

MINNESOTA • REVENUE

PROPERTY TAX

Metropolitan Area Transit and Paratransit Capital Expenditure Financing

May 02, 2011

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue
Analysis of H.F. 1261 (Holberg) as introduced

Fund Impact

	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>
		(000's)		
Property Tax Refunds	\$0	\$0	\$0	(\$336)
Income Tax Interactions	\$0	\$0	\$0	(\$348)
General Fund Total	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$684)</u>

Effective day following final enactment.

EXPLANATION OF THE BILL

The bill authorizes the Metropolitan Council to issue up to an additional \$35 million in certificates of indebtedness, bonds, or other obligations for capital expenditures as prescribed in the council's transit improvement program and related costs. The authority is limited to the seven metropolitan counties.

REVENUE ANALYSIS DETAIL

- Bond principal and interest would be paid by increasing property tax levies.
- Based on data from the Metropolitan Council, \$8 million of new bonds would be issued in 2013 and the remainder in following years.
- Any additional debt service levies would increase homeowner taxes, starting with taxes payable in 2014. Property tax refunds would increase by about \$336,000 in FY 2015.
- Additional deductions for income tax itemization would lower income tax receipts. Income tax collections are estimated to be reduced by 348,000 in FY 2015.

Number of Taxpayers: All property owners.

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

hf1261_pt_1/lam

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

*Transparency, Understandability,
Simplicity & Accountability* Neutral

Efficiency & Compliance Neutral

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.