

**PROPERTY TAX
LGA increase and onetime grant for
West St. Paul**

March 07, 2019

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of H.F. 0461 (Hansen) / S.F. 0683 (Klein) as introduced

	Fund Impact				
	FY2019	FY2020	FY2021	FY2022	FY2023
	(000's)				
General Fund	(\$3,680)	\$0	\$0	\$0	\$0

Effective beginning for aids payable in calendar year 2020.

EXPLANATION OF THE BILL

The bill would appropriate \$3.68 million from the state general fund in FY 2019 to provide a onetime grant to the city of West St. Paul. The grant would be paid by June 30, 2019.

The bill would also increase local government aid (LGA) to the city of West St. Paul by \$1.84 million annually for aids payable years 2020 through 2034.

REVENUE ANALYSIS DETAIL

- The onetime grant would result in a cost of \$3.68 million to the state general fund in FY 2019.
- There would be no state general fund cost associated with the annual change in LGA because total aid is set to a fixed appropriation level. The aid adjustment increase would shift aid to the city of West St. Paul and away from other cities receiving local government aid.

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

<i>Transparency, Understandability, Simplicity & Accountability</i>	Neutral	Adds an additional adjustment to the city aid formula.
<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

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