Tax levy Workshop: Levy Certification Process

School Finance
September 11 & 12, 2018
Levy Certification Timelines

- MDE sends Levy Limits to districts by Sept. 7th
- School Board certifies proposed levy by Sept. 30th
  - This is the deadline for submitting data changes
- County mails out Truth-in-Taxation notices in November (after general election day)
- School Board
  - Holds public meeting between Nov. 24th—Dec. 28th and
  - Adopts final levy by Dec. 28th
- Detailed timelines on pages 8-11 of handout and page 12 for referendum election dates
Proposed Property Tax Levy

• Certify Proposed to County Auditor by September 30th

• One-week extension if approved by County Auditor:
  • Apply to MDE
  • MDE informs county whether an increase would be approved under Commissioner’s Approval
  • County Auditor (NOT MDE) makes determination to grant extension
Proposed Property Tax Levy

• “Maximum”
  • County will pick up late changes made by MDE after school board meeting
  or

• Specific Dollar Amount
  • If late changes increase levy, board will need to recertify proposed levy before September 30th
Proposed Property Tax Levy

• Levy Certification System for Proposed:

  • Must specify which levy method: Maximum or Specific Dollar Amount
  • May refresh data with limits then edit by exception
  • Printed Levy Certification Report will show proposed levy amounts only if certifying as Specific Dollar Amount
Proposed Property Tax Levy

• Levy Certification System for Proposed:
  • Validate before Certifying
  • Fatal errors
    • Will not allow you to submit certified levy
  • Warning errors
    • Informational, e.g.: aid penalty warnings
    • May submit with warnings

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• Information from Department of Revenue

  http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/tnt.aspx

• Truth in Taxation Instructions

• Nonmetro/Metro Example

  • Find link on MDE Levy Certification Process webpage under “Related Offsite Resources”
Parcel Specific Notice

• This is the reason for proposed levy
• See page 13 of handout
• Prepared by County Auditor
• Mailed between Nov 11-24

Contents:

• Proposed property tax compared to last year
• By Voter Approved and Other
• By Taxing Jurisdiction
• Contains time and place of public meeting
Public Meeting

• Time and place must be announced when proposed levy adopted

• Must discuss current budget and proposed levy and allow the public to speak

• Must be held between Nov. 24th and Dec. 28th and after 6:00 pm

• May be part of a regularly scheduled meeting

• May adopt final levy at this meeting
Final Property Tax Levy

- To County by December 28th
  - Copy to MDE by January 7th
- School Board must levy specific dollar amount
  - Cannot use “maximum”
- MAY NOT EXCEED PROPOSED LEVY
  - With exceptions, e.g. new referendum
Allowable Increases to Proposed Levy

• School Districts must not exceed the proposed levy except for the following instances:
  • Voters in the school district approve a referendum to increase taxes
  • An increase in the amount of principal and interest on bonds approved by the voters
  • Pay costs due to a natural disaster
  • Pay tort judgments against a taxing authority
  • Increases approved by the Commissioners of Education or Revenue
  • Default Avoidance, e.g.: Credit enhancement program
(Minnesota Statutes 275.065, Subdivision 6)
If the County Auditor declines to grant an extension of certifying a new levy, the school district may request approval from the Commission of Education to certify a final levy that exceeds the proposed levy. The commissioner evaluates requests on a case-by-case basis.

- If the commissioner approves the request, the districts levy limitation will be increased for the final levy to be certified in December and the district will be allowed to certify a final levy that exceeds the proposed levy.

- If the commissioner does not grant approval, the school district may request MDE to increase the district’s levy limitation in one area of the final levy with a corresponding reductions in other areas of a district’s final levy. The final levy may not exceed the proposed levy on the TNT notices.

- If the request is to decrease a district’s levy limitations, the district’s final levy in December may not exceed the reduced levy limitations.
Commissioner’s Levy Limitation Change

• Commissioners limitation changes are used very judiciously and only for extreme circumstances

• The changes will be considered primarily for levy changes outside of school district’s control
  • Mistakes by MDE
  • Adjustments not correctly incorporated
Final Property Tax Levy

• A certified levy does not have to be the proposed amount
  • Certified levy can be more than proposed based on reasons listed or lower based on school board recommendation
  •Unlike the proposed, final certified levy must be a specific dollar amount

• School Districts will certify the final levy amount to MDE through the Levy Certification System
  • May refresh with limits then edit by exception
    • If a district has entered data such as a specific underlevy and then refresh the limits, the data entered will be wiped out. Districts should be aware of that if a refresh is done, the underlevy information will need to be entered

• Certified levy form will be submitted after board certification but close to the end of the calendar year after the amount is certified by School District Board
  • The final certified form signed by the school district board clerk should be sent to the Home County Auditor
Thank you!

School Finance Team

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