

MINNESOTA • REVENUE

**PROPERTY TAX
No New TIF Districts,
Business Subsidies, Abatements**

March 7, 2005

Department of Revenue
Analysis of S.F. 561 (Marty)

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

	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	Unknown	Unknown	Unknown

Effective June 1, 2005.

EXPLANATION OF THE BILL

The bill would prohibit creation of new tax increment financing (TIF) districts, as well as prohibit the extension or expansion of existing TIF districts, after May 31, 2005.

Business subsidies, as defined, from counties or cities are generally prohibited without a public hearing. Host communities may request other taxing jurisdictions to provide a share of the business subsidy. If the other jurisdiction approves the request after a public hearing, proceeds of the levy are to be paid to the host community for the purpose of the business subsidy.

The authority of political subdivisions to abate property taxes and related provisions are repealed.

REVENUE ANALYSIS DETAIL

- It is unknown how many future TIF districts would not be created by enacting this proposal. More property would be subject to local taxes, decreasing local tax rates for all property, including homesteads. The other provisions of the bill would also likely result in lower homestead property taxes. Decreased homestead taxes would result in a decrease in property tax refunds paid by the state.

Number of Taxpayers: Unknown.

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