

Property Tax Interactions Only

April 24, 2024

Department of Revenue

Analysis of S.F. 4995 (Hauschild) / H.F. 4986 (Lislegard) as introduced

**EDUCATION
School District Seasonal Tax Base
Replacement Aid Created**

	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	\$0	\$680	\$700
Income Tax Interaction	<u>\$0</u>	<u>\$0</u>	<u>\$130</u>	<u>\$130</u>
General Fund Total	\$0	\$0	\$810	\$830

Effective beginning with taxes payable in 2025.

EXPLANATION OF THE BILL

The proposal creates a seasonal tax base replacement aid for school districts. The aid amount is based on the ratio of the seasonal recreational property to the total referendum market value tax base of each school district. The additional state aid would reduce school referendum levies.

REVENUE ANALYSIS DETAIL

- According to the Minnesota Department of Education, the proposed seasonal tax base replacement aid is estimated to be \$8.6 million in taxes payable 2025 and \$8.8 million in taxes payable 2026.
- School operating referendum levies would decrease by the amount of aid each year. This would decrease property taxes for all properties, including homesteads.
 - Lower property taxes will result in lower homeowner property tax refunds, reducing costs to the state general fund beginning in fiscal year 2026.
 - Lower property taxes will result in lower income tax deductions, increasing revenues to the state general fund beginning in fiscal year 2026.

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

sf4995(hf4986) School Seasonal Tax Base Aid_pt_1/wms