

MINNESOTA • REVENUE

PROPERTY TAX

Greater Minnesota Transit Aid

April 22, 2003

Department of Revenue
Analysis of H.F. 1449 (Harder), 1st Engrossment

	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	\$0	\$0	\$0

Effective for assistance paid in calendar years 2004 and 2005.

EXPLANATION OF THE BILL

Current Law: A 2001 law established a property tax replacement aid for calendar years 2002 and 2003 to provide operating assistance to transit systems in greater Minnesota. The amount of the aid was deducted from each local government's levy limit. The payments were prorated to the amounts available in the Greater Minnesota Transit Fund, subject to a growth limit of 6%. The law required that a report be submitted to the legislature on January 1, 2003, recommending the integration of the transit assistance grant program with the property tax replacement aid program after 2003.

Proposed Law: For calendar years 2004 and 2005, the Department of Transportation (MnDOT) will use money in the Greater Minnesota Transit Fund for transit operations assistance to municipalities in greater Minnesota. The property tax replacement aid for calendar years 2002 and 2003 is repealed.

REVENUE ANALYSIS DETAIL

- The property tax replacement aid to be paid by MnDOT for F.Y. 2004 will total \$6,863,734. According to the Office of Transit, the proposal's intent is to allow that payment to be made as scheduled, and thereafter transit assistance payments to greater Minnesota municipalities will become part of the department's ongoing transit assistance program, with additional funding from the Greater Minnesota Transit Fund.

Number of Taxpayers Affected: None

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