

MINNESOTA • REVENUE

PROPERTY TAX Greater Minnesota Transit Aid

April 23, 2003

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

Department of Revenue
Analysis of H.F. 1449 (Harder), 1st Engrossment, Analysis Revised to Show Impact on
Greater Minnesota Transit Fund

	Revenue Gain or (Loss)			
	F.Y. 2004	F.Y. 2005	F.Y. 2006	F.Y. 2007
	(000's)			
Greater Minnesota Transit Fund	\$0	(\$6,864)	(\$6,864)	\$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 The property tax replacement aid for calendar years 2002 and 2003 is repealed.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.

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REVENUE ANALYSIS DETAIL, (cont.)

- Because the use of the Greater Minnesota Transit Fund for transit assistance in 2004 and 2005 (F.Y. 2005 and F.Y. 2006) was not authorized under current law, the proposal reduces the fund for the two years provided in the proposal.
- It is assumed that the transit assistance paid in F.Y. 2005 and F.Y. 2006 will be at the same level of assistance as the property tax replacement aid paid in calendar year 2003 (F.Y. 2004).

Number of Taxpayers Affected: None

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

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