MINNESOTA · REVENUE

March 27, 2012

PROPERTY TAX
Local Government Aid - City of Vesta

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue
Analysis of H.F. 2156 (Swedzinski) / S.F. 1840 (Dahms) as introduced

	Fund Impact			
	FY2012	**FY2013**	**FY2014**	**FY2015**
	(000's)			
General Fund	($41)	$0	$0	$0

Effective the day following final enactment.

The bill would provide payment to the city of Vesta for its 2011 local government aid (LGA) payment withheld due to noncompliance with financial reporting requirements. The payment of withheld LGA to the city would be made before June 30, 2012.

- The February 2012 forecast assumes the full LGA appropriation would be paid to cities.
- The payment of withheld LGA to the city of Vesta would equal $41,163.
- The $41,163 that will be unpaid under current law will cancel at the end of the fiscal year.
- Under the bill, the withheld amount would be paid in FY 2012 at a cost to the state general fund of $41,163.

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

Transparency, Understandability, Simplicity & Accountability	Neutral	
Efficiency & Compliance	Decrease	Forgiving penalties may reduce future compliance with financial reporting requirements.
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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