

House Property Tax Division
Revenue Impact Summary for Selected Property Tax bills -
Wednesday, March 15, 2023

Note: Unless otherwise stated, this table reflects expenditure changes to the base budget reflected in the February 2023 forecast. Positive numbers are an expenditure increase, negative numbers are a reduction/cost savings.

Bill No.	Sponsor	Bill description	General Fund Expenditure Change (000's)					
			FY 2024	FY 2025	FY 24-25	FY 2026	FY 2027	FY 26-27
Mining Taxes								
1	HF 2012 with DE2	Lislegard Mining Tax changes <u>GROSS RECEIPTS TAX - NON FERROUS MINERALS</u> 1 Modifies tax base for Nonferrous Minerals from 2% on net proceeds to 0.4% on gross proceeds . Creates \$2 million minimum tax for companies with all required mining permits but not yet actively mining. Effective tax years beginning after 12/31/2022 Gross Proceeds Tax @ 0.4% (revenue gain = cost savings) State Distribution of Net Proceeds Tax to local units Repeal Net Proceeds Tax @ 2% - due to begin FY 2029 Repeal State Distribution of Net Proceeds Tax to local units General Fund <u>TACONITE PRODUCTION TAX</u> 2. Adds municipalities to Taconite Assistance Area (includ Embarrass Township, located in ISD 2711- Mesabi East) 3. Changes the distribution of tax receipts on nonferrous minerals - see bill summary 4. Modifies distributions to the County Road/Bridge fund and Iron Range School Consolidation account by eliminating planned increase of 5 cents/ton scheduled to begin pay 2024 5. Provides a one-time transfer of the remaining 2023 balance (up to \$6 million) from the 6.5 cent/ton distribution to the IRRRB (MS 298.28, subd 7) Effective pay 2023 Taconite Production Tax Distrib - No State fund impact						
			0	0	0	(2,000)	(1,400)	(3,400)
			0	0	0	0	2,000	2,000
			0	0	0	0	0	0
			0	0	0	0	0	0
		General Fund	0	0	0	(2,000)	600	(1,400)
Property Tax Refunds								
2	HF 2725	Norris Special Targeting Property Tax Refund changes Targeting PTR - Reduces from 12% to 8% the increase in property taxes, increases max refund from \$1,000 to \$2,000. Ongoing newly eligible filers Temporary Increase for Pay 2023 only, reduce to 6% increase in property taxes, and increase max refund to \$2,500. 164,000 filers would be impacted; the average refund increase would be \$94. One-time newly eligible filers Effective for pay 2023/FY 2024 General Fund - Targeting PTR changes						
				3,200		4,500	6,000	
			15,400	900				
			7,900	0				
		General Fund - Targeting PTR changes	23,300	4,100	27,400	4,500	6,000	10,500

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Property Tax changes									
3	HF 2495	Lee	Ramsey County - Tax judgment sales MS 469.201 Targeted Community Revitalization Programs For lands in a targeted community that were sold to the state in a tax judgment sale resulting from tax delinquency for pay year 2021 or later, extends period of redemption for 3 years. Effective day +1 after local approval General Fund - No State Impact	0	0	0	0	0	0
4	HF 1342	Elkins	Land-value taxation districts (LVTD) Authorizes a city to create a land-value taxing district including hearing notice requirements, establishing procedure to reallocate tax proceeds and report to DOR by Sept 1 each year. Depending on method used for allocating land values (with or without improvements), some taxes may shift from some parcels onto others and thus impact property tax refunds Impacts Property Tax Benchmarks, adding complexity to allocation of property taxes in a city with LVTDs Effective for taxes payable 2024 General Fund	0	Unknown	Unknown	Unknown	Unknown	Unknown
Local Sales Taxes									
5	HF 1535	Acomb	Wayzata Food & Beverage tax Authorizes city to impose local sales tax of up to 1.0% on food & beverage, proceeds to be used for operations of city parks, providing public safety and downtown business attraction. Effective day following enactment (DFE) General Fund - No State Impact	0	0	0	0	0	0