PROPERTY TAX
Levy Limits and Legislative Approval for Metropolitan Council Levies

April 28, 2003

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

Department of Revenue
Analysis of H.F. 1345 (Klinzing), 1st Engrossment

	Revenue Gain or (Loss)			
	F.Y. 2004	**F.Y. 2005**	**F.Y. 2006**	**F.Y. 2007**
	(000's)			
General Fund	$0	$10	$10	$10

Effective the day following final enactment.

EXPLANATION OF THE BILL

The bill sets a new levy limit of $3 million per year for highway right-of-way levies for taxes payable in 2004 and 2005. Thereafter the Metropolitan Council may not levy for this purpose unless the legislature authorizes it by law. The Metropolitan Council is required to present recommendations for amounts to be levied in the future to the Legislative Commission on Metropolitan Government. The proposal also sets levy limits for the Council's general purpose levies in payable 2004 and 2005 at $11 million per year, and requires legislative approval for levies in pay 2006 and thereafter. The livable communities demonstration account levy limit is set at $8 million per year for pay 2004 and 2005, and legislative approval is required thereafter. The Commissioner of Revenue's certification of Metropolitan Council levy limits is repealed.

REVENUE ANALYSIS DETAIL

- According to the Metro Transit Office, the proposed levy limits in the livable communities demonstration account and the general operations levy for pay 2004 would mean a reduction of about $389,000 in anticipated Council levies. Similar reductions for pay 2005 are anticipated. With the new oversight of the levies by the legislature for pay 2006, similar reductions might be anticipated for that year. It is assumed that the new limit for highway right-of-way levies would have little impact.
- The proposed reduction in levies would reduce homeowner property tax burden and reduce state payment of property tax refunds by about $10,000 in each year from F.Y. 2005 to 2007.

Number of Taxpayers Affected: All taxpayers in the seven-county metropolitan area.

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