

*Revised*

February 28, 2020

**PROPERTY TAX  
Sauk River Watershed District levy  
authority modified**

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

Department of Revenue  
Analysis of H.F. 3502 (Anderson) as introduced

	<b>Fund Impact</b>			
	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
	(000's)			
Property Tax Refund Interactions	\$0	\$0	\$20	\$20
Income Tax Interactions	\$0	\$0	\$10	\$10
<b>General Fund Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$30</b>	<b>\$30</b>

Effective with taxes payable in 2021.

**EXPLANATION OF THE BILL**

Under current law, a watershed district may levy up to 0.048 percent of their estimated market value (EMV) for their general fund, with a maximum of \$250,000. A 2005 law allowed the Sauk River Watershed District to levy up to 0.01 percent of their taxable market value (TMV) for their general fund.

The proposal would limit the Sauk River Watershed District general fund levy to \$500,000.

**REVENUE ANALYSIS DETAIL**

- The Sauk River Watershed District's general fund levy for payable year 2020 was \$846,789.
- Under the proposal, the \$500,000 maximum levy limit is assumed to reduce local property tax levies by approximately \$350,000 beginning in payable year 2021.
  - Lower levies would result in lower homeowner property tax refunds, reducing costs to the state general fund.
  - Lower levies would result in lower income tax deductions, increasing revenues to the state general fund.
  - These state general fund increases will begin in FY2022.

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

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<i>Transparency, Understandability, Simplicity &amp; Accountability</i>	Neutral
<i>Efficiency &amp; Compliance</i>	Neutral
<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

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*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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