

MINNESOTA • REVENUE

PROPERTY TAX

Qualifying Cities Exempted from 2011 LGA Penalties

March 27, 2012

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of H.F. 2786 (Swedzinski) as introduced

	Fund Impact			
	FY2012	FY2013	FY2014	FY2015
	(000's)			
General Fund	(\$795)	\$0	\$0	\$0

Effective the day following final enactment.

The bill would provide payments to any city that had its 2011 local government aid (LGA) payment withheld due to noncompliance with financial reporting requirements. The payment of withheld LGA to these cities would be made before June 30, 2012.

- The February 2012 forecast assumes the full LGA appropriation would be paid to cities.
- To date, LGA payments for 17 cities are withheld, totaling \$794,597.
- The \$794,597 that will be unpaid under current law will cancel at the end of the fiscal year.
- Under the bill, the withheld amounts would be paid in FY 2012 at a cost to the state general fund of \$794,597.

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

hf2786_pt_1/nrg