MINNESOTA · REVENUE

PROPERTY TAX
Public Finance

March 23, 2007

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 1933 (Bakk) / H.F. 2268 (Lenczewski)

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

EXPLANATION OF THE BILL

The bill makes a number of changes to laws relating to state and local public finance.

Accrued interest is removed from the computation of collateral security required for a financial institution holding government funds under certain situations.

The allowable term for a certificate of indebtedness for the purchase of capital equipment by a school district is increased from five to ten years.

The bill removes the restriction that no more than two questions can be submitted to voters at a special election conducted by mail.

For the publication in a newspaper of a public notice regarding a future event, the required time period before the event is changed from not more than fourteen days to not more than thirty days. The minimum time period remains at not less than seven days.

Several requirements and procedures for subordinate service districts are modified.

The expiration date for counties to issue capital notes for software is eliminated.

For financing a county subordinate service district, a county is authorized to issue obligations under the requirements and procedures specified in the bill.

The allowable term for Hennepin County to issue a capital note to purchase equipment is increased from five to ten years. The bill provides that the term equipment includes computer hardware and software.

The expiration date for cities to issue capital notes for certain equipment or software is eliminated.

EXPLANATION OF THE BILL (Continued)

The bill provides that residential property may be included in a special service district.

The bill would allow a municipal gas agency agreement to include a city in another state.

A city or county would be allowed to enter into an agreement with another political subdivision or a state agency with respect to federal grants for transportation or transit projects and to issue obligations in anticipation of federal grants for transportation or transit. Requirements and procedures are specified.

REVENUE ANALYSIS DETAIL

- Information is not available on possible additional certificates of indebtedness due to the provisions of this bill.
- Additional debt obligations will require additional service of interest and principal. Where property tax levies are used to service new debt, taxes on homesteads will rise. Therefore there could be an increase in property tax refunds for homeowners.

.

Number of Taxpayers Affected: All taxpayers in jurisdictions issuing new debt.

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

sf1933(hf2268)_1/lm