

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

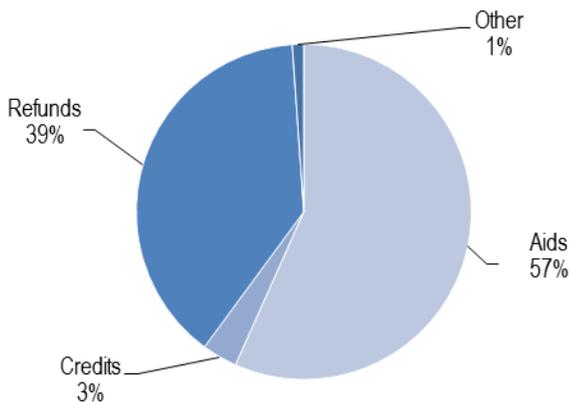
- In 2015 the Department of Revenue paid:
- \$912 million in aids to local governments
- \$625 million in property tax refunds to about 850,000 individuals
- \$54 million in credits to reduce individuals' and businesses' property taxes
- \$18 million in other programs

**PURPOSE**

Property taxes are a primary source of funding for local governments. Property tax amounts are not linked to ability to pay and can be a significant cost relative to income for some taxpayers. Property Tax Aid, Credit and Refund programs administered by the Department of Revenue provide direct property tax relief to individual taxpayers and funding to local governments, including cities and counties.

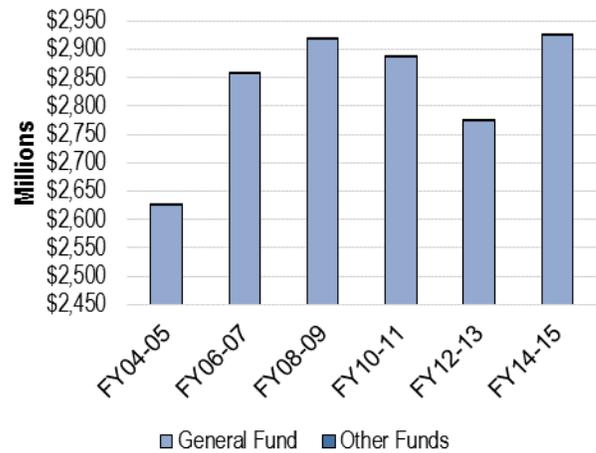
**BUDGET**

**Spending by Category  
FY 15 Actual**



Source: BPAS

**Historical Spending**



Source: Consolidated Fund Statement

The Department of Revenue administers three dozen Property Tax Aid, Credit and Refund programs that make payments to individual taxpayers and local governments. In 2015, we disbursed \$1.6 billion in general fund dollars through four types of programs:

- aids paid to local government to help them fund local services
- credits that reduce the amount of property taxes individuals pay
- refunds that provide individuals direct relief for taxes already paid
- other programs such as the senior citizen property tax deferral program and tax refund interest payments.

**STRATEGIES**

Property Tax Aid, Credit and Refund programs:

- Target property tax relief based on income and ability to pay
- Provide aid to local governments and property tax relief to individuals to help make the services provided by local governments more affordable
- Address sudden increases in property taxes
- Encourage behavior which the state deems beneficial to achieving statewide outcomes.

**Program:** Tax Aids, Credits, and Refunds

**Activity:** Homestead Credit Refund

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

For 2014:

- 485,000 homeowners received refunds
- The average refund was \$838

**PURPOSE & CONTEXT**

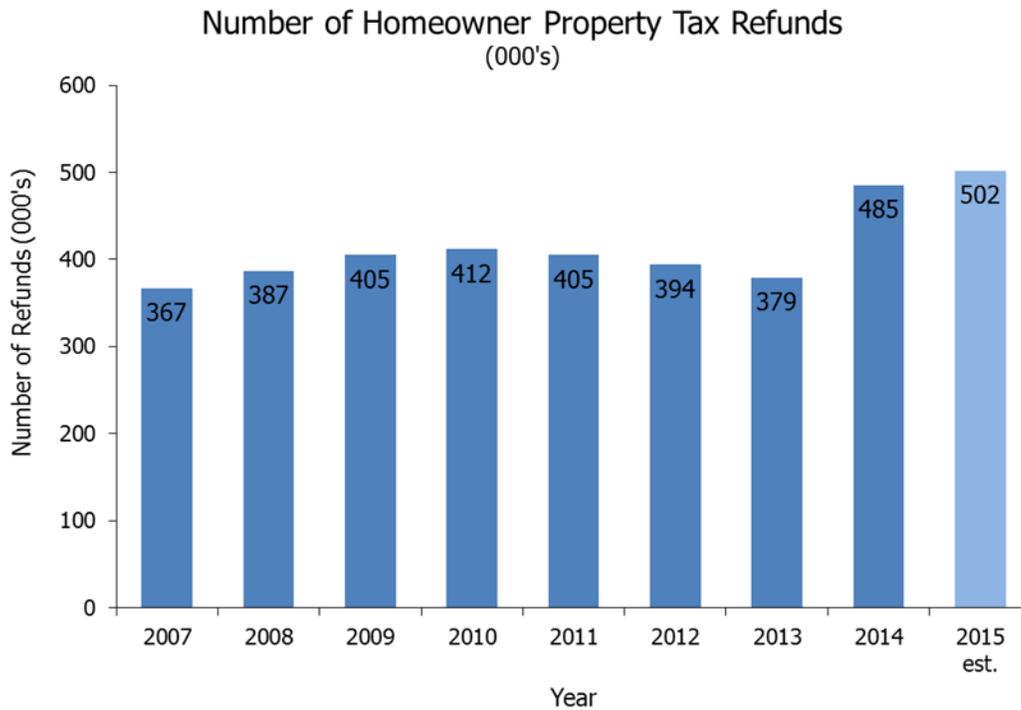
Property taxes account for a high share of household income for some taxpayers. The homestead credit refund for homeowners program is designed to provide relief to households that pay high property taxes relative to their household income.

Funding source: State General Fund

**SERVICES PROVIDED**

The program provides property tax relief to homeowners based on an income definition of ability to pay. If property tax exceeds a threshold percentage of income, the refund equals a percentage of the tax over the threshold, up to a maximum amount.

**RESULTS**



Property taxes are less regressive for households with lower incomes because of the property tax refunds (PTR).

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Suits index - homeowner property taxes before PTR	-0.176	-0.202	2010 – 2012
Quality	Suits index - homeowner property taxes after PTR	-0.133	-0.161	2010 – 2012
Results	Reduction in regressivity due to PTR	24%	20%	2010 – 2012

Performance Measure Notes:

The Suits index is a summary measure of tax progressivity or regressivity. A progressive tax is one in which the effective tax rate rises as income rises. A regressive tax is one in which the effective tax rate falls as income rises. A proportional tax has a Suits index equal to zero; a progressive tax has a positive index number in the range between 0 and +1; a regressive tax has a negative value between 0 and -1.

The Suits index compares the 2013 Tax Incidence Study based on calendar year 2010 property taxes and refunds (previous) with the most recently available 2015 Tax Incidence Study based on calendar year 2012 property taxes and refunds (current).

Homeowner property taxes become less regressive after the property tax refund.

Law changes in 2013 and 2014 increased the amount of refunds paid to homeowners by increasing the number of homeowners eligible and the average refund paid.

For additional information, visit the Revenue Department website ([www.revenue.state.mn.us](http://www.revenue.state.mn.us)) and search 'property tax refund'.

**Legal Citation:** M.S. 290A.04 Subd. 2 establishes the Homestead Credit Refund program. It was amended by: Laws 2013, Chapter 143, Article 1; and Laws 2014, Chapter 308, Article 1, Section 16. [www.revisor.mn.gov/statutes/?id=290A](http://www.revisor.mn.gov/statutes/?id=290A).

**Program:** Tax Aids, Credits, and Refunds  
**Activity:** Renter Property Tax Refund

<http://www.revenue.state.mn.us/>

**AT A GLANCE**

For 2014:

- 349,000 renters received refunds
- The average refund was \$646.

**PURPOSE & CONTEXT**

Property taxes account for a high share of income for some taxpayers. The renter property tax refund program is designed to provide relief to renters that pay high property taxes relative to their income.

Funding source: State General Fund

**SERVICES PROVIDED**

The program provides property tax relief to renters based on an income definition of ability to pay. If property tax exceeds a threshold percentage of income, the refund equals a percentage of the tax over the threshold, up to a maximum amount. Property tax for renters is defined as 17% of rent paid.

**RESULTS**



Property taxes are less regressive for renters with lower incomes due to property tax refunds (PTR).

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Suits index – renter property taxes before PTR	-0.277	-0.282	2010 – 2012
Quality	Suits index – renter property taxes after PTR	-0.148	-0.118	2010 – 2012
Results	Reduction in regressivity due to PTR	47%	58%	2010 – 2012

Performance Measure Notes:

The Suits index is a summary measure of tax progressivity or regressivity. A progressive tax is one in which the effective tax rate rises as income rises. A regressive tax is one in which the effective tax rate falls as income rises. A proportional tax has a Suits index equal to zero; a progressive tax has a positive index number in the range between 0 and +1; a regressive tax has a negative value between 0 and -1.

The Suits index compares the 2013 Tax Incidence Study based on calendar year 2010 property taxes and refunds (previous) with the most recently available 2015 Tax Incidence Study based on calendar year 2012 property taxes and refunds (current).

Rental housing property taxes become less regressive after the property tax refund. The 47% reduction in regressivity in the 2010 base year is lower due to a one-time unallotment that reduced renter property tax refunds.

Law changes in 2013 and 2014 increased the amount of refunds paid to homeowners by increasing the number of renters eligible and the average refund paid.

For additional information, visit the Revenue Department website ([www.revenue.state.mn.us](http://www.revenue.state.mn.us)) and search 'property tax refund'.

Use **Legal Citation:** M.S. 290A.04 Subd. 2a establishes the Renter Property Tax Refund program. It was amended by: Laws 2013, Chapter 143, Article 1; and Laws 2014, Chapter 308, Article 1, Section 16. [www.revisor.mn.gov/statutes/?id=290A](http://www.revisor.mn.gov/statutes/?id=290A)

Program: Tax Aids, Credits, and Refunds

Activity: Special Property Tax Refund

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2015:

- 59,000 homeowners received a special refund
- The average refund was \$88

**PURPOSE & CONTEXT**

Large increases in property taxes can lead to financial strain for households. The special property tax refund program provides relief to property owners who have a large increase in property taxes due to economic conditions, property tax policy changes, or other factors.

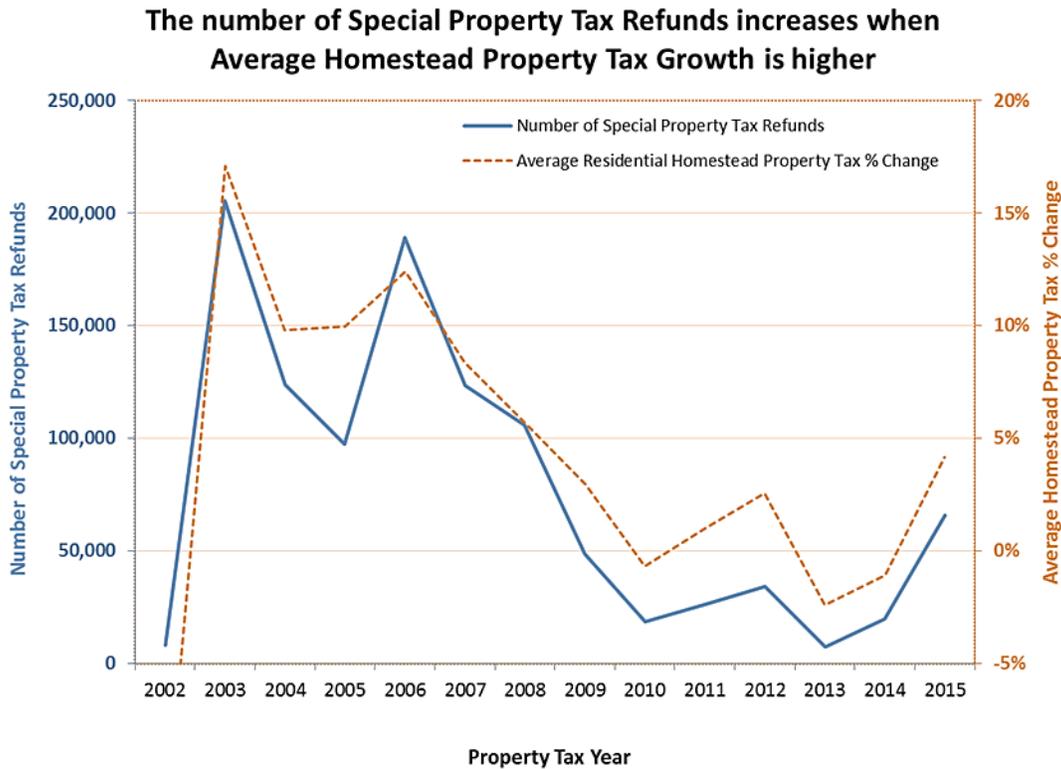
Funding Source: State General Fund

**SERVICES PROVIDED**

Homesteads experiencing an increase in property tax of at least 12% and \$100 are eligible for a refund of 60% of the increase above 12%. The maximum refund is \$1,000.

**RESULTS**

The chart shows that the number of special property tax refunds increases when average residential homestead property tax growth is higher.



Property taxes are more predictable and affordable for households by reducing significant annual increases.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Annual special refunds processed	7,000	66,000	2013 - 2015

**Performance Measure Notes:**

Results from year to year can be highly variable. Since 2006, the average annual number of special refunds processed is 55,000. The average refund has ranged from \$38 to \$132. In recent years, the number of special refunds has been lower due to slower growth in residential homestead property taxes.

Annual refunds processed compares taxes payable year 2013 (previous) to 2015 (current).

For additional information, visit the Revenue Department website ([www.revenue.state.mn.us](http://www.revenue.state.mn.us)) and search 'property tax refund'.

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**Legal Citation:** M.S. Chapter 290A establishes the Special Property Tax Refund program.  
[www.revisor.mn.gov/statutes/?id=290A](http://www.revisor.mn.gov/statutes/?id=290A).

**Program:** Tax Aids, Credits, and Refunds  
**Activity:** Sustainable Forest Incentive Payment

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2015:

- 2,400 forest land owners received an incentive payment
- The average incentive payment was \$2,205

**PURPOSE & CONTEXT**

Property taxes can represent a significant cost for forested property that can discourage long-term forest management investments. The Sustainable Forest Incentive Act provides payments to owners of forest land to encourage sustainable forest management.

Funding source: State General Fund

**SERVICES PROVIDED**

An owner of forest land who meets all qualifications of the Sustainable Forest Incentive Act is eligible for a payment for the enrolled acres. The annual payment is set by statute as \$7 per acre.

**RESULTS**

The payments encourage forest land owners to make long-term commitments to sustainable forest management by reducing the costs of holding land in an undeveloped state.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Acres of forest land enrolled	743,000	756,000	2013 – 2015

**Performance Measure Notes:**

Acres of forest land enrolled compares calendar year 2013 (previous) to 2015 (current).

The average incentive payment decreased from \$2,242 in 2013 to \$2,205 in 2015.

For additional information, visit the Revenue Department website ([www.revenue.state.mn.us](http://www.revenue.state.mn.us/)) and search 'sustainable forest'.

**Legal Citation:** M.S. Chapter 290C establishes the Sustainable Forest Incentive Payment. It was amended by Laws 2013, Chapter 143, Article 2, Sections 2-5. [www.revisor.mn.gov/statutes/?id=290C](http://www.revisor.mn.gov/statutes/?id=290C).

**Program: Tax Aids, Credits, and Refunds**  
**Activity: Local Government Aid to Cities**

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2016:

- 768 cities out of 852 receive Local Government Aid
- Payments were increased \$2.5 million from the previous year

**PURPOSE & CONTEXT**

Cities across the state have varying service needs and revenue sources. Local Government Aid payments to cities provide general support for services and reduce property tax burdens on homeowners and businesses.

Funding source: State General Fund

**SERVICES PROVIDED**

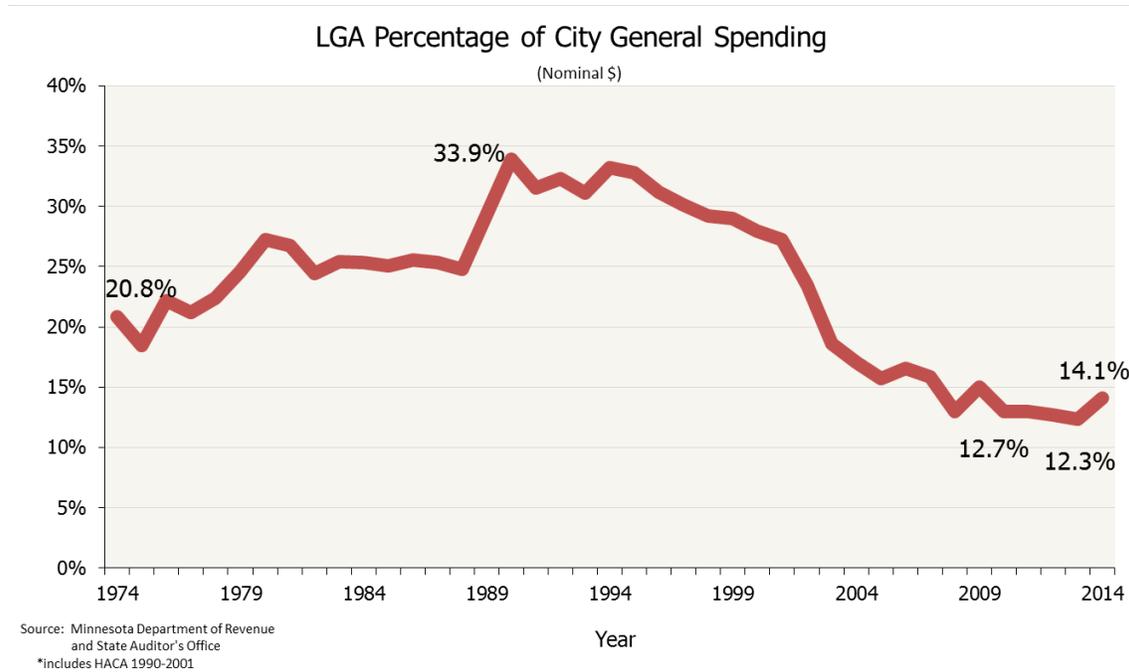
Local Government Aid (LGA) is a general purpose aid to cities that can be used for any lawful purpose. It is also used for property tax relief by reducing the amount of revenue that is collected locally.

The LGA formula has changed many times since enacted in 1971. The current formula measures city need with factors including population and age of housing and compares this to a city’s ability to pay measured by local property values. The formula attempts to target aid to those cities with the lowest property values and highest need.

**RESULTS**

Cities across the state are more able to offer their residents comparable services at a similar tax cost.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percentage of cities receiving LGA	85%	90%	2012 – 2014
Quantity	LGA percentage of city spending	12.7%	14.1%	2012 – 2014



**Performance Measure Notes:**

Percentage of cities receiving LGA compares payable year 2012 (previous) to 2014 (current).

LGA percentage of city spending is based on State Auditor city finance reports for 2012 and 2014 and computes LGA as a percentage of total current expenditures. 2014 is the most recent auditor data available.

The city LGA formula was changed beginning for aid payable year 2014. The appropriation was increased by \$80 million. Over 90% of cities now receive LGA.

For additional information, visit the Revenue Department website ([www.revenue.state.mn.us](http://www.revenue.state.mn.us)) and search 'LGA'.

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**Legal Citation:** M.S. Chapter 477A establishes the Local Government Aid program. It was amended by: Laws 2013, Chapter 143, Article 2, Sections 7-12 and 14-18; and Laws 2014, Chapter 308, Article 1, Sections 5-6.  
[www.revisor.mn.gov/statutes/?id=477A](http://www.revisor.mn.gov/statutes/?id=477A).

**Program:** Tax Aids, Credits, and Refunds

**Activity:** County Program Aid

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2016:

- All 87 counties received County Program Aid
- Payments were decreased \$1.5 million from the previous year

**PURPOSE & CONTEXT**

Counties across the state have varying services needs and revenue sources. County Program Aid payments provide general support for services and reduce property tax burdens for homeowners and businesses.

Funding source: State General Fund

**SERVICES PROVIDED**

County Program Aid (CPA) is a general purpose aid to counties that can be used for any lawful purpose. It is also used for property tax relief by reducing the amount of revenue collected locally.

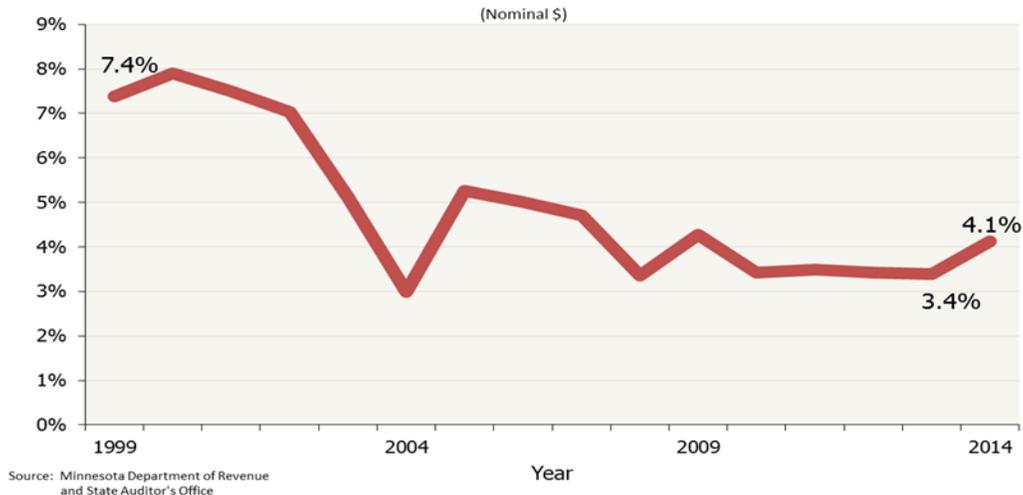
The CPA appropriation is divided into two main pots: (1) need aid and (2) tax base equalization aid. The need aid is distributed based on a county’s measure of crime rate, poverty, and population. The tax base equalization aid is distributed based on a county’s population and property values. The formula provides aid to those counties with the highest need and lowest property values.

**RESULTS**

Counties across the state are more able to offer their residents comparable services at a similar tax cost.

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Percentage of counties receiving CPA - Need Aid	100%	100%	2012 – 2014
Quantity	Percentage of counties receiving CPA - Tax Base Equalization Aid	91%	82%	2012 – 2014
Results	CPA percentage of county spending	3.4%	4.1%	2012 – 2014

CPA Percentage of County General Spending



**Performance Measure Notes:**

Percentage of counties receiving CPA compares payable year 2012 (previous) to 2014 (current).

CPA percentage of county spending is based on State Auditor county finance reports for 2012 and 2014 and computes CPA as a percentage of total current expenditures. 2014 is the most recent auditor data available.

The CPA appropriation was decreased by \$1.5 million in 2016. This will not change the percentage of counties receiving aid.

Prior to 2004, the previous county aid programs were Family Preservation Aid, County Criminal Justice Aid, Homestead and Agricultural Credit Aid (HACA), and Attached Machinery Aid.

For additional information, visit the Revenue Department website ([www.revenue.state.mn.us](http://www.revenue.state.mn.us)) and search 'CPA'.

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**Legal Citation:** M.S. Chapter 477A establishes the County Program Aid program. It was amended by: Laws 2013, Chapter 143, Article 2, Section 19; Laws 2014, Chapter 150, Article 4, Section 6; and Laws 2014, Chapter 308, Article 1, Section 13. [www.revisor.mn.gov/statutes/?id=477A](http://www.revisor.mn.gov/statutes/?id=477A).

**Program:** Tax Aids, Credits, and Refunds

**Activity:** Disparity Reduction Aid

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2016:

- 15% of 6,178 taxing areas received Disparity Reduction Aid
- The average aid payment was \$19,277

**PURPOSE & CONTEXT**

Tax reform in 1988 caused higher tax rates in some areas. Disparity Reduction Aid (DRA) provides aid to areas that received this aid in 1989 and continue to have a tax rate above 90% today.

Funding source: State General Fund

**SERVICES PROVIDED**

Disparity Reduction Aid was first paid in 1989 and continues to provide aid to some counties, school districts, and townships. Taxing areas that had a combined local tax rate above 90% of their net tax capacity in 1989 received DRA.

Today, a taxing area can only receive DRA if it received DRA in 1989, and still has a tax rate above 90%.

**RESULTS**

Taxing areas that received this aid in 1989 and continue to have a tax rate above 90% receive state assistance to help reduce property tax rates.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of taxing areas receiving DRA	930	937	2014 – 2016
Quantity	Number of taxing areas with a tax rate above 90%	2,927	2,921	2014 – 2016
Quantity	Percentage of taxing areas with a tax rate above 90% that receive DRA	32%	32%	2014 – 2016

**Performance Measures Notes:**

The percentage of taxing areas receiving DRA compares payable year 2014 (previous) to 2016 (current).

A taxing area is a geographic area that has the same county, school district, municipality, and special taxing districts. There are over 6,000 taxing areas in Minnesota.

Currently, 32% of taxing areas with a tax rate above 90% receive DRA. This is because aid distributions are based on the original 1989 calculations.

Fifteen percent of all taxing areas received DRA in both 2014 and 2016. The average aid payment decreased from \$19,375 in 2014 to \$19,277 in 2016.

For additional information, visit the Revenue Department website ([www.revenue.state.mn.us](http://www.revenue.state.mn.us)) and search 'DRA'.

**Legal Citation:** M.S. 273.1398 establishes Disparity Reduction Aid. [www.revisor.mn.gov/statutes/?id=273.1398](http://www.revisor.mn.gov/statutes/?id=273.1398).

**Program:** Tax Aids, Credits, and Refunds

**Activity:** Casino Aid to Counties

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2016:

- 15 counties received Casino Aid
- The average aid payment was \$102,000

**PURPOSE & CONTEXT**

Increased service demands from tax-exempt property can lead to financial strain for local governments. Casino Aid provides a state payment to counties where an Indian reservation is located in the county, the tribes operate a casino, and state taxes are collected under a tax agreement with the tribe.

Funding source: State General Fund

**SERVICES PROVIDED**

County Casino Aid is equal to 5% of taxes collected from the Indian reservation under a tax agreement

**RESULTS**

The fiscal impacts of tax-exempt tribal-owned casinos are reduced for local governments.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of Counties Receiving Casino Aid	12	15	2014 – 2016

**Performance Measures Notes:**

Number of counties receiving casino aid compares calendar year 2014 (previous) to 2016 (current).

The average aid payment decreased from \$105,000 in 2014 to \$102,000 in 2016.

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Legal Citation: M.S. 270C.19 establishes Casino Aid. ([www.revisor.mn.gov/statutes/?id=270C.19](http://www.revisor.mn.gov/statutes/?id=270C.19)).

**Program:** Tax Aids, Credits, and Refunds

**Activity:** Utility Transition Aid

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2016:

- 4 cities and towns receive Utility Valuation Transition Aid
- The average aid payment is \$93

**PURPOSE & CONTEXT**

Large reductions to tax base can lead to financial strain for local governments. Utility Valuation Transition Aid provides aid to cities and towns that lost tax base due to a change in the rule for valuing utility property.

Funding source: State General Fund

**SERVICES PROVIDED**

Utility Valuation Transition Aid was first paid in calendar year 2009 to 43 cities and towns with tax base reductions greater than 4% due to a 2007 utility valuation rule change. The aid will continue for each qualifying municipality until the current value of utility property exceeds its 2007 value under the old rule.

**RESULTS**

Local tax rates in jurisdictions receiving aid are lower than they would be without the aid, and the aid phases out as tax base returns to previous assessment levels.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of eligible cities and towns where the current utility tax base remains lower than the 2007 amount.	3	4	2014 – 2016

**Performance Measures Notes:**

Number of eligible cities and towns compares aid payable year 2014 (previous) to 2016 (current).

Due to decreases in utility property values, some cities and towns that no longer received transition aid became eligible for aid again.

For additional information, visit the Revenue Department website ([www.revenue.state.mn.us](http://www.revenue.state.mn.us/)) and search 'UVTA'.

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**Legal Citation:** M.S. 477A.16 establishes Utility Value Transition Aid. [www.revisor.mn.gov/statutes/?id=477A.16](http://www.revisor.mn.gov/statutes/?id=477A.16).

**Program:** Tax Aids, Credits, and Refunds

**Activity:** State Taconite Aid

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2015:

- The state general fund paid 22 cents per ton (\$8.7 million) to the taconite production distribution fund

**PURPOSE & CONTEXT**

Large decreases to tax base can lead to financial strain for local governments. State Taconite Aid provides revenue to compensate for reduced taconite production occurring in certain areas since 2001.

Funding source: State General Fund

**SERVICES PROVIDED**

Taconite production decreased 30% in 2001 primarily due to the closure of the LTV Steel Mining Company plant in Hoyt Lakes.

Beginning in 2001, state aid was provided to the production tax fund to be distributed like production tax revenues. Production tax revenues are distributed to various local governments, development agencies and for property tax relief to taxpayers within the taconite assistance area.

The state taconite aid contribution was equal to 33 cents per taxable ton of iron ore concentrates for production year 2001, and 22 cents per taxable ton of iron ore concentrates for production years 2002 and thereafter.

**RESULTS**

The potential fiscal impacts of the 2001 decrease in taconite production are reduced.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Taconite Production as a Percentage of Base Year 2000 Production	70%	86%	2000 – 2014

**Performance Measures Notes:**

Base year 2000 production is for the calendar year.

Taconite production percentage compares calendar year 2000 (previous) to calendar year 2014 (current).

After dropping 30% between 2000 and 2001, taconite production is more than halfway back to pre-2001 levels.

The state taconite aid contribution accounted for 7.8% of total production tax distributions in 2015.

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**Legal Citation:** M.S. 298.285 establishes State Taconite Aid. [www.revisor.mn.gov/statutes/?id=298.285](http://www.revisor.mn.gov/statutes/?id=298.285).

**Program:** Tax Aids, Credits, and Refunds  
**Activity:** Payment in Lieu of Taxes (PILT)

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2015:

- 8.5 million acres of natural resources land were enrolled in Payment in Lieu of Taxes (PILT) program
- All 87 counties received a PILT payment, with 16 counties receiving payments of at least \$500,000

**PURPOSE & CONTEXT**

Loss of tax base when land becomes exempt can lead to financial strain for local governments. PILT payments provide compensation to local governments for the property taxes lost when the Department of Natural Resources acquires land for the state.

Funding source: State General Fund

**SERVICES PROVIDED**

The state makes payments in lieu of taxes primarily to counties for certain natural resource and wildlife management lands. Counties are responsible for distributing any PILT payments to townships, cities, and schools.

**RESULTS**

The potential fiscal impacts of tax-exempt state-owned land are reduced for local governments.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Acres of Natural Resources Land in PILT	8.50 million	8.52 million	2013 – 2015

**Performance Measures Notes:**

Acres of natural resources land compares calendar year 2013 (previous) to 2015 (current)

For additional information, visit the Revenue Department website ([www.revenue.state.mn.us](http://www.revenue.state.mn.us/)) and search 'PILT'.

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**Legal Citation:** M.S. 477A.11 through 477A.145 establish Payments in Lieu of Taxes. The program was amended by: Laws 2013, Chapter 143, Article 2, Sections 22-32; and Laws 2014, Chapter 308, Article 1, Sections 7-9.  
[www.revisor.mn.gov/statutes/?id=477A.11](http://www.revisor.mn.gov/statutes/?id=477A.11).

**Program:** Tax Aids, Credits, and Refunds

**Activity:** Township Aid

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2016:

- 1,782 townships received Township Aid
- The average aid amount was \$5,612

**PURPOSE & CONTEXT**

Township governments received Local Government Aid from the state until 2001. A 2013 law created a new aid program to help townships fund their services.

Funding source: State General Fund

**SERVICES PROVIDED**

Township Aid is a general purpose aid to townships that can be used for any lawful purpose. It is also used for property tax relief by reducing the amount of revenue collected locally. Aid payments are determined through a formula that considers the size of the township, its population, and the share of its property value that is farms and cabins.

**RESULTS**

Townships across the state are more able to offer their residents affordable services.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Township Aid percentage of township spending	0%	4.0%	2012 – 2014

**Performance Measures Notes:**

Township Aid percentage of township spending is based on State Auditor township finance reports for 2012 and 2014 and computes Township Aid as a percentage of total current expenditures. 2014 is the most recent auditor data available and was the first year of Township Aid.

For additional information, visit the Revenue Department website ([www.revenue.state.mn.us](http://www.revenue.state.mn.us/)) and search 'township aid'.

**Legal Citation:** 2013 Laws, Chapter 143, Article 2, Sections 13 and 20, amending M.S. 477A.

<https://www.revisor.mn.gov/laws/?year=2013&type=0&doctype=Chapter&id=143>.

**Program: Tax Aids, Credits, and Refunds**

**Activity: Aquatic Invasive Species Aid**

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2016:

- There were 669 Minnesota waters infested with invasive species
- 83 Minnesota counties received this aid

**PURPOSE & CONTEXT**

Invasive species not native to Minnesota can cause harm to the environment, the economy, and human health. Aquatic Invasive Species Aid assists counties in preventing or limiting the spread of invasive species in Minnesota waters.

Funding source: State General Fund

**SERVICES PROVIDED**

Created in 2014, Aquatic Invasive Species Prevention Aid is distributed to counties based on their share of the statewide total for watercraft trailer launches and watercraft trailer parking spaces.

**RESULTS**

Aquatic Invasive Species Prevention Aid provides funds to limit the spread of invasive species.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of Minnesota waters infested	596	669	2014 – 2016

**Performance Measures Notes:**

Number of infested waters compares calendar year 2014 (previous) to 2016 (current), as of January 1.

For additional information, visit the Revenue Department website ([www.revenue.state.mn.us](http://www.revenue.state.mn.us/)) and search 'invasive species'.

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**Legal Citation:** M.S. 477A.19 establishes the Aquatic Invasive Species Prevention Aid program.

[www.revisor.mn.gov/statutes/?id=477A.19](http://www.revisor.mn.gov/statutes/?id=477A.19).

**Program:** Tax Aids, Credits, and Refunds  
**Activity:** Production Property Transition Aid

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2016:

- 3 cities and towns received Production Property Transition Aid
- The average aid payment is \$42,000

**PURPOSE & CONTEXT**

Property tax law changes can sometimes reduce the amount of tax base available to local governments. Production Property Transition Aid provides temporary aid for cities and towns that lost tax base due to a change in the method to value certain production facilities.

Funding source: State General Fund.

**SERVICES PROVIDED**

Production Property Transition Aid provides transitional aid for cities and towns with tax base reductions greater than 5% due to a change in the way ethanol, dairy, brewery, wine and distillery properties are valued for property tax purposes. The aid was first paid in 2016 and phases out over five years.

**RESULTS**

Local tax rates in jurisdictions receiving aid are lower than they would be without the aid.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of cities and towns receiving aid	N/A	3	2016

**Performance Measures Notes:**

Number of eligible cities and towns shows aid payable year 2016, which was the first year of the program.

The total amount of aid paid in 2016 was \$127,000. This amount will decrease each year until 2021, when the aid expires.

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**Legal Citation:** M.S 477A.18 establishes Production Property Transition Aid. <https://www.revisor.mn.gov/statutes/?id=477A.18>.

**Program:** Tax Aids, Credits, and Refunds

**Activity:** Agricultural Homestead Market Value Credit

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2016:

- 95,000 farm homesteads received the credit
- The average market value agricultural land credit amount was \$405
- Changes to the program increased the average credit beginning in 2014

**PURPOSE & CONTEXT**

For some taxpayers, property taxes are a significant cost to owning agricultural land. Agricultural credits reduce the tax for owners of homesteaded farm property.

Funding source: State General Fund

**SERVICES PROVIDED**

The agricultural market value credit was designed to reduce the tax on agricultural homestead land beyond the house, garage, and immediately surrounding acre of land. The credit is based on a percentage of land market value, with a maximum credit of \$490 per homestead.

**RESULTS**

The credit makes homesteaded farm land more affordable.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Average market value agricultural land credit amount	\$427	\$405	2014 – 2016
Quantity	Effective tax rate without credit	0.42%	0.42%	2014 – 2016
Quantity	Effective tax rate with credit	0.37%	0.37%	2014 – 2016

**Performance Measures Notes:**

Approximately 93,000 homesteads received the credit in 2014. The number has increased slightly to 95,000 in 2016.

Average credit amount compares payable year 2014 (previous) to 2016 (current).

Effective tax rate compares property tax as a percent of market value on all agricultural homestead land before and after the credit. The average effective tax rate for all property statewide was 1.45% for taxes payable 2016.

New laws in 2014 provided a one-time supplemental credit in 2014 and changed the maximum credit from \$230 to \$490 and changed the calculation beginning in 2015. These changes increased the average credit amount beginning in 2014.

For additional information, visit the Revenue Department website ([www.revenue.state.mn.us](http://www.revenue.state.mn.us)) and search 'Agricultural Homestead Market Value Credit'.

**Legal Citation:** M.S 273.1384 establishes Agricultural Homestead Market Value Credit.

[www.revisor.mn.gov/statutes/?id=273.1384](http://www.revisor.mn.gov/statutes/?id=273.1384).

**Program:** Tax Aids, Credits, and Refunds

**Activity:** Prior Year Credit Adjustments

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2016:

- Prior year credit adjustments were 0.11% of the total credits

**PURPOSE & CONTEXT**

Each year adjustments must be made for accounting corrections. Prior Year Credit Adjustments are paid to local governments to account for abatements, court orders, omissions, and other adjustments to credits.

Funding source: State General Fund

**SERVICES PROVIDED.**

Prior Year Credit Adjustments are made for the Agricultural Preserve, Homestead Disaster, Market Value Agricultural Land, Local Option Disaster, and Disparity Reduction credits.

**RESULTS**

The potential impacts of tax-exempt state-owned land are reduced for local governments.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Adjustment amounts	\$11,007	\$74,411	2014 – 2016
Quantity	Prior year credit adjustments percentage of total credits	0.02%	0.11%	2014 – 2016

**Performance Measures Notes:**

Adjustment amount compares payable year 2014 (previous) to 2016 (current).

**Program:** Tax Aids, Credits, and Refunds

**Activity:** Disparity Reduction Credit

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2016:

- The average property tax decrease due to the Disparity Reduction Credit was \$5,986
- Approximately 2,000 parcels received the credit

**PURPOSE & CONTEXT**

Property taxes tend to be lower in North Dakota, putting some Minnesota businesses in bordering communities at a disadvantage. The Disparity Reduction Credit provides property tax relief for businesses in certain border cities.

Funding source: State General Fund

**SERVICES PROVIDED**

The Disparity Reduction Credit reduces property taxes for:

- commercial/industrial property,
- public utility property, and
- apartment property.

The credit reduced property taxes to 1.6% of the property’s market value in 2016. The Disparity Reduction Credit assisted businesses in the border cities of Breckenridge, Dilworth, East Grand Forks, Ortonville, and Moorhead in 2016

**RESULTS**

The Disparity Reduction Credit increases business competitiveness in border areas.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Average property tax reduction due to credit	\$6,448	\$5,986	2014 – 2016

**Performance Measures Notes:**

The average credit amount compares payable year 2014 (previous) to 2016 (current).

In 2015, the tax rate threshold decreased from 1.9% to 1.6% of market value. Businesses in the City of Ortonville also became eligible to receive the credit in 2015. These changes have increased the total credits.

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**Legal Citation:** M.S. 273.1398 establishes the Disparity Reduction Credit. [www.revisor.mn.gov/statutes/?id=273.1398](http://www.revisor.mn.gov/statutes/?id=273.1398).

**Program:** Tax Aids, Credits, and Refunds  
**Activity:** Supplemental Taconite Homestead Credit

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2016:

- The average property tax decrease from the Supplemental Taconite Homestead Credit was \$282
- 19,000 homesteads received the credit

**PURPOSE & CONTEXT**

Property taxes increase the cost of owning a home. The Supplemental Taconite Homestead Credit reduces the property taxes for homesteads in the taconite relief area.

Funding source: State General Fund

**SERVICES PROVIDED**

The Supplemental Taconite Homestead Credit program was created in 1980. Homesteads receive a credit that is either 57% of the property tax up to \$289.80 or 66% of the property tax up to \$315.10, depending on the location of the homestead.

**RESULTS**

Property taxes are more affordable for residential homesteads in the taconite relief area.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Average property tax reduction due to credit	\$281	\$282	2014 – 2016

**Performance Measures Notes:**

Average property tax reduction compares payable year 2014 (previous) to 2016 (current).

88% of homesteads received maximum credit amount.

The effective tax rate (ETR) for a property equals the net property tax divided by its market value. The ETR can be viewed as a measure of how much property tax is paid per \$1,000 in market value.

The ETR for homesteads receiving the Supplemental Taconite Homestead Credit was 0.76% for taxes payable in 2016. Without the credit, the ETR for homesteads would have been 0.92%. The average ETR for homesteads statewide was 1.28% for taxes payable in 2016.

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Legal Citation: M.S. 273.1391 establishes the Supplemental Taconite Homestead Credit.  
[www.revisor.mn.gov/statutes/?id=273.1391](http://www.revisor.mn.gov/statutes/?id=273.1391).

**Program:** Tax Aids, Credits, and Refunds  
**Activity:** Agricultural Preservation Credit

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2015:

- 3,556 credits were paid to agricultural land owners in the Twin Cities metropolitan area

**PURPOSE & CONTEXT**

For some taxpayers, property taxes are a significant cost to owning agricultural land. Agricultural preservation credits reduce the tax for owners of homesteaded farm property that is increasing in value due to surrounding development pressure.

Funding source: County Agricultural Preserve Funds, State Conservation Fund, State General Fund

**SERVICES PROVIDED**

The Agricultural Preservation Credit, established in 1980, encourages agricultural use retention on land within the seven-county Twin Cities metropolitan area. The program establishes a valuation for taxation that is based on the land's agricultural use, irrespective of other market pressures.

Lands in the program are protected from tax levy increases by limiting annual tax capacity rate increases to 105% of the statewide average local tax rate for townships. Unlike valuation deferments under the Green Acres law, land in this program is not required to repay any taxes or special assessments when exiting the program.

A \$5 fee on all mortgage registrations and deed transfers within the seven-county Twin Cities metropolitan area is split between each county's Agricultural Preserve Fund and the State Conservation Fund. If insufficient funds exist in the county fund to pay the credit, the balance is paid from the State Conservation Fund. If insufficient funds exist in the State Conservation Fund, the balance is paid from the State General Fund.

**RESULTS**

The credit enables land to remain in agricultural production despite rising values and development pressure.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of acres enrolled	209,337	209,395	2013 – 2015
Quantity	Average Credit	\$237	\$295	2013 – 2015

**Performance Measures Notes:**

Number of acres enrolled and average credit compare calendar year 2013 (previous) to 2015 (current).

For additional information, visit the Revenue Department website ([www.revenue.state.mn.us](http://www.revenue.state.mn.us)) and search 'agricultural preserve credit'.

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**Legal Citation:** M.S. 473H.10 establishes the Agricultural Preserve Credit. [www.revisor.mn.gov/statutes/?id=473H.10](http://www.revisor.mn.gov/statutes/?id=473H.10).

**Program:** Tax Aids, Credits, and Refunds

**Activity:** Police Aid

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2015:

- 404 local jurisdictions received Police Aid

**PURPOSE & CONTEXT**

Public safety pensions have historically been a shared responsibility of both state and local governments. State Police Aid provides pension aid to local governments that employ police officers.

Funding source: State General Fund

**SERVICES PROVIDED**

Police Aid was established in 1971 to help support retirement pensions of local police officers. Annual aid distributions to public safety departments are based on the number of months worked by each licensed officer employed by the department. The amount of aid is equal to the revenues from the auto insurance premiums tax. In fiscal year 2015 the total aid amount was \$60.5 million.

**RESULTS**

Police Aid helps increase affordability of local peace officer pensions.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of jurisdictions receiving aid	408	404	2013 – 2015
Quantity	Aid as a percentage of employer pension cost	68%	66%	2013 – 2015

**Performance Measures Notes:**

Number of jurisdictions receiving aid compares payable year 2013 (previous) to 2015 (current).

Aid as a percentage of employer pension cost measures how much of a department’s pension obligations are paid through state Police Aid. In 2015, Police Aid paid for an average of 66% of a police department’s pension obligations.

For additional information, visit the Revenue Department website ([www.revenue.state.mn.us](http://www.revenue.state.mn.us/)) and search ‘police state aid’.

Legal Citation: M.S. Chapter 69 establishes Police Aid. ([www.revisor.mn.gov/statutes/?id=69](http://www.revisor.mn.gov/statutes/?id=69))

**Program:** Tax Aids, Credits, and Refunds

**Activity:** Fire Aid

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2015:

- 766 fire relief associations received state Fire Aid

**PURPOSE & CONTEXT**

Public safety pensions have historically been a shared responsibility of both state and local governments. State Fire Aid provides pension aid to fire relief associations that employ firefighters.

Funding source: State General Fund

**SERVICES PROVIDED**

Fire Aid was established in 1885 to help support retirement pensions of firefighters. Annual aid distributions are based on the population and property values of the department’s coverage area. The amount of aid is equal to the revenues from the fire insurance premiums tax.

State fire aid helps fund:

- service pensions paid to retired firefighters
- disability benefits paid to disabled firefighters
- survivor benefits paid to the surviving spouses and children of deceased firefighters

**RESULTS**

Fire Aid helps increase affordability of fire service.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of fire relief associations receiving fire aid	766	766	2013 – 2015

**Performance Measures Notes:**

Number of fire relief associations receiving fire aid compares payable year 2013 (previous) to 2015 (current).

For additional information, visit the Revenue Department website ([www.revenue.state.mn.us](http://www.revenue.state.mn.us/)) and search ‘fire state aid’.

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**Legal Citation:** M.S. Chapter 69 establishes Fire Aid. ([www.revisor.mn.gov/statutes/?id=69](http://www.revisor.mn.gov/statutes/?id=69)).

**Program:** Tax Aids, Credits, and Refunds

**Activity:** Insurance Surcharge Aid

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2015:

- 4 firefighter relief associations received Insurance Surcharge Aid

**PURPOSE & CONTEXT**

Public safety pensions have historically been a shared responsibility of both state and local governments. Insurance Surcharge Aid helps support retirement pensions of firefighters.

Funding source: State General Fund

**SERVICES PROVIDED**

Insurance Surcharge Aid helps pay the employer’s pension costs for firefighters’ relief associations in first class cities. The aid amount is based on revenue from a 2% surcharge on insurance premiums for fire, lightning, and sprinkler leakage coverage within each city.

**RESULTS**

Insurance Surcharge Aid helps increase affordability of fire service.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of jurisdictions receiving aid	4	4	2013 – 2015

**Performance Measures Notes:**

Number of jurisdictions receiving aid compares payable year 2013 (previous) to 2015 (current).

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**Legal Citation:** M.S. 2971.10 establishes the Insurance Surcharge Aid program. [www.revisor.mn.gov/statutes/?id=2971.10](http://www.revisor.mn.gov/statutes/?id=2971.10)

**Program:** Tax Aids, Credits, and Refunds

**Activity:** PERA Aid

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2015:

- 1,113 jurisdictions received Public Employees Retirement Association Aid

**PURPOSE & CONTEXT**

State law changes can increase costs to local governments by raising their pension contribution rates. Public Employees Retirement Association (PERA) Aid is paid to local governments to offset an increase to the employer-paid PERA rates that began in 1998.

Funding source: State General Fund

**SERVICES PROVIDED**

The aid is 0.35% of a jurisdiction's 1997 PERA payroll. The amounts remain the same each year, unless an employer no longer participates in PERA.

The aid will end on June 30, 2020.

**RESULTS**

State assistance helps increase affordability of local government employee pensions.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of jurisdictions receiving aid	1,114	1,113	2013 – 2015

**Performance Measures Notes:**

Number of jurisdictions receiving aid compares payable year 2013 (previous) to 2015 (current).

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**Legal Citation:** M.S. 273.1385 establishes PERA Aid. [www.revisor.mn.gov/statutes/?id=273.1385](http://www.revisor.mn.gov/statutes/?id=273.1385).

**Program:** Tax Aids, Credits, and Refunds

**Activity:** Amortization Aid

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2015:

- 3 jurisdictions received Amortization Aid

**PURPOSE & CONTEXT**

Public safety pensions have historically been a shared responsibility of both state and local governments. Amortization Aid supports retirement pensions of local police officers and firefighters.

Funding source: State General Fund

**SERVICES PROVIDED**

Amortization Aid was established in 1980 to assist underfunded police or salaried firefighters' pension associations and teachers' retirement funds.

**RESULTS**

Amortization Aid helps increase affordability of local government employee pensions.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of jurisdictions receiving aid	4	3	2013 – 2015

**Performance Measures Notes:**

Number of jurisdictions receiving aid compares calendar year 2013 (previous) to 2015 (current).

The number of jurisdictions receiving aid is decreasing as local pensions merge with the statewide pension systems or as local pensions become fully funded and no long qualify for aid. Also, some of the amortization aid provisions ended in 2010.

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Legal Citation: M.S. 423A.02 establishes Amortization Aid. It was amended by Laws 2013, Chapter 111, Article 5, Sections 70-76. ([www.revisor.mn.gov/statutes/?id=423A.02](http://www.revisor.mn.gov/statutes/?id=423A.02)).

**Program:** Tax Aids, Credits, and Refunds  
**Activity:** Firefighter Supplemental Benefits Reimbursement

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2015:

- 329 firefighter relief associations received Firefighter Supplemental Benefits Reimbursement payments

**PURPOSE & CONTEXT**

Public safety pensions have historically been a shared responsibility of both state and local governments. The Firefighter Supplemental Benefits Reimbursement payments provide pension aid to fire relief associations.

Funding source: State General Fund

**SERVICES PROVIDED**

The Firefighter Supplemental Benefits Reimbursement was established in 1988 to help support retirement pensions for local firefighters. Payments are made to volunteer firefighter relief associations to reimburse them for benefits paid in the previous year. The payment is for retirement benefits, disability benefits, or survivor benefits.

The reimbursement cannot be more than 10% of the distributions paid and cannot be more than \$1,000. The supplemental benefit for survivors cannot be more than 20% and cannot be more than \$2,000.

**RESULTS**

Firefighter Supplemental Benefits Reimbursement provides additional benefit to local fire fighters and supports local jurisdictions.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of jurisdictions receiving aid	357	329	2013 – 2015

**Performance Measures Notes:**

Number of jurisdictions receiving aid compares calendar year 2013 (previous) to 2015 (current).

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**Legal Citation:** M.S. 424A.10 establishes Firefighter Supplemental Benefits Reimbursement.  
[www.revisor.mn.gov/statutes/?id=424A.10](http://www.revisor.mn.gov/statutes/?id=424A.10).

**Program:** Tax Aids, Credits, and Refunds

**Activity:** Police-Fire Retirement Supplemental Aid

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2015:

- 752 entities received Police-Fire Retirement Supplemental Aid

**PURPOSE & CONTEXT**

Public safety pensions have historically been a shared responsibility of both state and local governments. State Police-Fire Retirement Supplemental Aid provides pension aid to relief associations and retirement plans for police officers and firefighters.

Funding source: State General Fund

**SERVICES PROVIDED**

Police-Fire Retirement Supplemental Aid was established in 2013 to help support retirement pensions of police officers and firefighters. Annual aid distributions are provided to the Public Employees Retirement Association (PERA) police and fire retirement fund, State Patrol retirement fund and volunteer fire relief associations. The amount of aid is equal to a specified general fund appropriation amount in statute.

The aid provided to PERA and the State Patrol will terminate once the funding levels of the retirement plans reach 90%.

**RESULTS**

Police-Fire Retirement Supplemental Aid helps increase affordability of peace officer and firefighter pensions.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of entities receiving aid	695	752	2013 – 2015

**Performance Measures Notes:**

Number of entities receiving aid compares payable year 2013 (previous) to 2015 (current); independent firefighter associations did not begin receiving aid until 2014.

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**Legal Citation:** M.S. 423A.022 establishes Police-Fire Retirement Supplemental Aid.

[www.revisor.mn.gov/statutes/?id=423A.022](http://www.revisor.mn.gov/statutes/?id=423A.022).

**Program:** Tax Aids, Credits, and Refunds  
**Activity:** Senior Property Tax Deferral Reimbursement

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2015:

- 309 taxpayers were enrolled in the program
- The average amount of property taxes deferred was \$3,800

**PURPOSE & CONTEXT**

Property taxes account for a high share of income for some taxpayers. The Senior Citizens Property Tax Deferral program helps seniors stay in their homes by allowing them to postpone paying a portion of their property tax.

Funding source: State General Fund

**SERVICES PROVIDED**

Beginning in 1999 this voluntary program allows eligible senior citizens to postpone paying a portion of their homestead property taxes and special assessments. The state reimburses counties for the amount of property taxes deferred each year. A homestead may remain eligible until a qualifying homeowner no longer lives in the property, at which point the deferred taxes and interest must be paid to the state.

Qualified homeowners must be age 65 or older who have owned and lived in their home for at least 15 years and have household income less than \$60,000. They can postpone the portion of property taxes above 3% of their income.

**RESULTS**

Senior citizens can afford to stay in their homes by postponing payment of some of their property taxes.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of senior citizen taxpayers enrolled	344	309	2013 – 2015
Quantity	Average amount of property taxes deferred	\$4,250	\$3,800	2013 – 2015

**Performance Measures Notes:**

Number of taxpayers enrolled compares calendar year 2013 (previous) to 2015 (current).

Participation in the senior property tax deferral program has decreased the last two years.

For additional information, visit the Revenue Department website ([www.revenue.state.mn.us](http://www.revenue.state.mn.us/)) and search 'senior deferral'.

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**Legal Citation:** M.S. Chapter 290B establishes the Senior Citizens' Property Tax Deferral program.  
[www.revisor.mn.gov/statutes/?id=290B](http://www.revisor.mn.gov/statutes/?id=290B).

**Program:** Tax Aids, Credits, and Refunds  
**Activity:** Performance Measurement Reimbursement

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2016:

- 22% of counties and 3% of cities participated in the Performance Measurement program

**PURPOSE & CONTEXT**

Transparency in government finances is important for establishing the trust and understanding of taxpayers. The reimbursement helps local governments to develop performance measures.

Funding source: State General Fund

**SERVICES PROVIDED**

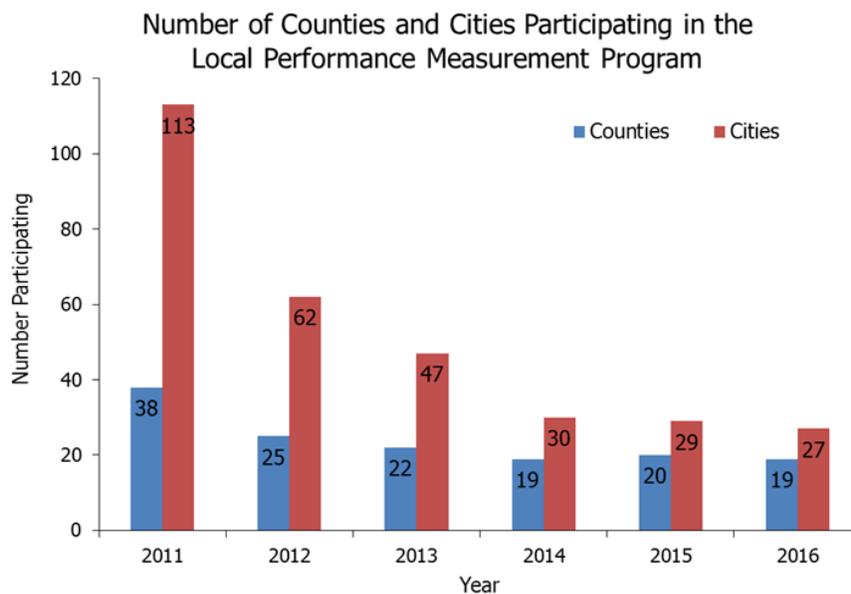
The Performance Measurement program was created in 2010 to determine the effectiveness of counties and cities in providing services. Participants use a set of 10 performance measures (for example police response time, hours to snow plow streets, citizen’s rating of water quality). Participation by counties and cities is voluntary.

Counties and cities report results annually to the state auditor and to their residents. Participating jurisdictions are eligible for a 14 cents per capita reimbursement (up to \$25,000) and exemption from property tax levy limits for the following year (if levy limits are in effect).

**RESULTS**

Taxpayers have access to helpful information about the cost and quality of services provided by local governments.

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Percentage of counties participating	22%	22%	2014 – 2016
Quantity	Percentage of cities participating	4%	3%	2014 – 2016



**Performance Measures Notes:**

Annual participation compares calendar year 2014 (previous) to 2016 (current).

Participation in the program has decreased since the first year of the program. The decrease in participation from the first year to the second reflects additional requirements for implementing local performance measures in the second year. Many local jurisdictions elected to explore the program in the first year but decided against moving towards full implementation in the second year.

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**Legal Citation:** M.S. 6.91 establishes the Performance Measurement Reimbursement payments.  
[www.revisor.mn.gov/statutes/?id=6.91](http://www.revisor.mn.gov/statutes/?id=6.91).

**Program:** Tax Aids, Credits, and Refunds  
**Activity:** Mahnomen Property Tax Reimbursement

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

#### AT A GLANCE

In 2015:

- 3 local governments in Mahnomen County received combined payments totaling \$1.2 million

#### PURPOSE & CONTEXT

Large decreases in tax base can lead to financial strain for local governments. The program provides payments for the loss of property tax base due to the Shooting Star Casino becoming tax exempt.

Funding source: State General Fund

#### SERVICES PROVIDED

Beginning in 2007, the Shooting Star Casino was placed into tax-exempt trust status.

The state makes annual payments to compensate for property taxes not collected on the tax exempt land:

- Mahnomen County (\$900,000)
- the city of Mahnomen (\$160,000), and
- Mahnomen School District #432 (\$140,000)

The payment was first made in 2006, became permanent in 2008, and was increased in 2013.

#### RESULTS

The fiscal impacts of tax exempt tribal owned property are reduced for local governments in Mahnomen County.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	City tax base percentage of pre-exemption tax base	48%	53%	2013 – 2015
Quantity	County tax base percentage of pre-exemption tax base	161%	173%	2013 – 2015
Quantity	School district tax base percentage of pre-exemption tax base	150%	162%	2013 – 2015

#### Performance Measures Notes:

City tax base percentage compares assessment year 2013 (previous) to assessment year 2015 (current) for the City of Mahnomen, Mahnomen County, and Mahnomen School District #432. The pre-exemption tax base is assessment year 2006.

The total tax base for the city of Mahnomen decreased almost 50% following the exemption of the Shooting Star Casino. In recent years, the city tax base percentage had grown from 52% back to 57% of pre-exemption levels, but declined beginning in assessment year 2011 as a result of the market value homestead credit being converted into a market value exclusion. The exclusion reduced the taxable value of homesteads and the tax base of local taxing jurisdictions statewide.

**Legal Citation:** 2008 Minn. Laws Chapter 154, Article 1

(<https://www.revisor.mn.gov/laws/?year=2008&type=0&doctype=Chapter&id=154>) established the payments; they were amended by Laws 2013 Chapter 143 Article 2 Section 33

(<https://www.revisor.mn.gov/laws/?year=2013&type=0&doctype=Chapter&id=143>).

**Program:** Tax Aids, Credits, and Refunds

**Activity:** Taconite Aid Reimbursement

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2015:

- 1 school district received Taconite Aid Reimbursement

**PURPOSE & CONTEXT**

The Taconite Aid Reimbursement is paid to Deer River School District #317 in Itasca County to compensate the district for the mining occupation tax distribution received before the law was changed in 1978.

Funding source: State General Fund

**SERVICES PROVIDED**

The Deer River School District receives an annual payment equal \$561,050. This payment has remained the same since 1980.

**RESULTS**

The fiscal impacts of a 1978 occupation tax law change are reduced for the school district.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Payment's percentage of total school district revenues	5.2%	4.6%	2013 – 2015

**Performance Measures Notes:**

Payment's percentage of total school district revenue compares calendar year 2013 (previous) to 2015 (current).

In FY 2015, the reimbursement payment accounted for 4.6% of total school district revenues.

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**Legal Citation:** M.S. 477A.15 establishes this payment. [www.revisor.mn.gov/statutes/?id=477A.15](http://www.revisor.mn.gov/statutes/?id=477A.15).

**Program:** Tax Aids, Credits, and Refunds

**Activity:** Border City Reimbursement

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2015:

- 1 jurisdiction received a Border City Reimbursement payment

**PURPOSE & CONTEXT**

Property taxes tend to be lower in North Dakota, putting some Minnesota businesses in bordering communities at a disadvantage. The Border City Reimbursement provides property tax relief for businesses in certain border cities.

Funding source: State General Fund

**SERVICES PROVIDED**

The Border City Reimbursement reduces property taxes for:

- commercial/industrial property,
- public utility property, and
- apartment property.

The reimbursement provides additional property tax relief to the border cities of Breckenridge, Dilworth, East Grand Forks, and Moorhead. Cities must request the state reimbursement, and then payments to businesses are determined by the cities.

**RESULTS**

Border City Reimbursement increases business competitiveness in border areas.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of jurisdictions receiving reimbursement	2	1	2013 – 2015

**Performance Measures Notes:**

Number of jurisdictions receiving reimbursement compares payable year 2013 (previous) to 2015 (current).

The two jurisdictions receiving reimbursement payments in 2013 were Wilkin County and the City of Breckenridge. The City of Breckenridge was the only city to receive a payment in 2015.

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**Legal Citation:** M.S. 469.1735 establishes the Border City Reimbursement. [www.revisor.mn.gov/statutes/?id=469.1735](http://www.revisor.mn.gov/statutes/?id=469.1735).

**Program:** Tax Aids, Credits, and Refunds

**Activity:** Disaster Credits

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2015 and 2016:

- 121 parcels received Disaster Credits

**PURPOSE & CONTEXT**

Damage caused by natural disasters and other events can lead to financial strain for households and businesses. The credit provides property tax relief for property damaged in a declared disaster or emergency area.

Funding Source: State General Fund

**SERVICES PROVIDED**

Beginning in 1984, the disaster credit reduces the property tax of damaged homestead property within a declared disaster or emergency area. The damaged property is revalued, and the credit is equal to difference in tax between the original value and the value after damage. The state reimburses local governments for the credit in the year following the damage.

A county board may grant an abatement of property tax in the year in which the damage occurred if 50% of the homestead was destroyed. The county may also grant a credit for taxes payable in the year following the damage for homestead property that does not qualify for the disaster credit and non-homestead property. The state reimburses the local jurisdictions for abatements and credits for property located in a declared disaster or emergency area.

The state legislature periodically authorizes tax base replacement aid for cities that experience a tax base reduction greater than 5% due to damage caused by a natural disaster.

**RESULTS**

Property tax relief helps individuals, businesses and communities recover from the impacts of damage caused by a disaster.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of parcels receiving credits	1,737	121	2013/2014 – 2015/2016

**Performance Measures Notes:**

The number of parcels receiving credits compares payable years 2013 and 2014 (previous) to 2015 and 2016 (current). The amount of payment is dependent on the number and severity of disasters. For fiscal years 2015 and 2016 there were few or no disasters.

For additional information, visit the Revenue Department website ([www.revenue.state.mn.us](http://www.revenue.state.mn.us)) and search 'disaster'.

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**Legal Citation:** M.S. 273.1231 through 273.1235 establish these credits. [www.revisor.mn.gov/statutes/?id=273.1231](http://www.revisor.mn.gov/statutes/?id=273.1231).

**Program:** Tax Aids, Credits, and Refunds

**Activity:** Miscellaneous Payments

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

Between 2011 and 2016:

- 5 local governments received one-time relief payments

**PURPOSE & CONTEXT**

Unforeseen events may occur that strain local government finances. State payments provide financial assistance to help local governments through unforeseen events.

Funding source: State General Fund

**SERVICES PROVIDED**

Occasionally payments are authorized by law to local governments experiencing an extraordinary or unusual circumstance and where other financial assistance is unavailable. Examples include:

- \$50,000 to the city of St. Charles in 2010 for a loss of a major manufacturing facility due to fire, and
- \$12,000 to the city of Tamarack in 2012 to compensate for sewer project issues

The payments are made outside of existing aid distribution formulas.

**RESULTS**

Relief payments help communities recover from the impacts of unusual circumstances.

**Performance Measures Notes:**

The amount and frequency of payments is dependent on legislative approval.

**Program:** Tax Aids, Credits, and Refunds  
**Activity:** Lewis and Clark Debt Service Aid

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

#### AT A GLANCE

This program became effective beginning in 2015. No aid has been paid to date..

#### PURPOSE & CONTEXT

Regional infrastructure projects often require state assistance to be affordable. This program will help pay for the Lewis and Clark water project in southwestern Minnesota.

Funding source: State General Fund

#### SERVICES PROVIDED

This program created a state aid program that helps pay for the Lewis and Clark water project in southwestern Minnesota. The aid equals local bond payments for the project minus a defined amount paid by the participating local governments and a portion of any federal aid available for the project.

#### RESULTS

To date, no qualifying bonds have been issued, so this aid has not been paid.

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**Legal Citation:** M.S. 477A.20 (<https://www.revisor.mn.gov/statutes/?id=477A.20>) establishes Lewis and Clark Debt Service Aid.

Program: Tax Aids, Credits, and Refunds

Activity: Minneapolis Debt Service Aid

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

This program is effective beginning in 2016. No aid has been paid to date.

**PURPOSE & CONTEXT**

Regional infrastructure projects often require state assistance to be affordable. This program will provide state aid to Minneapolis to pay a portion of the city's library referendum bonds.

Funding source: State General Fund

**SERVICES PROVIDED**

The state will make annual payments to the city of Minneapolis equal to 40% of the annual levy for payments for the city's library referendum bonds, beginning in 2016.

**RESULTS**

To date, this aid has not been paid.

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**Legal Citation:** M.S. 477A.085 establishes Minneapolis Debt Service Aid. [www.revisor.mn.gov/statutes/?id=477A.085](http://www.revisor.mn.gov/statutes/?id=477A.085).

**Program:** Tax Aids, Credits, and Refunds

**Activity:** Bloomington Fiscal Disparities Loan Repayment

[www.revenue.state.mn.us](http://www.revenue.state.mn.us)

**AT A GLANCE**

In 2016:

- The state paid \$4.5 million of Bloomington’s loan obligation

**PURPOSE & CONTEXT**

Regional infrastructure projects often require state assistance to be affordable. This program will repay a portion of a loan on behalf of the city of Bloomington.

Funding source: State General Fund

**SERVICES PROVIDED**

This program relieves the city of Bloomington of its obligation to repay a loan it received from the Fiscal Disparities Property Tax program for the initial construction of infrastructure for the Mall of America. For the last four years of repayment (2015 to 2018) the state will make the repayment to the fiscal disparities program on Bloomington’s behalf.

**RESULTS**

The Bloomington Fiscal Disparities Loan Repayment program decreases property taxes for properties in the city of Bloomington.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percent of additional tax base in Bloomington due to the state payment	3.0%	2.8%	2015 – 2016
Quantity	State aid payment as a percent of the city’s total property taxes paid	1.9%	1.7%	2015 – 2016

**Performance Measures Notes:**

Percent of additional tax base available to the city of Bloomington due to the state repayment of its obligation and state aid payment as a percent of the city’s total property taxes paid compare taxes payable year 2015 (previous) to 2016 (current).

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Legal Citation: M.S 473.08, subdivision 3a, establishes the Bloomington Fiscal Disparities Loan Repayment program. ([www.revisor.mn.gov/statutes/?id=273.1398](http://www.revisor.mn.gov/statutes/?id=273.1398))

**Program:** Tax Aids, Credits, and Refunds

**Activity:** Volunteer Retention Stipend

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In 2016:

- 3,107 of volunteers received a stipend

**PURPOSE & CONTEXT**

Volunteers are vital to many local fire departments and ambulance services. The Volunteer Retention Stipend was established to help recruit and retain volunteer firefighters, ambulance attendants, and medical responders.

Funding source: State General Fund

**SERVICES PROVIDED**

The stipend is \$500 for each qualified volunteer in the pilot area, which includes 14 counties. The stipend is available in 2015, 2016, and 2017.

**RESULTS**

The Volunteer Retention Stipend provides money to retain volunteers.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of volunteers receiving stipend	3,104	3,107	2015 - 2016
Quantity	Number of departments receiving stipend	191	192	2015 - 2016

**Performance Measures Notes:**

The number of departments and volunteers receiving the stipend compares aids payable year 2015 (previous) to 2016 (current).

The amount of aid paid to volunteers was \$1,553,500 in 2016.

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Legal Citation: M.S. 69.022 establishes the Volunteer Retention Stipend. <https://www.revisor.mn.gov/statutes/?id=69>

**Program:** Tax Aids, Credits, and Refunds

**Activity:** Political Contribution Refund

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In FY16:

- \$1.2 million in refunds were issued for political contributions made on or by June 30, 2015
- This program is suspended for contributions made from July 1, 2015 – June 30, 2017.

**PURPOSE & CONTEXT**

The Political Contribution Refund program was enacted in 1990. The program provides funds to qualifying political candidates and parties through contributions by Minnesotans who request the refund.

Taxpayers who make qualifying contributions may receive a state refund up to a total of \$50 per person (or \$100 per couple) in any calendar year.

**SERVICES PROVIDED**

The program provides resources to political parties and to legislative and statewide candidates who agree to limit their spending by signing a Public Subsidy Agreement.

Candidates and parties document their contributions on special forms which they submit to the Department of Revenue. The department sends a refund to donors who apply for a refund of contributions they made to Minnesota political parties or candidates for the following Minnesota offices:

- Legislature (State House or Senate)
- Governor, Lieutenant Governor, or Attorney General
- Secretary of State
- State Auditor

Taxpayers may request only one refund for each calendar year in which they made contributions. Their request may include contributions to more than one candidate or party.

**RESULTS**

Taxpayers who donate money to a qualifying party or candidate may receive a refund of up to \$50 for their contribution. The program was suspended from 2009 – 2013, and is suspended once again for any contributions made between July 1, 2015 and June 30, 2017.

To qualify for a refund of political contributions made during 2015, taxpayers must have applied by April 18, 2016.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Political Contribution Refunds Paid	\$0	\$3,407,721	2013-2015

**Performance Measure Notes:**

Compares refunds paid in FY 13 (previous) to FY15 (current). Note that the forecast amounts are \$1,200,000 for FY 16 and \$0 for FY 17 due to the suspension of the program.

**Legal Citation:** M.S. 290.06, subdivision 23, establishes the Political Contribution Refund program. It was amended (suspended) by Laws 2015, Chapter 77, Section 82. [www.revisor.mn.gov/statutes/?id=290.06](http://www.revisor.mn.gov/statutes/?id=290.06).

**Program:** Tax Aids, Credits, and Refunds

**Activity:** Tax Refund Interest

[www.revenue.state.mn.us/](http://www.revenue.state.mn.us/)

**AT A GLANCE**

In FY 15:

- \$11.1 million in tax refund interest was paid to taxpayers who did not receive refunds within the statutory time frame

The interest rate has been 3% since 2010

**PURPOSE & CONTEXT**

The Department of Revenue must pay interest to taxpayers on certain tax refunds if they are not paid within the time frame set by statute. The interest rate has been 3% since 2010; it is the same rate taxpayers owe on underpayments.

The department calculates the interest rate based on the prime rate charged by banks and announces the rate prior to each calendar year.

**SERVICES PROVIDED**

Interest can accrue on tax refunds for various reasons, such as disputes that are resolved in court cases, tax audits, and administrative appeals. The Department of Revenue works to minimize interest accruals, which can fluctuate greatly from year to year depending on resolution of court cases and appeals.

The date interest starts to accrue on a tax refund is specified in statute, as shown below.

<i>Type of Tax or Refund</i>	<i>Interest Starts to Accrue</i>
Individual Income Tax	90 days after the return is due or filed (whichever is later)
Corporate Franchise Tax	90 days after the return is due or filed (whichever is later)
Withholding Taxes	On the date taxes were paid to the Department of Revenue
Sales and Use Taxes	Usually on the date taxes were paid to the Department of Revenue <b>However</b> , interest starts to accrue 90 days after refund claims filed for: <ul style="list-style-type: none"> <li>• Sales tax paid on exempt capital equipment or building materials</li> <li>• Purchaser refunds (of sales tax incorrectly charged by a retailer or vendor)</li> </ul>

**RESULTS**

Taxpayers receive interest payments on any refunds that are not paid within the statutory timeline.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Tax Refund Interest Paid	\$14,302,977	\$11,146,897	2013-2015

**Performance Measure Notes:**

Compares tax refund interest paid in FY13 (previous) to FY15 (current).

**Legal Citation:** M.S. 289A.56 establishes tax refund interest payments. [www.revisor.mn.gov/statutes/?id=289A.56](http://www.revisor.mn.gov/statutes/?id=289A.56).