TAXES
AND
EDUCATION FUNDING

Commissioner's Working Group on School Funding
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WORKING ASSUMPTIONS

1. Changes in state taxes (e.g., Income, Sales) are not presently part of the charge to the working group.

2. Property tax levies for E-12 education may be restructured with the following constraints:

   a. State total property tax levies for E-12 education will not increase (zero levy target).

   b. Given limited new state aid for education, priority will go to providing new revenue for schools over property tax relief (no significant decrease in state total school levies).

   c. No significant redistribution of total school levies between the metro area and greater Minnesota

   d. Modest reallocation of levies within regions may be acceptable if it results in more uniform tax burdens among school districts and doesn't create sizeable tax burden shifts.

Proposed Levy Changes

Minnesota Department of Education

	Levies Eliminated:	Explanation
1	First $400 Referendum	Rolled into Formula Allowance
2	Next $400 Referendum - Metro	Rolled into New Location Equity Levy
3	Integration	New component of Basic Skills revenue - all aid
4	Operating Capital	Becomes all aid
5	Equity	Rolled into Formula Allowance
6	Old Transition	Rolled into Formula Allowance
7	Safe Schools	Rolled into Formula Allowance
9	Proposed New Levies:	
10	General Education Levy	Uniform Levy to support basic formula
11	Location Equity Levy	For regional cost differences - up to $400/PU
12	New Transition Levy	Guarantees no loss of revenue/PU from formula changes

Proposed Levy Changes, Rough Fiscal Impact

Minnesota Department of Education

	Description	Levy Changes on ANTC			Levy Changes on RMV			Total Levy Changes
	$ in Thousands	Metro	Nonmetro	Total	Metro	Nonmetro	Total	
	Levies Eliminated:							
1	First $400 Referendum				(142,181)	(89,718)	(231,899)	(231,899)
2	Next $400 Referendum - Metro				(168,764)	-	(168,764)	(168,764)
3	Integration	(24,245)	(5,610)	(29,855)				(29,855)
4	Operating Capital	(64,991)	(52,145)	(117,136)				(117,136)
5	Equity				(39,776)	(34,005)	(73,781)	(73,781)
6	Old Transition				(19,602)	(4,303)	(23,905)	(23,905)
7	Safe Schools	(16,913)	(12,541)	(29,454)				(29,454)
8	Subtotal, Levy Reductions	(106,149)	(70,296)	(176,445)	(370,323)	(128,026)	(498,349)	(674,794)
9								
10	**Proposed New Levies:**							
11	General Education Levy	93,516	82,929	176,445	192,524	108,295	300,819	477,264
12	Location Equity Levy				168,764	-	168,764	168,764
13	New Transition Levy				15,534	13,232	28,766	28,766
14	Subtotal, New Levies	93,516	82,929	176,445	376,822	121,527	498,349	674,794
15								
16	Total Proposed Levy Change	(12,633)	12,633	-	6,499	(6,499)	-	-