

HOUSE RESEARCH

Bill Summary

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Subject: Providing additional information in the truth-in-taxation notice

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Overview

Provides for two additional columns to be added to the truth-in-taxation notice to indicate for each taxing jurisdiction: (a) the tax change due to spending decisions made by the taxing jurisdiction, and (b) the tax change due to the change in the property's market value (relative to the change in value of the other properties in the jurisdiction). Also provides for an alternate computation of proposed taxes for properties in tax increment financing districts.

Effective for notices prepared in 2006 for taxes payable in 2007 and thereafter.

Section

- 1** **Notice of proposed property taxes.** Provides that two additional columns are to be added to the truth-in-taxation notice for each property to indicate for each taxing jurisdiction: (a) the tax change due to spending decisions made by the taxing jurisdiction, and (b) the tax change due to the change in the property's market value (relative to the change in value of the other properties in the jurisdiction).

[Note: The tax change due to spending factors computed in this manner was required to be shown on truth-in-taxation notices from taxes payable in 1998 through 2003.]

This section also provides that for properties in tax increment financing districts, the notice will show the proposed tax as if the property were taxed by the relevant local taxing

Section

jurisdictions, rather than the tax increment financing district.

- 2** **Constant spending levy.** (a) Defines "constant spending levy" for a taxing jurisdiction other than a school district as the levy that would be necessary in the proposed year for the jurisdiction to maintain the same level of spending as in the current year. If a jurisdiction's property tax aids do not change, the constant spending levy is the same as the current levy.

(b) Defines "constant spending levy" for voter-approved school levies in a manner similar to the formula for other taxing jurisdictions, except that it takes into account changes in the district's pupil count.

(c) Defines "constant spending levy" for other school levies in a manner similar to the formula for other taxing jurisdictions, except that it takes into account changes in the district's pupil count.

(d) Requires the commissioner of education to determine the "constant spending levy" and report it to the county auditor by September 30.

(e) Provides that in the case of the fiscal disparities levy, the constant spending levy is the same as the proposed tax.

[Note: The definitions in this section are the same as the definitions in place from 1998 through 2003, modified only for changes in state aid programs since 2003.]

- 3** **Constant spending tax.** Defines "constant spending tax" as the hypothetical tax on an individual parcel of property if a jurisdiction levied an amount equal to its constant spending levy.

- 4** **Base year constant spending tax.** Defines "base year constant spending tax" as the hypothetical tax on an individual property based on (i) the property's taxable value for the current year, (ii) the jurisdiction's tax base for the current year, and (iii) the jurisdiction's constant spending levy.