

MINNESOTA • REVENUE

PROPERTY TAX Local Public Finance Authority

March 24, 2004

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

Department of Revenue
Analysis of S.F. 2846 (Pogemiller) / H.F. 3081 (Abrams)

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	(Negligible) (Negligible)

Effective the day following final enactment.

EXPLANATION OF THE BILL

Current Law: Local units of government are authorized to issue certificates of indebtedness under certain conditions specified by law.

Proposed Law: County and city capital notes bonding authority for the purchase of computer systems would be expanded by broadening the definition of software and by allowing application development and training services to qualify. The sunset date for establishment of new special service districts and new housing improvement districts without a special law is changed from June 30, 2005, to June 30, 2009. The maximum maturity date for general obligation bonds under M.S. 475 is changed to 40 years from 30 years from the estimated date of completion of the project. The deadline to provide a notice of bond issue to the Department of Finance is changed from the last Monday in December to 4:30 p.m. on the last business day in December, or within five days after issuance, whichever occurs first. The bonding limit factor is changed from 0.05367% times the county taxable market value to 0.16% times city taxable market value. The definition of street reconstruction for issuing obligations is modified to include turn lanes, other street improvements having a substantial public safety function and realignments, other modifications to intersect state and county roads, and the local share of state and county road projects.

REVENUE ANALYSIS DETAIL

- No information is available on possible additional certificates of indebtedness due to the provisions of this bill, but the amount is assumed to be relatively small.
- Additional debt obligations will require additional service of interest and principal. Where property tax levies are used to service new debt, taxes on homesteads will rise. Therefore there would be a negligible increase in property tax refunds for homeowners.

Number of Taxpayers Affected: All taxpayers in jurisdictions issuing new debt.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy

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