

April 30, 2020

**PROPERTY TAX
LGA penalty forgiveness Sargeant**

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of H.F. 4196 (Poppe) as proposed to be amended by H4196DE1

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

Effective the day following final enactment.

EXPLANATION OF THE BILL

The bill would allow the city of Sargeant in Mower County to receive payment for the amount of its 2019 Local Government Aid (LGA) that was withheld for failing to meet financial reporting requirements with the state auditor. Up to \$9,280 of the current LGA appropriation would be available for the payment to be made before the end of fiscal year 2020 by June 30, 2020.

For aid payable year 2020, the city of Sargeant's first half LGA payment would be withheld until the city filed its 2018 and 2019 financial reports with the state auditor. If the financial reports are not filed by December 1, 2020 the city would receive no LGA payment for the 2020 payable year.

REVENUE ANALYSIS DETAIL

- Under the proposal there would be no additional costs to the state general fund in fiscal year 2020 because the money for payment is already appropriated for LGA. Any unpaid LGA payment would not cancel to the state general fund until after June 30, 2020.
- It is assumed that the city of Sargeant would submit its 2018 and 2019 financial reports with the state auditor by the December 1, 2020 deadline and receive its LGA payment for 2020. If the city did not meet financial reporting requirements, its LGA payment for 2020 would cancel to the state general fund.

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

<i>Transparency, Understandability, Simplicity & Accountability</i>	Neutral
<i>Efficiency & Compliance</i>	Decrease Forgiven 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
www.revenue.state.mn.us/research_stats/pages/revenue-analyses.aspx

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