

MINNESOTA • REVENUE

March 26, 2014

PROPERTY TAX City of Bluffton LGA

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue
Analysis of H.F. 3289 (Franson) as introduced

Fund Impact

	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>
	(000's)			
General Fund	\$0	(\$20)	(\$28)	\$0

Effective the day following final enactment.

EXPLANATION OF THE BILL

The bill would provide payments to the city of Bluffton for its 2011, 2012 and 2013 local government aid (LGA) withheld due to noncompliance with financial reporting requirements. The payments would be made in two installments: \$20,000 in July 2014 and \$28,151.50 in July 2015.

REVENUE ANALYSIS DETAIL

- Under current law, unpaid LGA payments cancel to the state general fund.
- The bill would provide for payment of the withheld amounts at a cost to the state general fund of \$48,151.50.
- The city of Bluffton in Otter Tail County would receive payments of \$20,000 in FY 2015 and \$28,151.50 in FY 2016.

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

<i>Transparency, Understandability, Simplicity & Accountability</i>	Neutral
<i>Efficiency & Compliance</i>	Decrease Forgoing penalties may reduce future compliance with financial reporting requirements.
<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

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