

MINNESOTA • REVENUE

PROPERTY TAX

Redefine MV to be Current Year

April 25, 2005

Department of Revenue
Analysis of S.F. 2158 (McGinn)

	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 for taxes levied in 2005, payable in 2006 and thereafter.

EXPLANATION OF THE BILL

The bill alters the definition of market value for determining levy limits, debt, bond, and capital note limits, and state aid calculations. Unless otherwise stated, market value will refer to the taxable market value for the current year instead of the previous year.

REVENUE ANALYSIS DETAIL

- Rising market values are assumed.
- Levy limits for most jurisdictions expired in payable year 2004.
- Debt, bond, and capital note limits that use a previous year market value definition would increase using a current year market value definition. Higher debt limits may result in higher debt service levies, increasing homestead taxes and property tax refunds.
- The bill alters the definition of market value for state aid calculations. Local government aid and county program aid distributions would be changed with the new definition, but totals would remain the same. Market value credits would decrease under higher values.

Number of Taxpayers: All property taxpayers.

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

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