

MINNESOTA • REVENUE

PROPERTY TAX City Aid Base Increase

March 8, 2005

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

Department of Revenue
Analysis of H.F. 1146 (Nelson, P.) / S.F. 1097 (Nienow)

	Fund Impact			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
		(000's)		
General Fund	\$0	\$0	\$0	\$0

Effective beginning with aids payable in 2006.

EXPLANATION OF THE BILL

For the purpose of calculating local government aid, the bill would increase the city aid base by \$25,000 in CY 2006 and thereafter for a city, provided that:

- the city's 2003 population is at least 1,000; and
- the city has a state park for which the city provides rescue services and which comprised at least 14% of the total geographic area included within the city boundaries in 2000.

The maximum aid the city may receive is also increased by \$25,000 in CY 2006 only.

REVENUE ANALYSIS DETAIL

- There is no state cost associated with this change in the aid base because total aid is set to a fixed appropriation level.
- The only city eligible for this aid base increase is the city of Taylors Falls.
- The increase in aid base would shift aid to the city of Taylors Falls and away from other cities receiving local government aid.

Number of Taxpayers: 853 cities eligible to receive local government aid.

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