

MINNESOTA • REVENUE

February 27, 2012

PROPERTY TAX City Aid Base Increase

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of H.F. 2283 (McElfattrick) / S.F. 2077 (Saxhaug) as introduced

Fund Impact

	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>
	(000's)			
General Fund	\$0	(\$12)	\$0	\$0

Effective the day following final enactment

EXPLANATION OF THE BILL

For the purpose of calculating local government aid, the bill would increase the city aid base by \$12,000 in CY 2013 only for a city, provided that:

- the city's 2010 population was less than 100;
- its population growth between 2000 and 2010 was more than 55%; and
- its commercial industrial percentage of total market value for assessment 2010 was greater than 15%.

The bill would also provide a onetime payment of \$12,000 in CY 2012 to a city meeting the same eligibility requirements as the aid base.

REVENUE ANALYSIS DETAIL

- The only city eligible for this aid base increase would be the city of Tamarack in Aitkin County.
- The onetime payment of \$12,000 in CY 2012 would increase state general fund costs in FY 2013 only.
- There would be no state cost associated with this change in the aid base for CY 2013 because total aid is set to a fixed appropriation level. The increase in aid base would shift aid to the city of Tamarack and away from other cities receiving local government aid.

Number of Taxpayers: 853 cities eligible to receive local government aid.

PROPERTY TAX BENCHMARKS (Minn. Stat. § 270C.991)

Transparency, Understandability, Simplicity & Accountability Neutral Adds an additional adjustment to the city aid formula.

Efficiency & Compliance Neutral

Equity (Vertical & Horizontal) Neutral

Stability & Predictability Neutral

Competitiveness for Businesses Neutral

Responsiveness to Economic Conditions Neutral

The bill is scored on a three point scale (decrease, neutral, increase) for each principle in comparison to current law.

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

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