MINNESOTA · REVENUE

PROPERTY TAX

County program aid modification and appropriation

March 11, 2014

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of S.F. 2342 (Skoe) / H.F. 2855 (Lenczewski) as introduced

		Fund Impact			
	FY2014	FY2015	FY2016	FY2017	
	(000's)				
County Program Aid Increase	\$0	\$0	(\$10,000)	(\$10,000)	
Property Tax Refund Interactions	\$0	\$0	\$260	\$260	
Income Tax Interactions	\$0	\$0	\$190	\$190	
General Fund Total	\$0	\$0	(\$9,550)	(\$9,550)	

Effective for aids payable in 2015 and thereafter.

EXPLANATION OF THE BILL

Under current law, county program need aid is distributed based on three factors: part I crimes, food stamps, and population.

The proposal would appropriate \$10 million and create an additional need aid factor distribution formula based on public water access. The aid would be distributed based on a county's share of the statewide total for the following:

- 1. 50% based on the share of watercraft trailer launches, and
- 2. 50% based on the share of watercraft trailer parking spaces.

The proceeds from this aid must be used solely to prevent or limit the spread of invasive species at all access sites within the county, regardless of ownership or management.

The additional aid would be paid annually in two installments at the same time as the current law county program aid (CPA).

REVENUE ANALYSIS DETAIL

- Under the proposal, the CPA appropriation would be increased by \$10 million beginning in FY 2016. It is estimated that 83 of 87 counties would receive an increase in aid under the proposal (the exceptions being Dodge, Fillmore, Pipestone and Rock).
- It is assumed that counties receiving an increase in aid would reduce property tax levies for a portion of the increase. This would reduce property taxes on all property classes including homesteads.
- The reduced property tax burden would reduce state-paid homeowner property tax refunds and income tax deductions beginning in FY 2016, resulting in a savings to the state general fund.

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

Transparency, Understandability, Simplicity & Accountability	Neutral	Additional factor added to the need aid calculations.
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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