

**PROPERTY TAX
LGA formula housing factor
modification for East Grand Forks**

March 08, 2019

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue
Analysis of S.F. 1162 (Johnson) / H.F. 1131 (Kiel) as introduced

	Fund Impact			
	FY2020	FY2021	FY2022	FY2023
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Effective beginning for aids payable in calendar year 2020.

EXPLANATION OF THE BILL

Under current law, the local government aid (LGA) formula includes an adjustment to the pre-1940 housing percentage for the city of East Grand Forks. The adjustment requires the use of pre-1940 housing counts based on the 1990 federal census rather than the most recent count.

The bill would modify the East Grand Forks housing adjustment to use pre-1970 housing counts rather than pre-1940 housing counts to measure the pre-1940 housing percentage formula factor.

REVENUE ANALYSIS DETAIL

- Under the proposal, the city of East Grand Forks would be the only qualifying city to receive a change in their pre-1940 housing percentage formula factor.
- Because total aid is set to a fixed appropriation level, there would be no state cost associated with the change in the housing percentage formula. The formula change would shift an estimated \$93,000 in aid to the city of East Grand Forks and away from other cities receiving local government aid.

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.

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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