Property Tax
Airport Impact Mitigation

February 21, 2001

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

Department of Revenue
Analysis of H.F. 212 (Gleason) **As proposed to be amended (HF212DE1)**

	F.Y. 2001	F.Y. 2002	F.Y. 2003	F.Y. 2004	FY2005
			Revenue Gain or (Loss) (000's)		
General Fund:					
Airport school district revenue			$3,000	$3,000	$3,000
Transfer to airport mitigation			($3,000)	($3,000)	($3,000)
Net general fund impact			$0	$0	$0
Airport Mitigation Fund:			$3,000	$3,000	$3,000

Effective various dates. Section 1 is effective for taxes payable 2002 and following years.

EXPLANATION OF THE BILL

Current Law: Minneapolis-St. Paul International Airport is exempt from school district tax levies. Its lands have been detached from the tax base of Special School District No. 1 in Minneapolis. Also, Holman Field in St. Paul is exempt from school levies in the St. Paul school district.

Proposed Law: As proposed to be amended, Minneapolis-St. Paul International Airport is attached to the tax base of Special School District No. 1 in Minneapolis, and will become subject to the school district levy. The exemption for school levies for Holman Field in St. Paul also is eliminated. The proposed amendment makes the following changes:

- The additional tax base from the Minneapolis and St. Paul airports will be omitted from the calculation of the statewide general education tax rate, but the additional tax base will be added for purposes of computing general education and referendum market value levies for the Minneapolis and St. Paul school districts.
- An airport mitigation program is implemented for the cities of Bloomington, Burnsville, Eagan, Mendota Heights, Minneapolis, Richfield, and St. Paul.
- An airport impact mitigation fund is established to reimburse impacted cities, school districts and the Department of Trade and Economic Development for obligations arising from airport impact mitigation activities, ending in F.Y. 2030.

- The commissioner of the Department of Children, Families and Learning will annually certify the additional levies and reduced state education aids generated by application of school tax rates to the airport properties added to the school tax base, and these amounts will be transferred annually to the airport mitigation fund. The annual amount is expected to be about $3 million per year.
- Authorizes the Metropolitan Council to establish a credit enhancement program.

REVENUE ANALYSIS DETAIL

- The proposed attachment of the property of the Minneapolis-St. Paul International Airport to Special School District No. 1, and the elimination of the school levy exemption for Holman Field in St. Paul, will increase the tax base subject to equalized school levies. However, the proposed amendment exempts the added tax base from the calculation of the statewide general education tax rate, preventing any shift of tax burden or state education aids among other districts in the state. The additional school levies (or reduced state education aids) generated from application of school tax rates to the airport property will be transferred to the airport mitigation fund, and the proposal will thus have no net impact on the state general fund relative to current law.

Number of Taxpayers Affected: The appropriation in the proposed amendment will hold taxpayers harmless from local property tax levy increases for airport mitigation purposes in the affected cities and school districts, to the extent allowed by the state appropriation.

ADMINISTRATIVE/OPERATIONAL IMPACT

There will be no significant administrative or operational costs or savings to DOR in administration of this bill. The proposed amendment would reimburse the Department of Trade and Economic Development for administrative costs using the proposed appropriations.

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

hf0212-2 / JB