

**PROPERTY TAX
Disparity Reduction Aid
Fillmore County**

April 13, 2026

Department of Revenue
Analysis of H.F. 4777 (Davids) as proposed to be amended by H4777A1

	Yes	No
DOR Administrative Costs/Savings		X

Fund Impact

	F.Y. 2026	F.Y. 2027	F.Y. 2028	F.Y. 2029
	(000's)			
Disparity Reduction Aid	\$0	\$0	(\$467)	\$0
Property Tax Refund Interaction	\$0	\$0	\$30	\$0
Income Tax Interaction	\$0	\$0	\$10	\$0
General Fund Total	\$0	\$0	(\$427)	\$0

Effective beginning the day after final enactment.

EXPLANATION OF THE BILL

Under current law, certain unique taxing areas (UTAs) receive disparity reduction aid to reduce county, township, and school district levies. This aid cannot reduce the UTAs total tax rate below 90%. Each year, the Department of Revenue certifies maximum disparity reduction aid amounts to counties, and counties calculate and report how much aid was used. For aids payable in 2024 and 2025, no disparity reduction aid was used in Fillmore County, although some UTAs were eligible.

The proposal would add the disparity reduction aid amounts that Fillmore County UTAs would have received in 2024 and 2025 to the amount payable in 2027. These added amounts would not affect the calculation of the regular 2027 aid. Fillmore County UTAs would be allowed to reduce their 2027 tax rates below the 90% threshold with the additional aid.

REVENUE ANALYSIS DETAIL

- Local governments in Fillmore County would have received \$233,325 in disparity reduction aid in both 2024 and 2025.
- Providing Fillmore County with the amounts they were eligible for in aids payable 2024 and 2025 would increase state general fund costs by \$466,650 in fiscal year 2028.
- It is assumed that the additional aid would reduce property tax levies by an equal amount. 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 2028.
 - Lower levies would result in lower income tax deductions, increasing revenues to the state general fund beginning in FY 2028.

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.

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

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