

MINNESOTA • REVENUE

PROPERTY TAX

**Include Airport Property in State Levy;
JOBZ Income Tax Exemption Repeals**

March 09, 2011

**Property Taxes and Local Aids Only --
See Separate Analysis for State Taxes**

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue
Analysis of H.F. 0289 (Lenczewski) as introduced

	Fund Impact			
	FY2012	FY2013	FY2014	FY2015
	(000's)			
Airport Property in State General Levy	\$2,100	\$3,900	\$3,900	\$3,900
JOBZ Corp. Franchise Tax Exemption Repeal	\$1,400	\$4,800	\$5,400	\$5,700
JOBZ Jobs Credits Repeal	\$400	\$1,300	\$1,300	\$1,300
General Fund Total	\$3,900	\$10,000	\$10,600	\$10,900

Effective for property taxes payable in 2012 and thereafter.
JOBZ repeals effective for taxable years beginning after December 31, 2010.

EXPLANATION OF THE BILL

Airport taxable market value is currently exempt from the state general levy. The bill removes this exemption. The state levy rate is calculated as under current law (without the airport value).

The bill would repeal the corporate franchise tax and jobs credit provisions of the JOBZ program beginning in tax year 2011. There would be no changes to the JOBZ exemptions from sales tax, property tax, individual income tax, and motor vehicle sales tax.

REVENUE ANALYSIS DETAIL

State General Levy

- The current law state general levy rate is applied to the net tax capacity of the airport property, resulting in an increase in levy
- The increased levy is estimated to be \$3.9 million in payable 2012.
- The increase in state general levy is estimated to be \$2.1 million in FY 2012, and \$3.9 million in FY 2013 and thereafter.

JOBZ Tax Provision Repeals

- Estimates are based on those used in the 2010 Tax Expenditure Budget.
- The tax expenditure budget estimates were adjusted to reflect the effective dates of repeal.
- Tax year impacts for the corporate franchise tax and jobs credit were allocated 30/70 to fiscal years.

State General Levy Property Tax Benchmark Ratings

PROPERTY TAX BENCHMARKS (Minn. Stat. § 270C.991)

<i>Transparency, Understandability, Simplicity & Accountability</i>	Neutral	
<i>Efficiency & Compliance</i>	Neutral	
<i>Equity (Vertical & Horizontal)</i>	Neutral	
<i>Stability & Predictability</i>	Neutral	
<i>Competitiveness for Businesses</i>	Decrease	Increased property taxes for affected state businesses.
<i>Responsiveness to Economic Conditions</i>	Neutral	

The bill is scored on a three point scale (decrease, neutral, increase) for each principle in comparison to current law.

Source: Minnesota Department of Revenue
Property Tax Division - Research Unit
http://www.taxes.state.mn.us/taxes/legal_policy

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