MINNESOTA · REVENUE

April 02, 2013

PROPERTY TAX
Fiscal Disparities Contribution Limits

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue
Analysis of H.F. 1601 (Peppin) / S.F. 1486 (Limmer) as introduced

Effective for taxes payable 2014 and thereafter.

EXPLANATION OF THE BILL

The bill modifies the metropolitan fiscal disparities contribution net tax capacity calculation for municipalities that are not served by regional wastewater services under M.S. 473. The calculation becomes the lesser of 40 percent of the growth in commercial-industrial property, or 10 percent of the total net tax capacity of the municipality. Effective for taxes payable 2014 and thereafter.

REVENUE ANALYSIS DETAIL

- Under current law, the contribution net tax capacity calculation is 40 percent of the growth in commercial-industrial property.
- For the first year of implementation, the municipalities of Coates in Dakota County and Jackson Township and Louisville Township in Scott County would appear to benefit under this provision.
- The change in fiscal disparities law 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	Decrease	Additional step in calculation of distribution levies.
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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