MINNESOTA · REVENUE

PROPERTY TAX
Study Metropolitan Fiscal Disparities

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

March 26, 2004

Department of Revenue
Analysis of S.F. 2633 (Belanger) / H.F. 2859 (Erhardt)

	Revenue Gain or (Loss)			
	F.Y. 2004	F.Y. 2005	F.Y. 2006	F.Y. 2007
	(000's)			
General Fund	$0	$0	$0	$0

Effective July 1, 2004.

EXPLANATION OF THE BILL

Current Law: Fiscal disparities distribution levies are disbursed on a formula primarily based on real property market value and population. The contribution to the "pool" is 40% of the growth since 1971 in commercial and industrial tax capacity. There is no current study provision.

Proposed Law: The bill requires the Commissioner of Revenue to conduct a study of the fiscal disparities program. Topics to be included are how the program has affected tax disparities, the reasonableness of the contribution formula, the reasonableness of the distribution formula, growth and land use, competition for commercial-industrial tax base, sufficiency of local government revenues to cover service to commercial-industrial property, and administrative improvements. A report to the legislature of the findings and any recommendations of the study is due by March 1, 2005.

REVENUE ANALYSIS DETAIL

- There is no general fund 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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