

**Property Tax, Solid Waste Mgt. Tax
Disaster Relief - Tornado Damage**

January 24, 2001

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

Department of Revenue
Analysis of S.F. 23 (D.E. Johnson) / H.F. 62 (Kubly) 1st Engrossment

	<u>Revenue Gain or (Loss)</u>				
	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u> (000's)	<u>F.Y. 2004</u>	<u>FY2005</u>
General Fund:					
Direct Appropriations	(\$2,369)				
Solid Waste Mgt. Tax	(\$13)				
General Fund Total	(\$2,382)	\$0	\$0	\$0	\$0
Solid Waste Fund	(\$13)	\$0	\$0	\$0	\$0

Effective the day following final enactment.

EXPLANATION OF THE BILL

The proposed law provides disaster relief to Yellow Medicine and Chippewa counties, where a tornado on July 25, 2000, caused substantial property damage. The proposal provides for an appropriation of \$226,104 to the Department of Public Safety for grants to local governments, an appropriation of \$1,761,398 to the Department of Trade and Economic Development for certain expenditures for public infrastructure, \$200,000 to the Department of Revenue for an aid payment to reimburse counties for abatements granted to affected properties, and an appropriation of \$181,720 to the Department of Children, Families and Learning for payment of a declining pupil unit aid to school district number 2190. The appropriations are available until June 30, 2002, except that the declining pupil unit aid for F.Y. 2003 is available until June 30, 2003.

The Commissioner of Revenue would be authorized to waive the solid waste management tax on construction debris generated by repair and demolition activities in the areas of Chippewa and Yellow Medicine counties affected by the tornado and related weather damage on July 25, 2000. The proposed law also allows a temporary waiver of state agency fees for delivery of disaster relief in the two counties.

The proposal also provides for a property tax abatement for taxes payable in 2000 and 2001, and provides for a valuation exclusion for improvement to business property damaged by the tornado.

REVENUE ANALYSIS DETAIL

- According to information from the Yellow Medicine County assessor, the valuation exclusion for business property may not be used in the county, or if used will result in only a small amount of property tax shift to other property. Although the amount of property tax abatement proposed has not yet been calculated by the county, it is likely that the \$200,000 reimbursement provided for the abatement will prevent any significant shift of property tax burden.
- Information on the volume of construction debris was obtained from the Special Taxes Division of the Department of Revenue which administers the solid waste management tax.
- The impact of the waiver of solid waste management tax is split evenly between the general fund and the solid waste fund.

Number of Taxpayers Affected: According to reports on the tornado from the Department of Public Safety, over 250 homes, 50 apartments, and at least three businesses sustained damage.

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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