

# MINNESOTA • REVENUE

## PROPERTY TAX School Debt Service Tax Base Modification, Remove Ag. Land

April 19, 2005

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

Department of Revenue  
Analysis of H.F. 1412 (Demmer) / S.F. 889 (Kiscaden)

	<b>Fund Impact</b>			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
General Fund	\$0	(Unknown)	(Unknown)	(Unknown)

(000's)

Effective for taxes levied in 2005, payable 2006 and thereafter, related to referenda conducted after June 30, 2005.

### EXPLANATION OF THE BILL

The bill would exclude agricultural lands when computing the sales ratio and adjusted net tax capacities for equalizing debt service levies. Referenda conducted after June 30, 2005, would be subject to this provision.

### REVENUE ANALYSIS DETAIL

- Passage of new debt referenda is unknown.
- Sales ratio formula changes remove agricultural land from adjusted net tax capacity calculations. Jurisdictions with high debt and agricultural land would be favored by this proposal. The fiscal impact on the tax base is unknown.
- Any net tax shift onto homesteads would result in an increase in property tax refunds.

**Number of Taxpayers:** Unknown.

Source: Minnesota Department of Revenue  
Tax Research Division  
[http://www.taxes.state.mn.us/taxes/legal\\_policy](http://www.taxes.state.mn.us/taxes/legal_policy)

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