

MINNESOTA • REVENUE

PROPERTY TAX Multicity Housing Authority

April 8, 2003

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

Department of Revenue
Analysis of S.F. 338 (Chaudhary) / H.F. 766 (Greiling)

	<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>
	(000's)			
General Fund	\$0	(\$30)	(\$33)	(\$37)

Effective upon local approval.

EXPLANATION OF THE BILL

Current Law: Current law provides that individual cities may create a housing and redevelopment authority if a city is found to have a shortage of decent, safe, and sanitary housing available to persons of low income and their families at rentals they can afford. A city housing authority may also be created if the city has substandard, slum, or blighted areas which cannot be redeveloped with government assistance. The city authority may levy a tax on all taxable property to maintain and redevelop housing within the city.

Proposed Law: The proposal establishes a multicity housing and redevelopment authority that includes the cities of Arden Hills, Blaine, Circle Pines, Mounds View, New Brighton, Roseville, and Shoreview. The authority may levy a tax upon all taxable property within its area of operation for the purpose of assisting homeowners with flexible financing tools to complete home improvement and construction projects, assist individuals and families to become new homeowners, and to reduce the number of substandard housing units and keep the community's housing stock usable for the future. The levy by the multicity authority is not considered to be in addition to any tax previously levied by an individual city authority. All projects, redevelopment plans, or levies must be approved by the cities in which they will be located, implemented, or levied. The multicity housing authority is set to expire on December 31, 2013.

REVENUE ANALYSIS DETAIL

- The levy amount imposed by the authority cannot exceed 0.0144 percent of the total taxable market value of each city.
- Total taxable market value data for the seven cities was taken from the 2002 Abstract of Assessment.
- It is assumed that taxable market value will increase at an average of 11% annually.
- If the multicity authority were to levy the maximum amount allowed, the increased property tax burden on homeowners caused by the levy would increase state-paid homeowner refunds by about \$30,000 in FY 2005, \$33,000 in FY 2006, and \$37,000 in FY 2007.

Number of Taxpayers Affected: Taxpayers living in the seven cities could be affected.

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

sf0338(hf0766)-1 / nrg