

**PROPERTY TAX  
Local Public Safety Aid  
Program Established**

March 2, 2023

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

Department of Revenue  
Analysis of H.F. 1103 (Stephenson) as proposed to be amended by H1103A2

	<b>Fund Impact</b>			
	<b>F.Y. 2024</b>	<b>F.Y. 2025</b>	<b>F.Y. 2026</b>	<b>F.Y. 2027</b>
	(000's)			
Local Public Safety Aid	\$0	(\$9,000)	(\$9,000)	(\$9,000)
Property Tax Refund Interaction	\$0	\$250	\$250	\$250
Income Tax Interaction	\$0	\$90	\$90	\$90
<b>General Fund Total</b>	<b>\$0</b>	<b>(\$8,660)</b>	<b>(\$8,660)</b>	<b>(\$8,660)</b>

Effective beginning for aids payable in 2024.

**EXPLANATION OF THE BILL**

The bill would create a new local public safety aid with an annual appropriation of \$9 million. Aid distributions to cities and counties would be proportional to the number of firefighters and peace officers the jurisdictions employ. The aid would need to be spent on mental health services for firefighters and peace officers.

**REVENUE ANALYSIS DETAIL**

- The new aid program would increase annual state general fund costs by \$9 million in fiscal year 2025 and thereafter.
- It is assumed that local jurisdictions receiving the new aid would reduce property tax levies by a portion of the aid increase. Lower levies would reduce property taxes on all property.
  - Lower property taxes would result in lower homeowner property tax refunds, reducing costs to the state general fund beginning in FY 2025.
  - Lower property taxes would result in lower income tax deductions, increasing revenues to the state general fund beginning in FY 2025.

## 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>	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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