municipal building....	L. 1986, C. 364	Amount needed for P/I on up to \$300,000 in bonds by referendum.*
Mendota Heights Special Service District:		
Bonds and certificates of indebtedness for improvements..	L. 1986, C. 415, s. 3-4	Amount needed for P/I levied on non-homestead property in district after public notice and hearing. City-wide deficiency levy is authorized but must be repaid from district revenues.* **
Costs of special services.....	L. 1986, C. 415, s. 3	Amount needed for services not already provided or for increased level of services already provided by city after public notice and hearing. Levy limited to nonhomestead property within district.* **

Pages 35, 37-38, 40, 44-45, and 47 (All metro cities)

Watershed Management Tax District: Planning Costs.....	473.882, Subd. 3; 473.881	Amount necessary levied in districts within watersheds.**
Capital Improvements: Bonds for City Levy.....	473.882, Subd. 3-4; 473.881; L. 1986, C.389, s.2	Amount necessary for P/I on bonds for a city certified levy in districts within watersheds or minor watershed units.**
Maintenance Costs.....	473.881, Subd. 3; 473.881; L. 1986, C.389, s. 2	Amount necessary levied in districts within watersheds or minor watershed units.**

* Levy may be made in excess of limitations in 275.11.

** Levy may be made in excess of limitations in 275.50 to 275.56.

SECTION IV

TOWN TAX LEVIES

B. Special Purposes - General Application

Page 53

Privatization Agreement:
(Service contracts for waste-
water/public water systems)....

Costs of service contract
(excluding debt service).....

L. 1986,
C. 465,
Article 4,
s. 4-5

Amount necessary.

Debt service costs of service
contract.....

L. 1986
C. 465,
Article 4,
s. 4-5

Amount needed for P/I.

C. Special Purposes - Particular Towns

Page 55

Aitkin County, towns in:
Bonds for McGregor library.....

L. 1986,
C. 399,
Art.1, s.6

Amount needed as town's share under
joint powers agreement for P/I on
bonds issued by McGregor. Joint
powers agreement by a town must be
approved at annual town meeting by
electors.

Pages 55-58 (All metro towns)

Watershed Management Tax District:

Planning Costs.....

473.882,
Subd. 3;
473.881;
L. 1986,
C.389, s.3

Amount necessary levied in districts
within watersheds.
Exception: Limited to 1.0 mill on
rural towns unless larger amount
approved by town resolution.

Capital Improvements:

Bonds for Town Levy.....

473.882,
Subd. 3-4;
473.881;
L. 1986,
C.389, s.2-3

Amount necessary for P/I on bonds for
a town certified levy in districts
within watersheds or minor watershed
units. Exception: Limited to 1.0
mill on rural towns unless larger
amount approved by town resolution.

Maintenance Costs.....

473.881,
Subd. 3;
473.881;
L. 1986,
C.389, s.2-3

Amount necessary levied in districts
within watersheds or minor watershed
units. Exception: Limited to 1.0
mill on rural towns unless larger
amount approved by town resolution.

SECTION V

SCHOOL DISTRICT LEVIES

General Provisions Initial Levy Limitations	Citation	Authorizations and Limitations
Maintenance Basic	M.S. 124A.03, Subd. 1 and L.1986 S.S., Ch. 1, Article 9, Section 16	a) The basic maintenance mill rate times the 1985 EARC valuation (adjusted assessed valuation) of the district. The basic maintenance mill rate shall be established by the Commissioner of Revenue by August 1, such that the state total basic maintenance levy will equal \$692,000,000.
	or	or
Maintenance Basic "Off-the-Formula" Maximum	M.S. 124A.03, Subd. 3	b) If a) above is greater than the foundation aid formula allowance times the district's estimated 1987-88 resident and AFDC pupil units, then the levy limitation equals the greater of the amount certified in 1977 under 275.125, Subd. 2a, Clause (1) plus attached machinery aid or the foundation aid formula allowance times the estimated 1987-88 resident and AFDC pupil units, less the county apportionment deduction. However, in no case may the levy be more than the basic maintenance mill rate times the previous year's EARC valuation.
Reduction for Attached Machinery Aid ..	M.S. 273.138, Subd. 6	c) The limitation computed in a) or b) above is reduced by the amount of attached machinery aid due the district for 1987-88.
Reduction for Minimum Aid	M.S. 124A.03 Subd. 6	d) Districts where 60% or more of the assessed valuation is classified as agricultural are guaranteed a minimum of \$800 per resident and AFDC pupil unit from basic foundation aid, state school agricultural credit aid, homestead, taconite homestead, agricultural preserve, and disaster credits, attached machinery aid, and the wetlands and native prairie credits and reimbursements. If these sources do not provide the guaranteed amount, "minimum aid" is provided to bring the total of \$800 per resident and AFDC pupil unit. The limitation computed in a) or b) above must be reduced by the amount of the minimum aid payment.
Maintenance Referendum	M.S. 124A.03, Subd. 2	Amount approved by the voters of the district at referendum called for the purpose. This limitation is subject to revocation or reduction by a future referendum after the levy has been made at least once. A district is permitted to hold only two referendum elections for an increase to begin in any school year.

Tier Revenue Allowances M.S. 124A

Foundation revenue limits and levy limits will be calculated on the basis of tier allowances. A district's 1987-88 revenue limit for each tier equals the tier allowance times the district's 1987-88 resident pupil units. Foundation aids will be calculated on the basis of the certified tier levies. The tier allowances are established as follows:

Cost-differential tier allowance: the sum of a) former sparsity aid per pupil unit multiplied by two and adjusted for the percent-change in the formula allowance, and b) a training and experience allowance which equals the lesser of zero or (training and experience index minus 1.25) times \$400.

Second tier allowance: \$150.

Third tier allowance: \$100.

Fourth tier allowance: \$100 plus a training and experience allowance which equals the lesser of zero or (training and experience index minus 1.25) times \$150.

Fifth tier allowance: the amount that the district would have received per pupil unit in 1984-85 under the previous formula, plus \$50 per pupil unit, minus the allowance from tiers 1 through 4.

Maintenance Tier Levies M.S. 124A

Cost-differential tier: a district may levy the lesser of:

- a) its cost-differential tier revenue, or
- b) its cost-differential tier revenue times the ratio of the 1985 EARC valuation divided by the 1987-88 total pupil units to the equalizing factor. The equalizing factor is equal to the ratio of the foundation aid formula allowance to the basic maintenance mill rate.

Second tier: the lesser of:

- a) the district's second tier revenue, or
- b) the second tier revenue times the ratio of the district's 1985 EARC valuation divided by its 1987-88 total pupil units to the equalizing factor.

Third tier: the lesser of:

- a) the third tier revenue, or
- b) the third tier revenue times the ratio of the 1985 EARC valuation divided by the 1987-88 total pupil units to 75% of the equalizing factor.

Fourth tier: the lesser of:

- a) the fourth tier revenue, or
- b) the fourth tier revenue times the ratio of the 1985 EARC valuation divided by the 1987-88 total pupil units to one-half the equalizing factor.

Fifth tier: the lesser of:

- a) the fifth tier revenue, or
- b) the fifth tier revenue times the ratio of the 1985 EARC valuation divided by the 1987-88 total pupil units to one-half the equalizing factor.

Second Tier Levy fund balance provision	M.S. 124A.08, Subd. 5	Reduces a district's second tier revenue (aid and levy) by the amount of any unappropriated operating fund balance in excess of \$500 per total pupil unit. The reduction is made proportionally from aid and levy.
Declining Pupil Unit Revenue	M.S. 124A.20, Subd. 1	<p>A district's declining pupil unit revenue is equal to the product of:</p> <ul style="list-style-type: none">a) the decline in total pupil units from the previous year divided by 30, timesb) the statewide average salary for beginning teachers times the district's training and experience index.
Declining Pupil Unit Levy	M.S. 124A.20, Subd. 2	<p>A district may levy the lesser of:</p> <ul style="list-style-type: none">a) the declining pupil unit revenue, orb) the declining pupil unit revenue times the ratio of the 1985 EARC valuation divided by the 1987-88 total pupil units to 75% of the equalizing factor.
Interdistrict Cooperation Levy	M.S. 275.125, Subd. 8a	Allows districts with approved cooperative programs to raise revenue equal to the least of \$50 per resident pupil unit, the approved cost of the cooperative program, or \$50,000. A district may levy for the program revenue up to 1 mill times the 1985 EARC valuation of the district.
Operating Debt Levy	M.S. 275.125, Subd. 9b and L.1986 S.S., Ch. 1, Article 9, Section 20	<p>A district may levy the lesser of:</p> <ul style="list-style-type: none">a) 1.5 mills times the 1985 EARC valuation of the district, orb) The greater of:<ul style="list-style-type: none">(I) The amount needed to retire the deficit in the district's operating funds as of June 30, 1983, not to exceed the district's state aid reductions in F.Y. 1983, or(II) the amount needed to retire the deficit in the district's general fund as of June 30, 1985.

Maintenance Unemployment Insurance	M.S. 275.125, Subd. 4	Amount needed to eliminate a negative balance projected for June 30, 1988 in the General Fund Account appropriated for unemployment insurance pursuant to 268.06, Subd. 25 and for payment for services provided under 268.08.
Maintenance Liability Insurance	M.S. 275.125, Subd. 4	The amount necessary to pay the district's liability insurance premiums under M.S. 466.06, excluding liability insurance for the school bus fleet.
Maintenance Statutory Operating Debt (Districts in Statutory Operating Debt)	M.S. 275.125, Subd. 9a	1.5 mills times the 1985 EARC valuation of the district or the amount needed to retire the Statutory Operating Debt, whichever is less.
Maintenance Judgment	M.S. 275.125, Subd. 4	Amount of the judgment (including interest) the the district is obliged to pay pursuant to 127.05.
Maintenance State Audit	M.S. 275.125, Subd. 4 and M.S. 6.62, Subd. 1	Amount needed to pay for post audits by State Auditor pursuant to 6.62. (Excludes audits requested by the school board.)
Maintenance Consolidation	M.S. 275.125, Subd. 4	Amount needed for approved reorganizational expendi- expenditures pursuant to 122.533.
Summer Program Revenue	M.S. 124A.033	A district's summer program revenue is equal to the foundation aid formula allowance for the preceding regular school year (\$1,690 for 1987 summer pro- grams) times the district's summer program pupil units.
Summer Program Levy	M.S. 124A.03, Subd. 4	A district may levy the lesser of: a) the summer program revenue, or b) the summer program revenue times the ratio the district's 1984 EARC valuation divided by 1986-87 total pupil units to \$72,845.
Special Education Levy	M.S. 275.125, Subd. 8c	Amount equal to the difference between: (a) 70 percent of salaries paid to essential licensed special education and secondary vocational handi- capped program personnel and (b) the state aid paid for salaries of these personnel under M.S. 124.32 and 124.574; plus an amount equal to the difference between: (a) 65 percent of the salaries paid to limited English proficiency program personnel and (b) the state aid paid for salaries of these per- sonnel under M.S. 124.273.
Transportation Basic	M.S. 275.125, Subd. 5	2.25 mills times the 1985 EARC valuation of the district.

Transportation Nonregular	M.S. 275.125, Subd. 5c	<p>Estimated cost of nonregular transportation in 1987-88 less state nonregular transportation aid, times the 1987-88 equalizing ratio.</p> <p>a) Nonregular transportation includes the following transportation categories: summer school, handicapped, between schools, shared-time, vocational center, cooperative academic, nonpublic health and guidance, board and lodging, and to and from board and lodging facility.</p> <p>b) Nonregular basic transportation aid equals 20% of the first \$10 of 1987-88 cost per resident and AFDC pupil unit, plus 40% of the next \$10 per pupil unit, plus 60% of the cost exceeding \$20 per pupil unit.</p> <p>c) The equalizing ratio is the same as the ratio used in computing the first and second tier foundation levies (the ratio of the district's 1985 EARC valuation per 1987-88 resident and AFDC pupil unit to the 1987-88 equalizing factor.)</p>
Transportation Bus-Purchase	M.S. 275.125, Subd. 5d(c)	Amount needed for pupil transportation vehicle expenditures less bus depreciation aid and other revenue. The levy limitation is equal to the amount needed to eliminate the June 30, 1988 projected negative balance in the appropriated Transportation Fund account for Bus Purchases.
Transportation Hazardous	M.S. 275.125, Subd. 5d(b)	Estimated cost of transportation or crossing guards due to extraordinary traffic hazards for school year 1987-88. (Includes only those students living less than one mile from school).
Transportation Leased Facilities	M.S. 275.125, Subd. 5a	Amount of increased costs resulting from changes in transportation patterns required by leasing a school in another district.
Transportation Contracted Services (Districts which contract for pupil transportation services)	M.S. 275.125, Subd. 5d(d)	Amount equal to the contracted services aid subtraction for school year 1986-87 as defined in 124.225, Subd. 8k.
Transportation Secondary, 1 to 2 miles	M.S. 275.125, Subd. 5d(a)	Estimated cost, in school year 1987-88, of transporting secondary pupils to and from school who live more than one mile but less than two miles from a public school they could attend or from the non-public school they actually attend.

Community Service

(Districts that have established community school advisory councils pursuant to 121.88 and certified compliance pursuant to 275.125, Subd. 8, Clause 7)	L.1986, S.S., Ch. 1, Article 9, Section 19 (M.S. 275.125, Subd. 8)	a) The lesser of 0.8 mill times the district's 1985 EARC valuation, or the greater of \$5.50 times the population of the district or \$7,340.
Revenue guarantee	M.S. 275.125, Subd. 8	b) If a district's maximum permissible revenue for fiscal year 1983 from community education aid and levy was more than the greater of \$5 per capita or \$7,000, the district may levy the amount of that excess in addition to the amount computed in a) above.
Adult Handicapped	M.S. 275.125, Subd. 8	The lesser of \$25,000 or one-half of the approved budget.
Early Childhood & Family Education (Districts providing a community education program)	M.S. 275.125, Subd. 8b	The lesser of 0.5 mill times the district's 1985 EARC valuation, or \$84.50 times the greater of 150 or the number of people under five years of age residing in the district on September 1, 1986.
Adult Basic & Continuing Education	L.1986 S.S., Ch. 1, Article 9, Section 19	A district having an approved adult basic and continuing education program may levy up to 0.1 mill times the EARC valuation of the district for the preceding year.
Capital Expenditure Basic	L.1986 S.S., Ch. 1, Article 9, Section 21 (M.S. 275.125, Subd. 11a)	a) lesser of 9 mills times the district's 1985 EARC valuation or \$130 times 1987-88 resident and AFDC pupil units.
Capital Expenditure--Hazardous Substances	M.S. 275.125, Subd. 11c	The lesser of \$25 times 1987-88 resident and AFDC pupil units or 2 mills times the 1985 EARC valuation. (To be used for expenditures necessary to remove or encapsulate asbestos, asbestos related repairs, or to cleanup and dispose of polychlorinated biphenyls or transportation fuels.)
Reduction for real estate proceeds		The hazardous substance capital expenditure levy is reduced (not below zero) by amount of proceeds from sale or exchange of building or property deposited in Capital Expenditure Fund pursuant to 123.36, Subd. 13, Clause (2).

Capital Expenditures Leased School Building	M.S. 275.125, Subd. 12	Amount of the additional capital expenditure funds needed and approved by the Commissioner to lease an existing school building up to the leasing cost.
Energy Conservation (Districts receiving energy conservation loans pursuant to M.S. 116J.37 or M.S. 298.292 to 298.298)	M.S. 275.125, Subd. 12a	Amount needed to repay principal and interest on energy conservation loans.
Capital Expenditure AVTI Construction (Districts maintaining a post-secondary area vocational-technical Institute)	M.S. 275.125, Subd. 14a	Local share of the cost of construction authorized by state for post-secondary vocational purposes, minus the amount of any unappropriated net balance in the district's post-secondary vocational-technical building fund (subject to public notice and referendum if called for by petition.) A district may levy the total amount authorized in this subdivision in one year or a proportionate amount of the total each year for up to three successive years.
General and AVTI (Area Vocational- Technical Institute) Debt Service ...	M.S. 275.125, Subd. 4 and M.S. 475.61	Between 105% and 106% of the amount needed to pay principal and interest when due. Bond schedule states the amount to be levied. Levy may be reduced for surplus funds on hand or funds irrevocably appropriated to the Debt Service Fund.
AVTI Maintenance Unemployment Insurance	M.S. 275.125, Subd. 4	The estimated amount needed for payments for unemployment compensation insurance pursuant Minnesota Statutes 268.06, Subd. 25. The levy limitation is equal to the amount needed to eliminate the negative balance in the AVTI General Fund account appropriated for unemployment insurance, projected for June 30, 1988.

**Special Provisions
Initial Levy Limitations**

Reorganized Districts	M.S. 122.531, and M.S. 275.125, Subd. 4	Special computations of factors in levy limitations for reorganized districts are prescribed by 122.531 and the levies are authorized by 275.125, Subd. 4.
Maintenance Severance (District 625, St. Paul)	L.1975, C.261 Section 4	.2 mill times the most recent assessed valuation of the district with adjustments pursuant to M.S. 273.13, Subd. 7a, 275.49, and 473F.08.

Maintenance Statutory Operating Debt (District 625, St. Paul)	L.1976, C.20 Section 4, and L.1984, C.463, Article 7, Section 24	1.5 mills times the EARC valuation of the district reduced by the amount to be levied for certain bonds issued.
Maintenance Retirement (Special District 1, Minneapolis) ...	M.S. 275.125, Subd. 6a Clause 2	In 1979 and thereafter, the amount levied for retirement in 1978 under this clause, reduced each year by 10% of the difference between the amount levied for retirement in 1971 under M.S. 1971, 275.127 and 422.01 to 422.54 and the amount levied for retirement in 1975 under M.S. 1974, 275.127 and Chapter 422A.
Desegregation Levy	M.S. 275.125, Subd. 6e	1.0 mill times the most recent EARC valuation of the district.
General Debt Service for Districts with State Loans held by the State Board of Investment	M.S. 475.73	County Auditor levies for the school district 50% in excess of the amount certified by the State Auditor.
General Debt Service (Building Bonds for Districts 319, 692, 703, and 710)	L.1967, C.356	A large part of the debt service funds come from taconite companies instead of the general ad valorem levy.
AVTI Maintenance Secondary Vocational (District 287)*	M.S. 136D.27	.7 mill times the EARC valuation of the district for the preceding year.
AVTI Maintenance Secondary Vocational (Districts 916 and 917)*	M.S. 136D.74 and 136D.87	.5 mill times the EARC valuation of the district for the preceding year.
AVTI Maintenance Special Education (Districts 287, 916, and 917)	M.S. 136D.27, 136D.74, and 136D.87	.6 mill times the EARC valuation of the district for the preceding year.

Dissolved District Liabilities	M.S. 275.125, Subd. 4	The county auditor pursuant to 122.45 shall levy on the territory of the dissolved district the amount of the dissolved district's net liabilities. This levy in any year shall not make up more than 1/6 of the total school district levy in the dissolved district's territory.
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*Districts 287, 916 and 917 are intermediate area vocational-technical school districts. District 287 extends over the same territory as districts 270, 271, 272, 273, 276, 277, 278, 279, 280, 281, 283, 284, and 286. District 916 extends over the same territory as districts 12, 16, 621, 622, 623, 624, 832, 833 and 834. District 917 extends over the same territory as districts Sp. 6, 191, 192, 194, 195, 196, 197, 199 and 200.

General and Special Provisions Levy Limitation Adjustments

Abatements	M.S. 275.48	A district may levy the amount by which school taxes have been reduced by a reduction of valuation after levy was spread, less the state aid receivable for this reduction. The abatement levy for each fund is treated as an adjustment component of the maximum levy limitation for that fund.
Taconite and Taconite Replacement Adjustment	M.S. 275.125, Subd. 9	Levy Limitations (excluding Maintenance Statutory Operating Debt, Maintenance Referendum, and Debt Service) are reduced by the greater of 50% or one minus the ratio of the maintenance basic levy limitation to the total levy limitation times the previous fiscal year's taconite and taconite replacement payments. (Maintenance Basic Levy Limitation cannot be reduced below 12.5 mills times the district's EARC valuation for the preceding year by this adjustment.)
Debt Service Surplus	M.S. 475.61, Subd. 4	Maintenance Basic Levy Limitation reduced by the amount of debt service surplus remaining when all debt service obligations were retired, that was transferred to the General Fund during the preceding fiscal year.
Transportation Off-Formula Adjustment	M.S. 275.125, Subd. 5b	Current levy adjusted for prior year Transportation Basic levy revenue greater than entitlement established by aid computations in 124.225, Subd. 8b-8h.
Excessive Levy	M.S. 275.125, Subd. 15	Adjustments for prior levies found to be excessive because of a tax court decision or an EARC redetermination, or for any other reason.

Levy Errors and Errors of

Estimation

M.S. 275.125,
Subds. 10, 16
and 20

Adjustments for departmental errors in the computation of levy limitations or County Auditor errors, and for errors in estimates of pupil units or approved costs used to calculate prior year limitations.

General Provisions

Minimum Levy Limitations

Maintenance

For districts that will have a foundation aid entitlement for 1987-88; minimum to avoid a foundation aid penalty

M.S. 124A.035,
Subd. 1

95% of the basic maintenance levy limitation as adjusted.

For districts in Statutory Operating Debt

M.S. 275.125,
Subd. 9a

Minimum amount to be levied for districts in statutory operating debt equals the basic maintenance levy limitation as adjusted plus the maintenance statutory operating debt levy limitation.

For districts that qualify for foundation aids associated with the tier levies

M.S. 124A

Aids are reduced proportionately to underlevies.

Summer Programs

M.S. 124A.033,
Subd. 3

Aids are reduced proportionately to underlevies.

Interdistrict Cooperation

M.S. 124.272,
Subd. 5

Aids are reduced proportionately to underlevies.

Transportation Nonregular

M.S. 124.225,
Subd. 8j

Aids are reduced proportionately to underlevies.

Community Education

Basic

M.S. 124.271,
Subd. 2b

Aids are reduced proportionately to underlevies.

Early Childhood Family

M.S. 124.2711,
Subd. 3

Aids are reduced proportionately to underlevies.

Capital Expenditure

Basic and Hazardous Substance

M.S. 124.245,
Subd. 4

Aids are reduced proportionately to underlevies.

Debt Service

(Districts with Debt Service Loans
or Capital Loans)

M.S. 124.42
and 124.43

Minimum amount to be levied by districts having out-
standing debt service loans or capital loans from
the state equals the greater of the maximum effort
debt service levy as defined in 124.38, or the re-
quired debt service levy as defined in 124.38, or
the required debt service levy as defined in 124.38
less the amount of any debt service loan in that
year.

Minimum AVTI Debt Service

M.S. 124.564,

The amount of the district's 1987-88 AVTI debt
service aid. (The county auditor is to reduce the
levy by the aid amount.)

SECTION VI

SPECIAL TAXING DISTRICT TAX LEVIES

A. General Provisions - All Districts

Page 75

Privatization Agreement:

(Service contracts for waste-
water/public water systems)

Costs of service contract
(excluding debt service).....

L. 1986,
C. 465,
Article 4,
s. 4-5

Amount necessary.

Debt service costs of
service contract.....

L. 1986
C. 465,
Article 4,
s. 4-5

Amount needed for P/I.

B. Economic Development Authorities General Application

Page 75

Bonds in anticipation of income...

L. 1986,
C. 400,
s. 26-28

Amount needed for at least 5% more
than P/I on bonds.

O. Watershed Districts - Applicable only to Particular Watershed Districts

Page 81

Metropolitan area, watershed
districts in:

Planning.....

M.S. 1984,
473.881

Amount necessary.

Maintenance of capital
improvements.....

M.S. 1984,
473.883,
Subd. 7;
L. 1986,
C.389, s.7

Amount necessary levied in watershed
district or minor watershed units.

Minnesota Department of Revenue
Local Government Aids & Analysis
P.O. Box 64446
St. Paul, Minnesota 55164

FIRST CLASS MAIL