

# MINNESOTA • REVENUE

## PROPERTY TAX

### Repeal Metropolitan Fiscal Disparities Bloomington Bond Payback

April 2, 2003

Department of Revenue  
Analysis of H.F. 1232 (Lenczewski)

	Yes	No
Separate Official Fiscal Note Requested		X
<b>Fiscal Impact</b>		
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	\$0	\$0	\$0

Effective for taxes payable in 2004 and thereafter.

#### EXPLANATION OF THE BILL

**Current Law:** Fiscal disparities distribution levies are disbursed on a formula primarily based on real property market value and population. The contribution to the “pool” is 40% of the growth since 1971 in commercial and industrial tax capacity. From payable 1988 to 1999, Bloomington highway improvement bond interest for the Mall of America was paid from the distribution pool. Bloomington is required to pay back the pool for taxes payable in 2006 through 2015.

**Proposed Law:** The bill repeals the provision of the metropolitan fiscal disparities law that relates to the Bloomington highway bond loan. Since the additional payments from the pool to Bloomington have ceased, the effect of the repeal is to negate the repayment to the pool by Bloomington scheduled for payable years 2006 through 2015.

#### REVENUE ANALYSIS DETAIL

- The major state paid property tax aids such as local government aid (LGA) and homestead and agricultural aid (HACA) are independent of fiscal disparities distribution levies.
- The total amount paid from the fiscal disparities pool from 1988 to 1999 for highway bond interest is \$48,644,878. That amount would be repaid by Bloomington to the pool over ten years under current law. Overall, there is no levy impact; the size of the pool remains the same. Bloomington pays a smaller share under the proposal, while the other cities pay a larger share.

**Number of Taxpayers Affected:** Primarily metropolitan home and business property owners.

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

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