

MINNESOTA • REVENUE

PROPERTY TAX

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

March 27, 2014

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of S.F. 2581 (Eaton) as proposed to be amended by SC2581A-2

EXPLANATION OF THE BILL

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. Properties are subject to service charges if 50 percent or more of the estimated market value is classified as stated.

The proposed law expands the types of properties subject to service charges to properties that are wholly or partially classified as commercial, industrial, or utility property. If a property is subject to a service charge, then the entire property, including any portion not classified as commercial, industrial, or utility, may be subject to the service charge. Vacant land designated for commercial or industrial use would no longer be subject to service charges. Owners of property in a special service district in existence as of June 1, 2014 that becomes liable for a service charge because of this proposal may file a written objection with the city clerk by August 14, 2014. The governing body of the city must then make a determination on the objection within 30 days.

The proposal would apply to service district charges beginning in 2014.

REVENUE ANALYSIS DETAIL

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.

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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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.