MINNESOTA · REVENUE

February 25, 2013

PROPERTY TAX
TIF Original Net Tax Capacity Adjustment

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue
Analysis of H.F. 0668 (Lenczewski) as introduced

EXPLANATION OF THE BILL

The bill allows qualifying increment financing (TIF) districts to subtract the amount of the homestead market value exclusion from the original net tax capacity of the district. Qualifying TIF districts must have a taxes payable 2011 homestead market value credit for the district equal to or greater than $10,000, and a taxes payable 2013 ratio of exclusion to captured net tax capacity equal to or greater than 1.75%.
County auditor notifications made before July 1, 2013 are effective for taxes payable in 2014. County auditor notifications made after that date are effective for taxes payable 2015. This provision applies to all qualifying TIF districts regardless of certification.

REVENUE ANALYSIS DETAIL

- About 60 TIF districts appear to qualify for this provision.
- The proposed changes to the general TIF provisions may have an impact on the local tax base and tax rate in the future and may result in a small change in property tax refunds paid by the state.

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

Transparency, Understandability, Simplicity & Accountability	Neutral
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
www.revenue.state.mn.us/research_stats/pages/revenue-analyses.aspx

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