

MINNESOTA • REVENUE

PROPERTY TAX County-Owned Nursing Homes

March 25, 2003

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

Department of Revenue
Analysis of H.F. 263 (Rukavina) As Introduced

	<u>Revenue Gain or (Loss)</u>			
	<u>F.Y. 2004</u>	<u>F.Y. 2005</u>	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>
	(000's)			
General Fund	\$0	(\$16)	(\$16)	(\$16)

Effective beginning with taxes payable in 2004.

EXPLANATION OF THE BILL

Current Law: A county board may include in its annual tax levy an amount to pay for the net costs of maintaining and operating a county-owned nursing home. An additional tax may be levied to repay the cost of acquiring, establishing, equipping or enlarging a county nursing home. There is no requirement that counties make proportional payments to other publicly-owned nursing homes within the county.

Proposed Law: If a county owns a nursing home that is funded in whole or in part with county revenue, the county would be required to levy an equal amount to distribute to other publicly-owned nursing homes in the county. The proceeds from the additional levy would be prorated among the other publicly-owned nursing homes based on the number of beds.

REVENUE ANALYSIS DETAIL

- Three counties in Minnesota (St. Louis, Dodge, and Itasca) have a county-owned nursing home as well as other publicly-owned nursing homes.
- Based on information from local officials, there is currently one county-owned nursing home operating in each of the three counties. From 1999 to 2001, the average annual county revenue transferred to these county-owned nursing homes was \$187,000 in St Louis County, \$225,000 in Dodge County, and \$206,000 in Itasca County.

REVENUE ANALYSIS DETAIL (cont.)

- There are two public nursing homes in St. Louis County that are not owned by the county. The distribution of the levy would be prorated between these two nursing homes based on the number of beds in each facility.
- Dodge County and Itasca County each have one public nursing home not owned by the county. These nursing homes would receive an amount equal to the levy for county-owned nursing homes.
- The total property tax shift is equal to the annual levy, which is assumed to be \$619,000. The subsequent increase in homeowner property tax refunds is 2.6% of this total shift.

Number of Taxpayers Affected: All property owners in St. Louis, Dodge, and Itasca counties.

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

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