

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 242 **DATE:** March 8, 2007
Version: As introduced
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Subject: Aid payments to taxing jurisdictions in Mahnomen County
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Overview

The White Earth Band of Chippewa Indians applied to the U.S. Department of Interior to put the Shooting Star Casino, located in the city of Mahnomen, into trust status, which would have removed it from the property tax rolls. The county and state have filed an appeal and the property remains on the tax rolls pending the appeal. The property is a significant part of the tax base in the area.

Although this property is still subject to property taxes, the tribe did not pay the property taxes for taxes payable in 2006 on the casino, bingo palace, and convention center. The 2006 omnibus tax bill (Laws 2006, chapter 259, article 11, section 3) appropriated \$450,000 to Mahnomen County, \$80,000 to the city of Mahnomen, and \$70,000 to the Mahnomen School District No. 432 for the unpaid taxes for 2006.

Since there is a one-year lag between when property is removed from the tax rolls and the recognition of the tax base loss for school levy and aids, and city LGA purposes, an adjustment was authorized in Pay 2007 for city aid and school levy aid calculation, based on the assumption that the property would be exempted in 2006. However, because the property was not exempted the school adjustment was never made.

The appeal is still pending and the property remains on the tax rolls for taxes payable in 2007. It appears that the tribe does not intend to pay the 2007 taxes.

Section

Hence, a shortfall exists for the local governments and the problem in aid and levy calculations has now been moved to 2008 or later.

This bill attempts to address the property tax and aid problems that arise pending this appeal and address losses to certain local governments where aid (i.e., school and LGA) does not fill in the potential revenues lost.

Section

- 1 **City aid base (LGA).** Makes permanent the \$70,000 increase in city LGA that the city of Mahnomen is getting in Pay 2007. Originally this adjustment was one-time and meant to address the shortfall caused by a one-year lag between when the land is exempted and when the tax base loss is recognized in the city LGA formula.
- 2 **Mahnomen County; county, city, school district, property tax reimbursement.**

Subd. 1. Aid Appropriation. Permanently provides extra annual aid payments of \$450,000 to Mahnomen County, \$80,000 to the city of Mahnomen and \$70,000 to the Mahnomen School District No. 432. This provision originally provided a payment in calendar year 2006 only, to compensate the taxing districts for lost tax revenue on the disputed property.

Subd. 2. School district base adjustment. Makes permanent the tax base adjustment used in calculating school district levies for the Mahnomen School District. Originally this adjustment was intended to address Pay 2007 but was not made. It needs to be made for subsequent years when the land is exempted.