

January 19, 2021

**PROPERTY TAX  
Authorizing Levy Authority for Certain  
Soil and Water Conservation Districts**

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

Department of Revenue  
Analysis of S.F. 0060 (Rarick) as introduced

	<b>Fund Impact</b>			
	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>
	(000's)			
Property Tax Refund Interactions	\$0	(negligible)	(negligible)	(negligible)
Income Tax Interactions	\$0	(negligible)	(negligible)	(negligible)

Effective beginning with taxes payable in 2022.

**EXPLANATION OF THE BILL**

Under current law, soil and water conservation districts do not have property tax levy authority and rely on counties to levy for revenue on their behalf.

The bill would provide temporary levy authority to the two soil and water conservation districts in the counties of Carlton and Pine by making them special taxing districts for payable years 2022-2024. As special taxing districts, the soil and water conservation districts in these counties would have levy authority up to \$1,000,000. A public hearing by the district boards would be required before adopting the tax levies.

**REVENUE ANALYSIS DETAIL**

- Under current law, counties levy on behalf of soil and water conservation districts. The proposal would provide levy authority to two soil and water conservation districts as special taxing districts. It is assumed that the two soil and water conservation districts would increase property tax levies above current levels in order to fund identified gaps in services.
- For taxes payable 2020, Carlton, and Pine Counties levied approximately \$212,000 for their soil and water conservation districts.
- According to officials with the two soil and water conservation districts, it is estimated that under the proposal the districts would levy an additional \$88,000 for taxes payable years 2022-2024.
  - Higher levies would result in higher homeowner property tax refunds, increasing costs to the state general fund.
  - Higher levies would result in higher income tax deductions, reducing revenues to the state general fund.
  - These state general fund changes will begin in FY2023 and end after FY2025.

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

<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>	Increase Soil and water districts may have more predictable funding with new levy authority.
<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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