

PUBLIC FINANCE
Providing for additional financing of metropolitan area transit and paratransit capital expenditures

April 03, 2019

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue
 Analysis of H.F. 2809 (Youakim) as introduced

	Fund Impact			
	FY2020	FY2021	FY2022	FY2023
	(000's)			
Property Tax Refund Interaction	\$0	(\$50)	(\$520)	(\$820)
Income Tax Interaction	\$0	(\$40)	(\$400)	(\$640)
General Fund Total	\$0	(\$90)	(\$920)	(\$1,460)

Effective the day following final enactment.

EXPLANATION OF THE BILL

The proposal authorizes the Metropolitan Council to issue up to \$92.3 million in certificates of indebtedness, bonds, or other obligations for capital expenditures prescribed in the council's transit capital improvement program. Of the total authorization, the council may issue debt obligations of up to \$45.4 million after July 1, 2019 and \$46.9 million after July 1, 2020. The proposal also lifts some restrictions on proceeds that can be used for light rail transit.

REVENUE ANALYSIS DETAIL

- Bonding principal and interest will be paid by increasing property tax levies.
- Based on data from the Metropolitan Council, \$996,000 of new debt service levy will be paid in taxes payable year 2020. Debt service levies will increase in future years as more of the authorized bonds are issued.
- Any additional debt service levies increase homeowner taxes starting in taxes payable 2020. Property tax refunds will increase by about \$50,000 in FY 2021.
- Additional deductions for income tax itemization lowers income tax receipts. Income tax collections are estimated to decrease by \$40,000 in FY 2021.

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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