

**PROPERTY TAX
Northwest MN Multi-County
HRA Levy Authority Extension**

April 3, 2023

Department of Revenue
Analysis of H.F. 2118 (Kiel) / S.F. 2072 (Johnson) as introduced

| | Yes | No |
|----------------------------------|-----|----|
| DOR Administrative Costs/Savings | | X |

Fund Impact

| | <u>F.Y. 2024</u> | <u>F.Y. 2025</u> | <u>F.Y. 2026</u> | <u>F.Y. 2027</u> |
|--------------|------------------|------------------|------------------|------------------|
| | (000's) | | | |
| General Fund | \$0 | \$0 | \$0 | \$0 |

Effective beginning after local compliance.

EXPLANATION OF THE BILL

Under current law, the Northwest Minnesota Multicounty Housing and Redevelopment Authority (HRA) is a special taxing district operating in Kittson, Polk, Marshall, Pennington, Red Lake, and Roseau counties. Levy amounts are limited to 0.0185 percent of the estimated market value within the district.

The HRA has authority to levy 25 percent of the total permitted levy amount without approval from the governing bodies. This authority will expire starting for taxes payable 2024. The bill would preserve this authority through taxes payable 2034.

REVENUE ANALYSIS DETAIL

- It is assumed that there would be no state revenue impact from the proposal. It is assumed that increasing the special taxing district levy authority would result in an equal reduction in its governing bodies levy authority, so the net change in levy authority is zero.

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>