

PROPERTY TAX
Local Homeless Prevention Aid
established

March 16, 2021

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue
 Analysis of H.F. 1791 (Gomez) as introduced

	Fund Impact			
	FY2022	FY2023	FY2024	FY2025
	(000's)			
Local Homeless Prevention Aid Appropriation	\$0	(\$55,000)	(\$55,000)	(\$55,000)
Property Tax Refund Interaction	\$0	\$1,410	\$1,410	\$1,410
Income Tax Interaction	\$0	\$570	\$570	\$570
General Fund	\$0	(\$53,020)	(\$53,020)	(\$53,020)

Effective beginning with aids payable in 2022 and thereafter.

EXPLANATION OF THE BILL

The bill creates a new state aid program targeted at preventing homelessness for children. The annual appropriation of \$55 million would be allocated to counties based on each county's statewide share of students experiencing homelessness and used to fund family homeless prevention and assistance projects.

REVENUE ANALYSIS DETAIL

- The state aid payments to counties would first be made in calendar year 2022, increasing state general fund costs beginning in FY2023.
- Based on the most recent data on student homelessness, aid amounts would range from \$0 for 11 counties up to \$14.4 million to Hennepin County.
- It is assumed that counties receiving an increase in aid would reduce property tax levies by a portion of the increase. Lower levies will reduce property taxes on all property.
 - Lower property taxes will result in lower homeowner property tax refunds, reducing costs to the state general fund.
 - Lower property taxes will result in lower income tax deductions, increasing revenues to the state general fund.

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

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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.