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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. **2122**

03/26/2015 Authored by Kiel; Marquart; Anderson, P.; Backer and Johnson, C.,
The bill was read for the first time and referred to the Committee on Education Finance

1.1 A bill for an act
1.2 relating to education finance; creating the Ag2School debt service property
1.3 tax credit; appropriating money; proposing coding for new law in Minnesota
1.4 Statutes, chapter 123B.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. **[123B.555] AG2SCHOOL DEBT SERVICE CREDIT.**

1.7 Subdivision 1. **Definitions.** (a) For purposes of this section, the definitions have
1.8 the meanings given.

1.9 (b) "Agricultural land" means property classified as class 2a, 2b, or 2d under section
1.10 273.13 excluding the house, garage, and surrounding one acre of land of an agricultural
1.11 homestead.

1.12 Subd. 2. **Ag2School rate.** The commissioner, in consultation with the commissioner
1.13 of revenue, must establish the Ag2School rate by July 1 of each year for taxes payable in
1.14 the following year. For taxes payable in 2016 and later, the Ag2School rate must be a rate,
1.15 rounded up to the nearest hundredth of a percent, that, when applied to the net tax capacity
1.16 of all agricultural land for all districts, raises the amount equal to the difference between
1.17 (1) 40 percent of the total debt service levy under section 123B.55 for taxes payable in the
1.18 previous year on all agricultural land in the state, and (2) the target amount in subdivision
1.19 6 for the fiscal year corresponding to the taxes payable year. The Ag2School rate may not
1.20 be changed due to changes or corrections made to a district's net tax capacity after the
1.21 rate has been established.

1.22 Subd. 3. **Ag2School levy and reserve account.** The county auditor shall levy
1.23 the rate determined in subdivision 2 against all agricultural land in the county and
1.24 reserve the amount in an account for the next payment under subdivision 5. If the taxes

2.1 collected under the levy are estimated by the county auditor to exceed the payments
 2.2 under subdivision 5, the auditor shall remit the excess to the commissioner by July 15
 2.3 for property taxes collected in May and June and by December 15 for taxes collected in
 2.4 October and November. If the taxes collected under the levy are estimated by the county
 2.5 auditor to fall short of the amount needed for the next payment under subdivision 5, the
 2.6 auditor shall certify the shortfall amount to the commissioner by July 15 for property
 2.7 taxes collected in May and June and by December 15 for taxes collected in October and
 2.8 November. The commissioner shall pay that amount first from money remitted from other
 2.9 counties, then from the appropriated money in subdivision 6 to the county auditor to be
 2.10 reserved in an account for payments under subdivision 5.

2.11 Subd. 4. **Credit.** Beginning with taxes payable in 2016, the county auditor shall
 2.12 credit an owner of agricultural land that owes property taxes under the debt service levy
 2.13 under section 123B.55 an amount equal to 40 percent of that amount. The amount of
 2.14 the credit must be applied evenly between taxes due in May and June and those due in
 2.15 October and November.

2.16 Subd. 5. **Payment.** By July 30 for the credits applied in May and June and by
 2.17 December 30 for the credits applied in October and November, the county auditor shall
 2.18 make a payment to a school district equal to the sum of the credits given under subdivision
 2.19 4 for agricultural property within the district.

2.20 Subd. 6. **Target and appropriation.** (a) The target under subdivision 2 is
 2.21 \$30,000,000 in fiscal year 2017 and later. The amount necessary for the payment of
 2.22 the Ag2School debt service credit under this section is annually appropriated from the
 2.23 general fund to the commissioner of education.

2.24 (b) The appropriation in paragraph (a) must be reduced by the amount of any money
 2.25 specifically appropriated for the same purpose in any year from any state fund.

2.26 Sec. 2. **APPROPRIATION.**

2.27 Subdivision 1. **Department of Education.** The sums indicated in this section are
 2.28 appropriated from the general fund to the Department of Education for the fiscal years
 2.29 designated.

2.30 Subd. 2. **Ag2School property tax credit.** For the Ag2School debt service property
 2.31 tax credit under Minnesota Statutes, section 123B.555, subdivision 6:

2.32 § 30,000,000 2017