

**PROPERTY TAX
LGA Penalty Forgiveness for Alpha,
Odin, and Trosky**

April 7, 2025

Department of Revenue

Analysis of H.F. 2800 (Fogelman) as proposed to be amended by H2800A1

	Yes	No
DOR Administrative Costs/Savings		X

Fund Impact

	<u>F.Y. 2025</u>	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
	(000's)				
General Fund	(\$18)	\$0	\$0	\$0	\$0

Effective the day following final enactment.

EXPLANATION OF THE BILL

The bill would allow the city of Alpha to receive payment for the portion of its 2023 Local Government Aid (LGA) payment that was withheld for failing to meet financial reporting requirements with the state auditor. To be eligible, the city must file its financial reports for 2022 by June 1, 2025.

A onetime appropriation from the general fund is provided in fiscal year 2025 for a payment of \$18,472 to the city of Alpha to be made by June 30, 2025.

The bill would also allow the cities of Odin and Trosky to receive payments for their respective amounts of 2024 LGA that were withheld for failing to meet financial reporting requirements with the state auditor. To be eligible, each city must file its financial reports for 2023 by June 1, 2025.

Up to \$30,957 for payment to the city of Odin, and up to \$16,271 for payment to the city of Trosky, would be available from the current LGA appropriation until the end of fiscal year 2025 on June 30, 2025.

REVENUE ANALYSIS DETAIL

- Under current law, unpaid LGA payments cancel to the state general fund after June 30.
- For the payment to the city of Alpha (for 2023 LGA), the bill provides a onetime appropriation at a cost to the state general fund.
- The city of Alpha would receive a payment of \$18,472 in FY 2025.
- For payments to the cities of Odin and Trosky (for 2024 LGA), there would be no additional costs to the state general fund in FY 2025 because the payment amounts are already appropriated for LGA. Any unpaid 2024 LGA payments will not cancel to the state general fund until after June 30, 2025.

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

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

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

sf2944(hf2800) LGA Penalty Forgiveness Alpha_pt_3/nrg, jtb