Property Tax
Metropolitan Council Abolished

March 26, 2001

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

Department of Revenue
Analysis of H.F. 1322 (Buesgens)

	Revenue Gain or (Loss)			
	F.Y. 2002	F.Y. 2003	F.Y. 2004	FY2005
		(000's)		
HACA reduction		$19,553	$19,553	$19,553
Homeowner PTR reduction		$2,500	$2,500	$2,500
General Fund Subtotal		$22,053	$22,053	$22,053
Direct Appropriations		- - - (Unspecified) - - -		

Generally effective July 1, 2002.

EXPLANATION OF THE BILL

Current Law: The Metropolitan Council currently levies a regional property tax for general administrative purposes, for the Livable Communities program, and for the regional transit system. Homestead and agricultural credit aid (HACA) is paid to the Council by the state to reduce the property levy.

Proposed Law: The Metropolitan Council is abolished and its functions transferred to state and local government. The Council's property tax levies for operations are abolished, and the transferred duties are funded by unspecified state agency appropriations. The Council's debt service levies are transferred to county auditors for collection and settlement. The HACA currently paid to offset Council levies would be eliminated.

REVENUE ANALYSIS DETAIL

- HACA for Metropolitan Council levies is eliminated, saving the general fund $19,553,000 in F.Y. 2003, F.Y. 2004, and F.Y. 2005.
- The proposal indicates that county auditors in the metropolitan area would assume responsibility for abolished debt service levies. This estimate assumes that Metropolitan Council debt service levies would be added to the levies of county governments in the metro area. The bill has no provision for additional county HACA to offset the county assumption of the debt service levies.
- The elimination of Metropolitan Council levies would reduce property tax burdens, and reduce homeowner property tax refunds by about $2.5 million per year.

Number of Taxpayers Affected: All property taxpayers in the metropolitan area would have a property tax reduction.

ADMINISTRATIVE/OPERATIONAL IMPACT

See fiscal note.

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

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