

**PROPERTY TAX
Aid Adjustment for Unpaid Local Assistance**

February 09, 2021

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue
Analysis of S.F. 0749 (Weber) as introduced

	Fund Impact			
	FY2022	FY2023	FY2024	FY2025
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Effective beginning with local assistance activities provided in 2021.

EXPLANATION OF THE BILL

The proposal would allow a city seeking reimbursement for local assistance services provided to another city to file an application with the state auditor for unpaid amounts. The reimbursement would be certified as an adjustment to Local Government Aid (LGA) by reducing aid to the city that received assistance and increasing aid to the city that provided assistance. Certified adjustments under this provision would not impact the calculation of LGA in the following year.

REVENUE ANALYSIS DETAIL

- Under the proposal, aid adjustments would result in a net zero change in the total LGA distribution. Any aid adjustment increase to cities seeking reimbursement would be equal to the aid reductions from cities that received assistance.
- With no change in the LGA appropriation or total payments, there would be no impact to the state general fund.

Source: Minnesota Department of Revenue
Property Tax Division - Research Unit
www.revenue.state.mn.us/research_stats/pages/revenue-analyses.aspx

sf0749_pt_1/nrg

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.