

MINNESOTA • REVENUE

PROPERTY TAX Citizens' Investment and Local Government Excellence Program

April 14, 2003

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

Department of Revenue
Analysis of H.F. 1089 (Marquart)

	<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	\$0	\$0	\$0

Truth-in-taxation dates are effective for property taxes payable in 2004 and thereafter.
Effective for aids payable in 2005 and thereafter.

EXPLANATION OF THE BILL

Current Law: School districts must certify proposed levies to the county auditor by September 30 and other taxing jurisdictions by September 15. County auditors and treasurers must prepare and mail notices of proposed taxes after November 10 and before November 24. Current law also requires initial public hearings to discuss the proposed budget and property tax levies must be held between November 29 and December 20.

Proposed Law: The proposal would create incentives for cities and counties to provide property tax education for its taxpayers and encourage citizen involvement in the budget process through a program called "Citizens Investment and Local Government Excellence". Incentives would be in the form of state aid and exemptions from some of the requirements involved in the truth-in-taxation process. To qualify for state aid, a minimum attendance requirement must be met, which varies by size of city. In meeting the attendance requirement, a city with a population under 2,500 would receive aid equal to its population multiplied by \$2, with a maximum of \$2,500. For a city with population of 2,500 or more, and for all counties, aid would be equal to the city or county's population multiplied by \$1. A portion of city and county local government aid would be retained for paying aid to cities and counties participating in the program.

The proposal also changes the date when all taxing jurisdictions must certify levies to September 1 and the mailing notices of proposed taxes to the period of October 15 to October 24. In addition to these date changes, the proposal moves up the initial public hearing dates to the period of November 9 to December 1, and moves up other related dates.

REVENUE ANALYSIS DETAIL

- Because a portion of local government aid is retained for paying aid to cities participating in the “Citizens Investment and Local Government Excellence” program, there is no net state cost associated with the proposal, only a redistribution of local government aid among cities and counties.

Taxing Jurisdictions Affected: Counties and statutory and home rule charter cities could participate in the new program. Truth-in-taxation provisions would affect counties, cities, townships, school districts, and special taxing districts.

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

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