HOUSE RESEARCH ______ Bill Summary __

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Authors:	Loon and others
Subject:	Authorizing study of Fiscal Disparities program
Analyst:	Steve Hinze, 651-296-8956 Karen Baker, 651-296-8959

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Overview

H.F. 3638 provides for a study of the effects of the fiscal disparities program, to be conducted by the commissioner of revenue. The study is funded with \$100,000 derived from a uniform reduction of each jurisdiction's distribution from the areawide pool, so that the areawide tax rate is the same as it would be absent the study.

Section

1 Fiscal disparities study. Requires the commissioner of revenue to conduct a study of the fiscal disparities program to be completed by February 1, 2012. The study is to analyze:

(1) how benefits of economic growth are shared throughout the region, especially with regard to growth resulting from state or regional decisions;

(2) the program's impact on the variability of tax rates throughout the region;

(3) the program's impact on the distribution of homestead property tax burdens within the region; and

(4) the relationship between the impacts of the program and overburden on jurisdictions containing properties that provide regional benefits.

The study is also to include a brief description of other property tax, aid, and local development programs that interact with the fiscal disparities program.

Effective July 1, 2010.

2 Funding of study.

Subdivision 1. Fiscal disparities distribution levy reduction. Provides that for taxes payable in 2011 only, each taxing jurisdiction's fiscal disparities distribution

levy is reduced by whatever uniform percentage is necessary to reduce the overall distribution levy by \$100,000.

Subd. 2. Supplemental fiscal disparities levy. Requires the administrative auditor to levy an additional \$100,000 on the areawide pool for taxes payable in 2011 only to pay for the study required under section . [The net effect of subdivisions 1 and 2 is that the areawide tax rate is the same as it would be without this bill. The study is paid for by each jurisdiction receiving a slightly smaller distribution than they otherwise would, so that each jurisdiction's tax rate is slightly higher. It is effectively paid for by all taxpayers across the metro area.]

Effective for taxes payable in 2011 only.