PROPERTY TAX
Koochiching County Port Authority

April 11, 2003

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

Department of Revenue
Analysis of H.F.199 (Anderson, I.) 1st Engrossment
S.F. 67 (Saxhaug), 1st Engrossment

	Revenue Gain or (Loss)			
	F.Y. 2004	F.Y. 2005	F.Y. 2006	F.Y. 2007
		(000's)		
General Fund	$0	(Negligible)	(Negligible)	(Negligible)

Effective the day following final enactment.

EXPLANATION OF THE BILL

Current Law: A port authority may be established by a city council of a city. A port authority shall promote the general welfare of the port; try to increase the volume of the port's commerce; promote the efficient, safe, and economical handling of the commerce; and provide or promote adequate docks, railroad and terminal facilities. A city shall, at the request of the port authority, levy a tax for the benefit of the authority. The tax must not exceed 0.01813% of taxable market value.

Under U.S. law, a foreign trade zone may be established at a port. A municipality (including a county) that establishes a zone is required to maintain adequate, slips, docks, wharves and related facilities including adequate quarters and facilities for customs activity. An application for a zone by a county or municipality must be authorized by an act of the legislature.

Proposed Law: Koochiching County may establish a port authority with the same powers as an authority provided to cities. Any city in the county may participate in the activities of the county port authority as jointly agreed by the city and county.

A city, county, town or other political subdivision may apply for a foreign trade zone under U.S. law. If the right is granted, the subdivisions may use the powers within or outside of a port district, and they may apply jointly with any other political subdivision.

REVENUE ANALYSIS DETAIL

- The total taxable market value for Koochiching County is $548,558,700 in 2002, pay 2003. Thus the mandatory levy limit would be $99,454 for the county and municipal participants.
- If the proposed county port authority were to levy the to the limit of $99,454 a portion of the levy would be born by homeowners, but any increase in state homeowner property tax refunds would be negligible.

Number of Taxpayers Affected: All taxpayers in Koochiching County could be affected.

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

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