MINNESOTA · REVENUE

PROPERTY TAX
Local Government Aid –
Pre-1970 Housing Factor

March 24, 2008

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 2567 (Scalze) / S.F. 3626 (Marty)

	Fund Impact			
	F.Y. 2008	**F.Y. 2009**	**F.Y. 2010**	**F.Y. 2011**
		(000's)		
General Fund	$0	$0	$0	$0

Effective for aids payable in 2009 and thereafter.

EXPLANATION OF THE BILL

Current Law: The revenue need formula for all cities includes a pre-1940 housing factor.

Proposed Law: The bill would modify the revenue need formula for metropolitan area cities with a population over 2,500, replacing the pre-1940 housing factor with a pre-1970 housing factor.

The proposal would also create a city aid base for all cities equal to an unspecified amount per manufactured homestead housing unit located in the city. The maximum aid a city may receive would also be increased by an equal amount in CY 2009 only.

REVENUE ANALYSIS DETAIL

- There is no state cost associated with the formula modifications because total aid would be set to a fixed appropriation level each year.
- The change in the revenue need formula and city aid base would shift aid to cities benefiting from the proposed formula and away from other cities receiving local government aid.

Number of Taxpayers: 854 cities eligible to receive local government aid.

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

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