

**Property Tax  
Metropolitan Transit Bonding**

May 7, 2001

Department of Revenue  
Analysis of S.F. 1997 (Pogemiller) / H.F. 2158 (Abrams)

	<u>Revenue Gain or (Loss)</u>			
	<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	(\$90)	(\$90)

Effective August 1, 2001.

**EXPLANATION OF THE BILL**

**Current Law:** Under current law, the Metropolitan Council is authorized to issue certificates of indebtedness, bonds, or other obligations in an amount not exceeding \$55.4 million for capital expenditures for transit, excluding light rail transit.

**Proposed Law:** After July 1, 2001, the proposed law increases the maximum debt obligation for metropolitan transit from \$55.4 million to \$100.4 million. For each subsequent year after 2002, the debt obligation limit is increased for inflation using the consumer price index.

**REVENUE ANALYSIS DETAIL**

- The increased debt obligation limit in the proposed bill could have the effect of increasing debt service levy burden in the metropolitan area for F.Y. 2004, and F.Y. 2005. Assuming that the full debt obligation potential was used each year and that debt term is ten years, the potential increased debt service levy would increase the tax burden of all taxpayers including homeowners, and the increased state property tax refund costs could be about \$90,000 per year in F.Y. 2004 and F.Y. 2005.

**Number of Taxpayers Affected:** All taxpayers in the metropolitan area could be affected.

**ADMINISTRATIVE/OPERATIONAL ISSUES**

The implementation of the proposal will not add significant administrative costs for the Department of Revenue or local units of government.

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