

April 17, 2020

**PROPERTY TAX
Distribution of Property Taxes After
First Half Settlement**

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of H.F. 4371 (Marquart) as proposed to be amended by H4371DE1

Fund Impact

	FY2020	FY2021	FY2022	FY2023
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Effective the day following final enactment.

EXPLANATION OF THE BILL

Under current law, property tax payments made after the first settlement day in May are distributed by counties to local taxing jurisdictions at the time of the second half payment distributions in October and November. For payments made after the second half distribution, the final full settlement distribution occurs by January 25th.

The proposal would allow counties to distribute first half property tax payments received after the May settlement day on an alternative date. For taxes payable year 2020 only, county boards would have the option to set a date when county treasurers would need to distribute late first half payments to local taxing jurisdictions. Distribution of the state general tax would also be determined on the same date and transmitted by counties to the state as soon as practical.

REVENUE ANALYSIS DETAIL

- Under the proposal, counties could select an alternative date to distribute first half property tax payments that were received after the May settlement date. Creating an additional settlement date for local property tax distributions would have no impact on the state general fund.
- For the state general tax, it is assumed that any first half payments received after the settlement date in May would continue to be transmitted to the state in fiscal year 2021. There would be no annual fiscal year impact to the state general fund. If some of the payment was remitted to the state before July 1, revenues would shift from fiscal year 2021 to 2020.

Source: Minnesota Department of Revenue
Property Tax Division - Research Unit
www.revenue.state.mn.us/research_stats/pages/revenue-analyses.aspx

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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.