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PROPERTY TAX Fire Aid Distribution Change

April 28, 2006

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 4141 (Gunther) / S.F. 3771 (Rosen)

Effective for distributions made in 2007 and thereafter.

The bill changes the distribution of state fire aid by adding a factor to the market value in the distribution formula. The factor added is the quotient resulting from dividing in-lieu property taxes such as the wind energy production tax and the taconite production tax by 3%.

Changing the distribution formula alters the state fire aid disbursements to individual municipalities, but not the statewide total. The proposed changes may an impact on the local tax base and tax rate in the future.

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

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