

January 22, 2001

	Yes	No
Separate Official Fiscal Note Requested		X
Fiscal Impact		
DOR Administrative Costs/Savings		

Department of Revenue
Analysis of H.F. 12 (Lipman)

	Revenue Gain or (Loss)		
<u>F.Y. 2002</u>	<u>F.Y. 2003</u>	<u>F.Y. 2004</u>	<u>FY2005</u>
General Fund		(000's) Unknown	Unknown

Effective if approved in the 2002 general election.

EXPLANATION OF THE BILL

Current Law: Article IV of the Minnesota Constitution specifies that a majority vote of all members elected to each house of the legislature is required to pass a law, except that a vote of two-thirds of the members of each house is required to pass a general banking law.

Proposed Law: The proposal would propose an amendment to Article IV of the state constitution that would require a three-fifths vote of all members of each house to pass a law that increases the general tax rate or expands the taxable base of a state tax on income or sales.

A three-fifths vote also would be required for state laws increasing property taxes, including:

- any law that increases a property tax rate or levy set or permitted by state law;
- any law that authorizes a governmental unit to impose or increase a property tax rate or levy;
- any law that would allow a local unit of government to increase the property tax levy as a result of a reduction in state aid; or
- any law that imposes additional requirements to provide services or spend money on a governmental unit with authority to impose or increase a property tax rate or levy.

The proposal also would require a three-fifths vote to pass a law creating a new statewide tax, or a law that imposes a new state fee or surcharge, or allows an existing state fee or surcharge to increase by more than the rate of inflation.

The proposal would be voted upon by the people in the 2002 general election.

REVENUE ANALYSIS DETAIL

- The proposed amendment to the state constitution, if approved in the 2002 general election, would affect passage of tax laws in the 2003 and subsequent sessions.
- The likelihood of the amendment passing in the general election is unknown. Also unknown is the potential effect of a three-fifths vote requirement on passage of tax laws.

Number of Taxpayers Affected: The proposal potentially could affect all taxpayers in the state.

Source: Minnesota Department of Revenue
Tax Research Division
<http://www.taxes.state.mn.us/polic.html#analyses>