

**Subject** School District Tax Base Replacement Aid; Seasonal-Recreational Property

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## Overview

H.F. 1161 creates a new school district aid that reduces a portion of voter-approved operating referendum levies in school districts with class 4c(12) seasonal recreational property (the class of property often referred to as “cabins”). The new aid reduces voter-approved school district referendum levies by providing additional state aid. Districts with a larger amount of cabin property could have their referendum levies reduced by up to 50 percent.

Under current law, the cabin property (real and personal property devoted to noncommercial, temporary, and seasonal residential occupancy for recreation purposes) is not included in the referendum market value tax base which is the tax base referendum levies are calculated and spread against. As a result, the cabin properties do not contribute to the tax base for operating referenda, local optional revenue, equity revenue, and transition revenue. Cabin properties are included in the school district net tax capacity (NTC) tax base and pay NTC levies including any levies for building purposes. Cabin properties also pay the tax rate required for the state general levy which is a revenue source to the state.

## Summary

Section	Description
1	<b>General education aid.</b> Includes seasonal tax base replacement aid in the list of general education aid programs.
2	<b>Seasonal tax base replacement aid.</b> Creates seasonal tax base replacement aid. Set the aid equal to the district’s referendum levy times one minus its seasonal tax base adjustment factor. Defines the seasonal tax base adjustment factor for each district equal to the ratio of seasonal market value (cabin value) to the sum of the district’s referendum market

Section	Description
	value plus its seasonal market value. Limits the maximum seasonal tax base adjustment factor to no greater than 0.5.
3	<b>Appropriations.</b> Appropriates an unspecified amount of additional general education aid to pay for the seasonal tax base replacement aid.



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