

MINNESOTA • REVENUE

PROPERTY TAX

State General Tax and Corporate Franchise Tax Reduced

March 09, 2011

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

	Yes	No
DOR Administrative Cost/Savings	X*	

*Costs incurred in state tax provisions of the bill.

Department of Revenue
Analysis of H.F. 0841 (Buesgens), Section 1, as introduced

Fund Impact

	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>
	(000's)			
General Fund	(\$64,200)	(\$124,300)	(\$140,400)	(\$160,000)

Effective for assessment year 2011, for taxes payable in 2012 and thereafter.

EXPLANATION OF THE BILL

The bill sets a new state general levy target of \$695 million for taxes payable 2012. The inflation factor is stricken.

REVENUE ANALYSIS DETAIL

This analysis is based on the February 2011 MMB forecast.

The proposed state general levy is considerably lower than current law. The reduction is estimated to be \$116.7 million in pay 2012, \$130.6 million in pay 2013, \$148.4 million in pay 2014, and \$169.5 million in pay 2015.

The decrease in state general levy is estimated to be \$64.2 million in FY 2012, \$124.3 million in FY 2013, \$140.4 million in FY 2014, and \$160 million in FY 2015.

Number of Taxpayers: 180,000 cabin properties and 140,000 business properties would be directly affected.

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

hf0841_pt_1/lam

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

Transparency, Understandability, Simplicity & Accountability Increase No inflation factor.

<i>Efficiency & Compliance</i>	Neutral
<i>Equity (Vertical & Horizontal)</i>	Neutral
<i>Stability & Predictability</i>	Neutral
<i>Competitiveness for Businesses</i>	Increase Reduces all business property taxes.
<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.