

MINNESOTA • REVENUE

PROPERTY TAX

Make Permanent City Market Value Credit Cuts

March 31, 2004

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

Department of Revenue
Analysis of H.F. 3142 (Lanning)

	<u>Revenue Gain or (Loss)</u>			
	<u>F.Y. 2004</u>	<u>F.Y. 2005</u>	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>
General Fund	\$0	\$0	\$20,033	\$20,033

(000's)

Effective for credits payable in 2005 and thereafter.

EXPLANATION OF THE BILL

Current Law: In 2003, the reimbursement to cities, townships, and special taxing districts for market value homestead credits was reduced for aids payable in 2003 and 2004.

Proposed Law: The bill makes the 2003 market value homestead credit aid reductions to cities permanent.

REVENUE ANALYSIS DETAIL

- The amount of the 2003 market value homestead credit aid reduction for cities was \$20,032,915.
- Because taxes for homeowners are computed as if the full market value homestead credit were paid, there is no impact to homeowner net taxes, and no property tax refund impact.

Number of Taxpayers: None.

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

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