

**PROPERTY TAX  
Fire Protection and Emergency  
Medical Services Special Taxing  
District Aid Created**

April 24, 2024

Department of Revenue

Analysis of S.F. 5461 (Rarick), as proposed to be amended by SCS5461A-1

	Yes	No
DOR Administrative Costs/Savings	X	

**Fund Impact**

	<b>F.Y. 2024</b>	<b>F.Y. 2025</b>	<b>F.Y. 2026</b>	<b>F.Y. 2027</b>
	(000's)			
Fire Protection and EMS Aid	\$0	\$0	(\$10,000)	(\$10,000)
Property Tax Refund Interaction	\$0	\$0	\$200	\$200
Income Tax Interaction	\$0	\$0	\$70	\$70
<b>General Fund Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$9,730)</b>	<b>(\$9,730)</b>

Effective beginning with aids payable in 2025.

**EXPLANATION OF THE BILL**

The proposal would create an aid program for fire protection and emergency medical services special taxing districts. The \$10 million appropriation would be distributed based on a district's share of population, acreage, and tax base. A district's aid amount could not exceed 50% percent of its certified levy. Annual aid distributions would be certified by August 1<sup>st</sup> and paid in the following year on December 26<sup>th</sup>.

**REVENUE ANALYSIS DETAIL**

- The new aid program would increase state general fund costs by \$10 million beginning in fiscal year 2026 and thereafter.
- It is assumed that the new aid would reduce property tax levies by a portion of the increase. Lower levies would decrease property taxes on all property.
  - Lower levies would result in lower homeowner property tax refunds, reducing costs to the state general fund beginning in FY 2026.
  - Lower levies would result in lower income tax deductions, increasing revenues to the state general fund beginning in FY 2026.
- It is assumed the calculated aid would use the full appropriation.

## 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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