

**PROPERTY TAX
Repeal Regional RR Tax Authority**

April 15, 2003

Department of Revenue
Analysis H.F. 688 (Krinkie) S.F. 686 (Reiter)

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

	Revenue Gain or (Loss)			
	<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	\$400	\$430	\$460

Effective July 1, 2003.

EXPLANATION OF THE BILL

Current Law: Regional railroad authorities are allowed to levy a property tax in the same manner as other special taxing districts.

Proposed Law: The proposal repeals all metropolitan regional railroad authorities.

REVENUE ANALYSIS DETAIL

- Metropolitan regional railroad authorities certified levies of \$8.1 million in payable 2003, \$12.7 million in payable 2004, \$13.6 million in payable 2005, and \$15.4 million in payable 2006.
- Repeal of the levies would reduce property taxes on homesteads and all other properties. The homestead share of tax burden in the metro area is about 45%. About 6.5% of the reduction in homestead tax burden would represent the property tax refund reduction. The property tax refund reduction would be \$400,000 in taxes payable 2004, \$430,000 in payable 2005, and \$460,000 in payable 2006.

Number of Taxpayers Affected: All metropolitan area taxpayers.

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