

MINNESOTA • REVENUE

PROPERTY TAX

Aid Payments Reduction for Decrease in Public Safety Personnel

March 09, 2011

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of H.F. 0790 (Howes) as introduced

Fund Impact

	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>
		(000's)		
General Fund	\$0	\$0	\$0	\$0

Effective for aids payable in 2012 and thereafter.

EXPLANATION OF THE BILL

Under the proposal, any county or city that reduces its complement of licensed peace officers or its budget for firefighter compensation in a year following an aid or credit reimbursement reduction would lose its state aid or credit reimbursement payment in the current year.

All cities and counties would annually report information regarding the budgeted and actual employment of peace officers and firefighters to the commissioner of revenue.

REVENUE ANALYSIS DETAIL

- The first year of reporting would be in calendar year 2012 and impact state aid and credit reimbursements paid in FY 2013.
- Under current law, there are no unexpected reductions to county and city aid payments or credit reimbursements, so it is assumed there would be no loss of aid payments or credit reimbursements under the proposal.
- If future aid or credit reductions were enacted, it could be expected that some portion of counties and cities may lose state aid or credit reimbursement payments under the proposal.

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

hf0790_pt_1/nrg

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

<i>Transparency, Understandability, Simplicity & Accountability</i>	Decrease	Simplicity is reduced with the additional stipulations created to determine payable state aids and credit reimbursements.
	Decrease	Local jurisdiction accountability would be reduced with the potential of losing state payments due to local budget decisions.
<hr/> <i>Efficiency & Compliance</i>	Decrease	Counties and cities would be required to annually report public safety employment to the state.
<hr/> <i>Equity (Vertical & Horizontal)</i>	Neutral	
<hr/> <i>Stability & Predictability</i>	Neutral	
<hr/> <i>Competitiveness for Businesses</i>	Neutral	
<hr/> <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.