

**PROPERTY TAX
LGA Penalty Forgiveness Stewart**

February 12, 2025

Department of Revenue
Analysis of S.F. 1108 (Gruenhagen) / H.F. 146 (Gillman) as introduced

	Yes	No
DOR Administrative Costs/Savings		X

Fund Impact

	F.Y. 2025	F.Y. 2026	F.Y. 2027	F.Y. 2028	F.Y. 2029
	(000's)				
General Fund	(\$88)	\$0	\$0	\$0	\$0

Effective the day following final enactment.

EXPLANATION OF THE BILL

The bill would allow the city of Stewart to receive payment for the portion of its 2023 Local Government Aid (LGA) payment withheld for failing to meet financial reporting requirements with the state auditor. The city must have filed its financial reports for 2022 by June 1, 2025.

A onetime appropriation from the general fund is provided in fiscal year 2025 for a payment of \$87,501.50 to be made by June 30, 2025.

REVENUE ANALYSIS DETAIL

- Under current law, unpaid LGA payments cancel to the state general fund.
- The bill provides a onetime appropriation for payment of the withheld amount at a cost to the state general fund.
- The city of Stewart would receive a payment of \$87,501.50 in FY 2025.

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

<i>Transparency, Understandability, Simplicity & Accountability</i>	Neutral	
<i>Efficiency & Compliance</i>	Neutral	Forgiving 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
<https://www.revenue.state.mn.us/revenue-analyses>

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