MINNESOTA · REVENUE

PROPERTY TAX
School Debt Service Tax Base Modification

April 20, 2005

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

Department of Revenue
Analysis of H.F. 1577 (Erickson) / S.F. 1743 (Wergin)

	Fund Impact			
	F.Y. 2006	F.Y. 2007	F.Y. 2008	F.Y. 2009
		(000's)		
General Fund	$0	(Unknown)	$0	$0

Effective for taxes payable in 2006.

EXPLANATION OF THE BILL

The bill would require the Department of Revenue to use a new alternative sales ratio when adjusting the tax base for equalizing debt service levies. The bill substitutes estimated market value (EMV) for taxable market value (LMV) in calculating the sales ratios. The term adjusted net tax capacity would be renamed debt service net tax capacity for calculating the debt service tax base.

REVENUE ANALYSIS DETAIL

- Sales ratio formula changes replace LMV with EMV. Jurisdictions with relatively more market value limitation would be favored by this proposal The fiscal impact on 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

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