

# MINNESOTA • REVENUE

## PROPERTY TAX LGA and PILT distribution modifications

March 10, 2014

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of S.F. 2230 (Skoe) / H.F. 2789 (Lenczewski ) as introduced

### Fund Impact

	FY2014	FY2015	FY2016	FY2017
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Effective beginning for LGA payable in 2015.

Effective for PILT distributions after July 1, 2014.

### EXPLANATION OF THE BILL

The proposal would modify the local government aid (LGA) formula distribution for cities with unmet need less than previous year aid by setting the city's formula aid equal to its unmet need amount. The proposal would also clarify the distribution of payments in lieu of taxes (PILT).

### REVENUE ANALYSIS DETAIL

- There would be no impact to the state general fund as the modifications to LGA and PILT would only change the distribution among local jurisdictions. Total state payment amounts would remain unchanged.

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

<i>Transparency, Understandability, Simplicity &amp; Accountability</i>	Increase	
<i>Efficiency &amp; Compliance</i>	Neutral	
<i>Equity (Vertical &amp; Horizontal)</i>	Neutral	
<i>Stability &amp; Predictability</i>	Neutral	
<i>Competitiveness for Businesses</i>	Neutral	
<i>Responsiveness to Economic Conditions</i>	Increase	Compared to current law, more cities will receive their formula need amount.

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](http://www.revenue.state.mn.us/research_stats/pages/revenue-analyses.aspx)

sf2230(hf2789)\_pt\_1/nrg