

# MINNESOTA • REVENUE

## PROPERTY TAX Eliminate Metropolitan Fiscal Disparities Bloomington Bond Payback

March 2, 2007

Department of Revenue  
Analysis of S.F. 811 (Larson) / H.F. 956 (Lenczewski)

	Yes	No
DOR Administrative Costs/Savings		X

	<b>Fund Impact</b>			
	<b><u>F.Y. 2008</u></b>	<b><u>F.Y. 2009</u></b>	<b><u>F.Y. 2010</u></b>	<b><u>F.Y. 2011</u></b>
General Fund	\$0	\$0	\$0	\$0

(000's)

Effective for taxes payable in 2008 and thereafter.

### EXPLANATION OF THE BILL

**Current Law:** Fiscal disparities distribution levies are disbursed on a formula primarily based on real property market value and population. The contribution to the “pool” is 40% of the growth since 1971 in commercial and industrial tax capacity. From payable 1988 to 1999, Bloomington highway improvement bond interest for the Mall of America was paid from the distribution pool. Bloomington is required to pay back the pool for taxes payable in 2009 through 2018.

**Proposed Law:** The bill repeals the provision of the metropolitan fiscal disparities law that relates to the Bloomington highway bond loan repayment.

### REVENUE ANALYSIS DETAIL

- The major state paid property tax aids such as local government aid (LGA) and homestead market value credits are independent of fiscal disparities distribution levies.
- The total amount paid from the fiscal disparities pool from 1988 to 1999 for highway bond interest is \$48,644,878. That amount would be repaid by Bloomington to the pool over ten years under current law. Overall, there is no levy impact; the size of the pool remains the same. Bloomington pays a smaller share under the proposal, while the other cities pay a larger share.

**Number of Taxpayers:** Property owners in the metropolitan area.

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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