

MINNESOTA • REVENUE

PROPERTY TAX

County Levies Excluded in Computing Tax Increment

March 07, 2011

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of H.F. 0337 (Lenczewski) as introduced

The bill removes county levies from the calculation of tax increment financing (TIF) district levies. Effective for TIF districts for which the request for certification is made after June 30, 2011.

The bill would decrease the TIF levy for new or expanded districts by an average of 30% compared to current law.

The proposed changes to the general TIF provisions may have an impact on the local tax base and tax rate in the future and may result in a small change in property tax refunds paid by the state.

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

Transparency, Understandability, Simplicity & Accountability Decrease Reduces understandability by creating a new class of TIF districts.

Efficiency & Compliance Decrease May be difficult to administer.

Equity (Vertical & Horizontal) Neutral

Stability & Predictability Neutral

Competitiveness for Businesses Neutral

Responsiveness to Economic Conditions 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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