MINNESOTA·REVENUE

PROPERTY TAX

Preliminary

Location equity revenue program eligibility expanded

March 17, 2014

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of H.F. 2547 (Radinovich) / S.F. 2370 (Jensen) as introduced

	Fund Impact			
	FY2014	**FY2015**	**FY2016**	**FY2017**
		(000's)		
Property Tax Refund Interactions	$0	$0	($2,140)	($2,190)
Income Tax Interactions	$0	$0	($1,040)	($1,070)
General Fund Total	$0	$0	($3,180)	($3,260)

Various effective dates

EXPLANATION OF THE BILL

The proposal modifies school location equity revenue and related referenda levies.

REVENUE ANALYSIS DETAIL

- Analysis is based on levy estimates developed by Senate staff.
- For taxes payable in 2015, referendum levies are expected to increase $26.0 million as a result of the bill's changes. For taxes payable in 2016, referendum levies are expected to increase $26.3 million.
- Higher levies would increase homestead property taxes. Increased homeowner taxes would increase property tax refunds. Property tax refunds would increase by $2.14 million in FY 2016, and by $2.19 million in FY 2017.
- Higher property taxes on all types of property would increase income and corporate franchise tax deductions. Collections on those taxes would therefore decrease by $1.04 million in FY 2016 and by $1.07 million in FY 2017.
- This analysis does not include the proposal's impact on school aid payments.

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 <u>current law</u>.

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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