

**PROPERTY TAX  
Adjustment to Local Government Aid**

February 2, 2001

Department of Revenue

Analysis of S.F. 21 (Betzold)/ H.F. 133 (Haas)

*Revised for administrative impact*

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

	<b>Revenue Gain or (Loss)</b>			
	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>	<u>F.Y. 2004</u>	<u>F.Y. 2005</u>
		(000's)		
General Fund	\$0	\$0	\$0	\$0

Effective for aids paid in 2002 and thereafter.

**EXPLANATION OF THE BILL**

**Current Law:** There is no corresponding provision under current law.

**Proposed Law:** The proposal would increase local government aid (LGA) to a qualifying city by \$255,000. To qualify, a city must have a per capita net tax capacity less than \$870, population in 1999 greater than 2,500, a population decline of more than 2% between 1988 and 1999, a net levy per capita greater than \$250, and received less than \$52 of LGA per capita in 2001.

**REVENUE ANALYSIS DETAIL**

- At present, only Osseo is intended to qualify.
- This proposal does not specifically increase the appropriation. Therefore, the LGA increase specified will come at the expense of the LGA distributions to other non-qualifying cities. However, since under current law the LGA appropriation increases at least 2.5% each year, the impact on the remaining non-qualifying cities would be a slight decrease in the inflationary increase in their LGA for 2002 and subsequent years.

**Number of Taxpayers Affected:** all property taxpayers in cities receiving LGA.

**ADMINISTRATIVE/OPERATIONAL IMPACT**

There will be no significant administrative or operational costs or savings to DOR in administration of this bill.

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