

PROPERTY TAX
**One-time supplemental aid to
cities in 2023**

April 6, 2022

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 3179 (Rest) / H.F. 3746 (Freiberg) as introduced

	Fund Impact			
	<u>F.Y. 2022</u>	<u>F.Y. 2023</u>	<u>F.Y. 2024</u>	<u>F.Y. 2025</u>
	(000's)			
General Fund	\$0	\$0	(\$13,730)	\$0

Effective for aids payable in calendar year 2023.

EXPLANATION OF THE BILL

The bill would provide a one-time supplemental aid payment to cities that are certified to receive less local government aid (LGA) in payable year 2023 than it received in 2022. The amount of the supplemental aid would be equal to the reduction in a city's LGA between 2022 and 2023. The supplemental aid would not be included in the calculation of future LGA payments.

REVENUE ANALYSIS DETAIL

- For aid payable year 2023, there are 150 cities that would qualify to receive supplemental aid.
- The temporary supplemental aid payment to cities would increase state general fund costs by \$13.730 million in fiscal year 2024.

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
<https://www.revenue.state.mn.us/revenue-analyses>

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