

PROPERTY TAX
Tribal casino aid payments to
counties modified

March 04, 2019

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue
 Analysis of S.F. 1592 (Rarick) as introduced

	Fund Impact			
	FY2020	FY2021	FY2022	FY2023
	(000's)			
Increased Tribal Casino Aid to Counties	(\$1,540)	(\$1,540)	(\$1,540)	(\$1,540)
Property Tax Refund Interactions	\$0	\$40	\$40	\$40
Income Tax Interactions	\$0	\$30	\$30	\$30
General Fund Total	(\$1,540)	(\$1,470)	(\$1,470)	(\$1,470)

Effective for taxes collected beginning in calendar year 2019.

EXPLANATION OF THE BILL

Under current law, tribal casino aid is paid by the state to counties where an Indian reservation is located in the county, the tribes operate a casino within that county, and state taxes are collected under a tax agreement with the tribe. The aid payment is equal to 10 percent of the state's share of sales and excise taxes collected under tax agreements with the tribes. For any tribe without a tax agreement as of June 30, 2003, the aid payment is equal to 5 percent of the state's share of excise taxes collected.

The bill would increase the aid payments to counties by doubling the percentages to 20 percent and 10 percent respectively.

REVENUE ANALYSIS DETAIL

- The estimate is based on the February 2019 forecast.
- Under the proposal, the aid payment amount to counties would double from the current \$1.54 million to \$3.08 million annually, increasing costs to the state general fund beginning in February 2020 (FY 2020).
 - It is assumed that the increase in aid to counties would reduce property tax levies by a portion of the increase. This would reduce property taxes on all property classes including homesteads.
- The reduced property tax burden would reduce state-paid homeowner property tax refunds and income tax deductions beginning in FY 2021, resulting in a savings to the state general fund.

Number of Taxpayers: 16 counties receiving tribal casino 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	Business property taxes would generally decrease with an increase in aid to counties.
<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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