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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **1924**

March 12, 2007

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The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to property taxation; requiring the commissioner of revenue to conduct a
1.3 study of the metropolitan fiscal disparities program; appropriating money.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. **FISCAL DISPARITIES STUDY.**

1.6 Subdivision 1. Study required. The commissioner of revenue must conduct a study
1.7 of the metropolitan revenue distribution program contained in Minnesota Statutes, chapter
1.8 473F, commonly known as the fiscal disparities program. On or before February 1, 2008,
1.9 the commissioner shall make a report to the chairs of the house and senate tax committees
1.10 consisting of the findings of the study and any recommendations resulting from the study.

1.11 The study shall consider to what extent the program is meeting the following goals,
1.12 and what changes could be made to the program in the furtherance of meeting those goals:

1.13 (1) reducing the extent to which the property tax encourages development patterns
1.14 that do not make cost-effective use of public infrastructure or impose other high public
1.15 costs;

1.16 (2) ensuring that the benefits of economic growth of the region are shared throughout
1.17 the region, especially for growth that results from state and/or regional decisions;

1.18 (3) improving the ability of each jurisdiction within the region to deliver services at
1.19 a level commensurate with its tax effort;

1.20 (4) compensating jurisdictions containing properties that provide regional benefits
1.21 for the costs those properties impose on their host jurisdictions in excess of their tax
1.22 payments;

1.23 (5) promoting a fair distribution of property tax burdens across jurisdictions of
1.24 the region; and

2.1 (6) reducing the economic losses that result from competition among communities
2.2 for commercial-industrial tax base.

2.3 Subd. 2. **Appropriation.** \$50,000 is appropriated to the commissioner of revenue
2.4 from the general fund in fiscal year 2008 to conduct the study required under subdivision 1.

2.5 **EFFECTIVE DATE.** This section is effective July 1, 2007.