

MINNESOTA • REVENUE

PROPERTY TAX

City special service district app. broadened to include residential and mixed uses

March 12, 2014

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of H.F. 2917 (Simon) / S.F. 2581 (Eaton) as introduced

Effective July 1, 2014.

Current law allows cities to establish special service districts (SSDs). Only property used for commercial, industrial, or public utility purposes, or vacant land designated for commercial or industrial use is subject to the charges imposed by the city on the SSD. A SSD may be established by petition by the owners of 25 percent or more of the land area of property that would be subject to the charges and either: (1) owners of 25 percent or more of the net tax capacity of property that would be subject to the charges, or (2) owners, individuals, and business organizations that would be subject to 25 percent or more of a proposed charge. Requirements for veto are based on owners of the land area in the district.

The proposed law expands the types of properties subject to service charges to all property in a district, including residential. The proposal also changes requirements for filing a petition to both owners of 25 percent or more of the net tax capacity and owners, individuals, and business organizations that would be subject to 25 percent or more of the proposed charges. The requirement of owners of 25 percent or more of the land area file the petition is eliminated. Requirements for veto are changed to be based on owners of value in the district instead of land area. The definition of land area in Minnesota Statute 428A.01 would be repealed.

- The proposal is assumed to have no impact on the state general fund. Special service districts are administered at the local level and are not included in analyses of overall tax burdens.

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

<i>Transparency, Understandability, Simplicity & Accountability</i>	Neutral
<i>Efficiency & Compliance</i>	Neutral
<i>Equity (Vertical & Horizontal)</i>	Neutral
<i>Stability & Predictability</i>	Neutral
<i>Competitiveness for Businesses</i>	Neutral
<i>Responsiveness to Economic Conditions</i>	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

