

**PUBLIC FINANCE
Metropolitan Council Regional
Transit Bonding Authority**

April 12, 2023

Department of Revenue
Analysis of S.F. 3233 (Dibble) 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)			
Property Tax Refund Interaction	\$0	(\$50)	(\$610)	(\$830)
Income Tax Interaction	<u>\$0</u>	<u>(\$20)</u>	<u>(\$220)</u>	<u>(\$300)</u>
General Fund Total	\$0	(\$70)	(\$830)	(\$1,130)

Effective beginning the day following final enactment.

EXPLANATION OF THE BILL

The proposal authorizes the Metropolitan Council to issue \$104.545 million in certificates of indebtedness, bonds, or other obligations for capital expenditures prescribed in the council's transit capital improvement program. Of the total authorization, the council may issue debt obligations of up to \$51.500 million after July 1, 2023 and \$53.045 million after July 1, 2024.

REVENUE ANALYSIS DETAIL

- The estimate is based on the February 2023 forecast.
- Bonding principal and interest would be paid by increasing property tax levies.
- Based on data from the Metropolitan Council, \$854,000 of new debt service levy would be paid in taxes payable 2024. Debt service levies will increase in future years as more of the authorized bonds are issued.
- Any additional debt service levies would increase homeowner taxes starting in taxes payable 2024. Property tax refunds would increase by \$50,000 in fiscal year 2025.
- Additional deductions for income tax itemization would lower income tax receipts. Income tax collections are estimated to decrease by \$20,000 in fiscal year 2025.

Source: Minnesota Department of Revenue
Property Tax Division – Research Unit
<https://www.revenue.state.mn.us/revenue-analyses>

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