

March 13, 2020

**PROPERTY TAX
Firefighters' Pensions; Changes**

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of S.F. 3673 (Rosen) / H.F. 3778 (Nelson) - Section 8. Supplemental benefit. As introduced.

Fund Impact

	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>
	(000's)			

General Fund \$0 (negligible) (negligible) (negligible)

Effective retroactively for supplemental benefits paid in 2018 and thereafter.

EXPLANATION OF THE BILL

When a volunteer firefighters relief association or the statewide volunteer firefighter retirement plan makes a lump-sum distribution to a qualified recipient, the association or state plan must also pay a supplemental benefit or supplemental survivor benefit, whichever is applicable, that is later reimbursed by the state. The retirement benefit may not exceed \$1,000. The survivor benefit may not exceed \$2,000. Occasionally, an individual receives more than one lump-sum distribution due to:

1. returning to service with the same fire department after receiving an initial lump-sum distribution and supplemental benefit; or
2. service with multiple fire departments.

Current law is not clear on whether or not an individual may receive more than one supplemental benefit.

The proposal clarifies that a qualified recipient who receives more than one lump-sum distribution would be eligible to receive a supplemental benefit or supplemental survivor benefit, whichever is applicable, with each lump-sum distribution. Each benefit would be subject to a separate limit.

REVENUE ANALYSIS DETAIL

- Generally, claims for reimbursement are paid in March of the year following the year of the lump-sum distribution.
- Based on claims received for calendar years 2018 and 2019, the total retroactive payment would be approximately \$3,000.
- The retroactive amounts would be added to the total supplemental benefit reimbursement to be paid in March 2021 (FY2021).
- It is unknown how many new claims will be made for eligible recipients in calendar years 2020-2022 (for reimbursements in FY2021-FY2023).
- Based on existing claims, it is assumed that there will be two claims per year and that the average claim will be \$750.
- Under these assumptions, the proposal would increase reimbursements by approximately \$4,500 (\$3,000 + \$1,500) in FY2021 and \$1,500 per year thereafter.
- Amounts under \$5,000 are considered negligible.

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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