

HOUSE RESEARCH

Bill Summary

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Authors: Davids and Runbeck

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Analyst: Pat Dalton

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Overview

Permanently imposes levy limits on counties, cities, and special taxing districts beginning with levies payable in 2013. Allows each local government's levy limit to grow by 1.9% per year, regardless of the amount it actually levied. For the first year (Pay 2013) a local government's limit is equal to the greater of its Pay 2011 or Pay 2012 levy, increased by 1.9%.

Local governments are allowed to increase their levy limits above the 1.9% growth for the following:

- For debt and long term obligations incurred prior to May 1, 2012, without a referendum;
- For new debt with a referendum at a general or special election held at any time; and
- For any other reason with a referendum held on the first Tuesday after the first Monday in November.

Levy limits are also adjusted for consolidations, annexations, and service delivery changes provided that the overall sum of the levy limits in the affected areas do not change.

County sheriffs and county attorneys are prohibited from appealing to the district court for budget and salary increases that would increase the county expenditures by more than 1.9%.

Repeals obsolete provision related to the old expired levy limits and makes conforming technical changes.

- 1 Report on taxes levied.** Changes the portions of the levy a local government must report separately to the commissioner of revenue from the special levies repealed in this bill to the levy adjustments allowed under this bill.
- 2 Local governmental unit.** Changes the local governments subject to levy limits from counties and cities with a population greater than 2,500 to include all cities and special taxing districts as well.
- 3 Levy limits.** Establishes new levy limits for counties, cities, and special taxing districts.

Subdivision 1. Limit on levies. States that special assessments are not levies for levy limit purposes.

Subd. 2. Preliminary levy limit. Sets the starting levy limit for each local government. For taxes levied in 2012, payable in 2013, the limit is the higher of its Pay 2011 or 2012 levy multiplied by 1.019. For taxes levied in 2013 and thereafter, payable in 2014 and thereafter, the levy limit is last year's levy limit multiplied by 1.019.

Subd. 3. Final levy limit. The final levy limit for a local government in any year is its preliminary levy limit, plus any of the adjustments allowed in this section or in section 4.

Subd. 4. Debt service adjustment. Allows an increase in a local government's levy limit for payment increases in debt and other long term obligations provided that the obligation was entered into or occurred before May 1, 2012. This increase does not require voter approval and applies to levy increases to pay the following:

- Bonds, certificates of indebtedness, capital notes, and other debt instruments;
- Installment purchase contracts; and
- Lease purchase agreements.

Subd. 5. Election adjustment. Allows an increase in a local government's levy limit if approved by the voters under section 5.

Subd. 6. Levy in excess of levy limits. Prohibits a county from spreading a levy for a local government in excess of the amount allowed under this section.

- 4 Adjustments for consolidation.** Allows for levy limit adjustments for local government consolidation, annexation, and changes in which level of government provides various services. Although the individual local government's levy limits will change, the total of the levy limits for all the affected local governments must remain unchanged under this section.
- 5 Elections for additional levies.** Requires levy limit increases to fund new debt to be approved at any general or special election. Requires levy limit increases for any other purpose to be voted on at a general election or a special election on the first Tuesday after the first Monday in November. Allows any increases approved by the first Tuesday after the first Monday in November to be effective for the current levy year, while those approved after that date (only debt levies) are not effective until the following levy year.
- 6 Requiring a referendum before incurring new debt.** Requires local governments to get voter approval before issuing new debt or entering into long term purchase and lease agreements after May 1, 2012. This only applies to obligations that will cause the local government to increase its levy for debt and other long-term obligations by more than 1.9%. Provides guidance on when an obligation is deemed to have occurred after May 1, 2012.
- 7 Limits of salary and budget appeal authorization.** County sheriffs and county attorneys are prohibited from appealing to the district court for budget and salary increases that would increase the county expenditures by more than 1.9%. Counties are still allowed to increase levies by more than 1.9% for these purposes with voter approval.
- 8 Calculation and notification.** Makes technical corrections
- 9 Information necessary to calculate final levy limit.** Makes technical corrections.
- 10 Charter exemption for aid loss.** Eliminates a reference to the repealed special levies for aid loss.
- 11 Appeal on salary, budget.** Limits a county sheriff's ability to appeal a salary or budget amount to the district court as required under section 7.

- 12** **Appeal from resolution of the board.** Limits a county attorney's ability to appeal a salary or budget amount to the district court as required under section 7.
- 13** **Implicit price deflator.** Moves the definition of implicit price deflator repealed with the other old levy limit provisions to another section of law.
- 14** **Tax.** Technical correction to cross reference the new implicit price deflator section.
- 15** **Indexed limit.** Technical correction to cross reference the new implicit price deflator section.
- 16** **Source of funds.** Technical correction to cross reference the new implicit price deflator section.
- 17** **Emergency debt certificates.** Eliminates a reference to the repealed special levies for aid loss.
- 18** **Savings clause.** Provides that nothing in the proposal impairs a local government's ability to meet existing debt and purchase and lease contract agreements entered into before May 1, 2012.
- 19** **Repealer.** Repeals obsolete provisions related to the levy limits that expired after Pay 2011.