MINNESOTA · REVENUE

April 09, 2013

PROPERTY TAX

Metro Area Transit and Paratransit Capital Expenditures

	Yes	No
DOR Administrative Cost/Savings		x

Department of Revenue
Analysis of S.F. 0922 (Kent) / H.F. 1011 (Erhardt) as introduced

	Fund Impact			
	FY2014	**FY2015**	**FY2016**	**FY2017**
	(000's)			
Property Tax Refunds	$0	$0	$0	($450)
Income Tax Interactions	$0	$0	$0	($460)
General Fund	$0	$0	$0	($910)

EXPLANATION OF THE BILL

The proposal authorizes the Metropolitan Council to issue up to $35.8 million in certificates of indebtedness, bonds, or other obligations for capital expenditures as prescribed in the council's transit improvement program and related costs.

REVENUE ANALYSIS DETAIL

- Bonding principal and interest would be paid by increasing property tax levies.
- Based on data from the Metropolitan Council, $10,396,704 of new bonds would be issued in 2015 and the remainder in the following years.
- Any additional debt service levies would increase homeowner taxes, starting with taxes payable in 2016. Property tax refunds would increase by about $450,000 in FY 2017.
- Additional deductions for income tax itemization would lower income tax receipts. Income tax collections are estimated to be reduced by $460,000 in FY 2017.

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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