

June 16, 2020

| | Yes | No |
|-------------------------------------|-----|----|
| DOR Administrative Costs/Savings | X | |

Department of Revenue
Analysis of H.F. 87 (Her) As Proposed to be Amended

The bill creates the Metropolitan Area Redevelopment Corporation to identify and address adverse impacts of racial discrimination and poverty in the metropolitan area. A tax would be imposed in the seven metropolitan counties at the rate of 0.125%. Revenue from the tax would be directed to the Metropolitan Area Redevelopment Corporation beginning on January 1, 2021.

The counties impacted are Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. The seven counties have a county transit tax. The tax rate in Anoka, Dakota, and Washington is 0.25% and the rate is 0.5% in the other counties. Hennepin also has a non-transit county tax of 0.15%.

The proposed law change provides for a reverse referendum whereby a petition signed by 20% of the voters at the last state general election would require voter approval at the November 3, 2020 general election. If none of the counties are excluded from the tax imposition, based on the May 2020 interim budget projection, the tax of 0.125% in the seven metropolitan counties is estimated to generate \$59.3 million for twelve months of collections in calendar year 2021.

The bill would have no impact on state taxes.

Source: Minnesota Department of Revenue
Tax Research Division
[https://www.revenue.state.mn.us/
revenue-analyses](https://www.revenue.state.mn.us/revenue-analyses)

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