

MINNESOTA • REVENUE

PROPERTY TAX Hennepin County HRA Levy

May 12, 2003

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

Department of Revenue
Analysis of S.F. 668 (Kelley) / H.F. 802 (Mullery)

	<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	\$0	\$0	\$0

Effective August 1, 2003.

EXPLANATION OF THE BILL

Current Law: When the Hennepin County housing and redevelopment authority (HRA) was authorized, the county authority excluded cities that had established HRAs before June 8, 1971. These cities included Minneapolis, Hopkins, St. Louis Park, and Robbinsdale. Hennepin County may exercise the powers of an HRA in the four cities, including levying a tax for HRA purposes, if the city councils of the four cities agree to the proposed projects and levies. The Hennepin County HRA annual levy on property in the county is limited to 0.0144% of taxable market value in the county. The city HRAs in each of the four cities also are limited to a levy of 0.0144% of taxable market value in each city for HRA purposes.

Proposed Law: Hennepin County HRA is granted authority to levy on property in Minneapolis, Hopkins, St. Louis Park, and Robbinsdale without specific approval for the levy from the city councils of the four cities. However, the Hennepin County HRA must still seek approval for any proposed HRA projects located in the four cities. Because Hennepin County has a population over 1 million, no local approval is required for this special law.

REVENUE ANALYSIS DETAIL

- Based on the 2002 abstract of assessment, the taxable market value in the currently-excluded cities of Minneapolis, Hopkins, St. Louis Park, and Robbinsdale is \$26,883,549,925. Thus, the annual levy limit for a county HRA levy in the four cities would be \$3,871,231.
- According to the survey of pay 2003 final levies, the Hopkins HRA levied \$106,000, the Minneapolis HRA levied \$1,040,000, and the St. Louis Park HRA levied \$496,522. The Hennepin County HRA did not levy for pay 2003.

REVENUE ANALYSIS DETAIL (Cont.)

- According to a source at the Hennepin County HRA, no Hennepin County HRA levy is planned. The proposal seeks to clarify the authority of the county HRA to levy in the four excluded cities. The city councils of the four cities have passed resolutions of support for the proposal.
- The proposal extends the levy authority of the Hennepin County HRA in the four currently-excluded cities provided that the city councils approve HRA projects in their cities. Because local approval of projects is still required under the proposal, it is not clear that the levy authority would increase local debt service levies beyond the current level authorized in law.

Number of Taxpayers Affected: All taxpayers in Minneapolis, Hopkins, St. Louis Park, and Robbinsdale could be affected.

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

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