

**PROPERTY TAX  
LGA penalty forgiveness authorization  
Flensburg**

March 07, 2019

	<b>Yes</b>	<b>No</b>
DOR Administrative Cost/Savings		X

Department of Revenue  
Analysis of H.F. 0904 (Kresha) / S.F. 1412 (Gazelka) as introduced

	<b>Fund Impact</b>				
	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
	(000's)				
General Fund	(\$38)	\$0	\$0	\$0	\$0

Effective the day following final enactment.

**EXPLANATION OF THE BILL**

The bill provides a onetime payment to the city of Flensburg for its 2017 local government aid (LGA) and small cities assistance withheld for failing to meet financial reporting requirements with the state auditor. The state auditor must certify that it received the city's financial reports for 2016 before June 1, 2018.

An appropriation in fiscal year 2019 equal to \$38,400 is made for the payment no later than June 30, 2019.

**REVENUE ANALYSIS DETAIL**

- Under current law, unpaid LGA and small cities assistance payments cancel to the state general fund.
- The bill provides for payment of the withheld amount at a cost to the state general fund.
- The city of Flensburg in Morrison County will receive a payment of \$38,400 in FY 2019.

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

<i>Transparency, Understandability, Simplicity &amp; Accountability</i>	Neutral
<i>Efficiency &amp; Compliance</i>	Decrease Forgiven penalties may reduce future compliance with financial reporting requirements.
<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>	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](http://www.revenue.state.mn.us/research_stats/pages/revenue-analyses.aspx)

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