

# MINNESOTA • REVENUE

## PROPERTY TAX Reimbursement for Street Improvement Costs

April 18, 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. 1784 (Demmer) / S.F. 1684 (Senjem)

	<u>Fund Impact</u>			
	<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 August 1, 2005.

### EXPLANATION OF THE BILL

**Current Law:** The cost of improvements may be assessed upon property benefited by the improvement. A municipality may reimburse itself for the cost of water, storm sewer, or sanitary sewer improvements by levying additional assessments upon any benefiting property not previously assessed, regardless if the property abuts the improvement.

**Proposed Law:** The bill adds street improvements as an eligible cost that a municipality may reimburse itself for with additional assessments upon benefiting property.

### REVENUE ANALYSIS DETAIL

- There is no impact on the state general fund. If the additional assessments for street improvements serve as an alternative to increasing local property taxes, there is a possibility for some homestead property tax refund savings to the state.

**Number of Taxpayers:** Property taxpayers in municipalities electing to assess benefiting property for street improvement costs.

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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