

**PROPERTY TAX  
LGA Penalty Forgiveness Stewart**

April 17, 2024

Department of Revenue  
Analysis of H. F. 5177 (Gilman) / S.F. 5325 (Gruenhagen), as introduced

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

**Fund Impact**

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

Effective the day following final enactment.

**EXPLANATION OF THE BILL**

The bill would allow the city of Stewart in McLeod County to receive payment for the amount of its 2023 Local Government Aid (LGA) that was withheld for failing to meet financial reporting requirements with the state auditor. The city must file its 2022 financial reports by June 1, 2024. Up to \$87,501.50 of the current LGA appropriation would be available for the payment to be made before the end of fiscal year 2024 by June 30, 2024.

**REVENUE ANALYSIS DETAIL**

- Under the proposal there would be no additional costs to the state general fund in fiscal year 2024 because the money for payment is already appropriated for LGA. Any unpaid LGA payment would not cancel to the state general fund until after June 30, 2024.

**PROPERTY TAX BENCHMARKS (Minn. Stat. § 270C.991)**

<i>Transparency, Understandability, Simplicity &amp; Accountability</i>	Neutral
<i>Efficiency &amp; Compliance</i>	Decrease
	Forgiving penalties may reduce future compliance with financial reporting requirements.
<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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