PROPERTY TAX
Procedures for Forming a New County

May 7, 2001

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

Department of Revenue
S.F. 1367 (Lourey) / H.F. 1544 (Hilty)

	Revenue Gain or (Loss)			
	F.Y. 2002	**F.Y. 2003**	**F.Y. 2004**	**FY2005**
	(000's)			
General Fund	$0	Unknown	Unknown	Unknown

Effective August 1, 2001.

EXPLANATION OF THE BILL

Current Law: A new county shall contain at least 400 square miles, have at least 2,000 inhabitants, and have a market value of at least $17 million. An existing county shall not be reduced in area below 400 square miles, have at least 2,000 inhabitants, or have a market value of less than $17 million.

Proposed Law: The proposal eliminates the $17 million market value limit for forming a new county, and substitutes an unspecified percentage of the market value of the seven-county metropolitan area for new counties in that region, or an unspecified percentage of the market value of counties outside the metropolitan area. The same threshold would apply to the existing county. Changes in procedures also are proposed.

REVENUE ANALYSIS DETAIL

- Estimating the possible revenue impact of the creation of a new county under the proposed but unspecified percentage thresholds, or the likelihood of the creation of a new county at all, would call for speculative assumptions. While it is possible that the net increase in county levies for the old and the new counties would change, on balance, county levies statewide, no information is available for such an estimate. Possible effect on state homeowner PTR refunds is unknown.

Number of Taxpayers Affected: All property taxpayers in the new county, and the reduced old county, could be affected.

ADMINISTRATIVE/OPERATIONAL IMPACT

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

sf1367(hf1544)_1 / JB