

**PROPERTY TAX  
Watershed Districts General  
Fund Levy Maximum Increased**

April 12, 2023

	<b>Yes</b>	<b>No</b>
<b>DOR Administrative Costs/Savings</b>		<b>X</b>

Department of Revenue

Analysis of S.F. 1608 (Weber) 1st Engrossment, as proposed to be amended by SCS1608A-2

**Fund Impact**

	<b>F.Y. 2024</b>	<b>F.Y. 2025</b>	<b>F.Y. 2026</b>	<b>F.Y. 2027</b>
	(000's)			
Property Tax Refund Interactions	\$0	\$0	(\$340)	(\$340)
Income Tax Interactions	\$0	\$0	(\$120)	(\$120)
<b>General Fund Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$460)</b>	<b>(\$460)</b>

Effective beginning with assessment year 2024.

**EXPLANATION OF THE BILL**

Under current law, a watershed district may levy up to 0.048 percent of their estimated market value for their general fund, with a maximum \$250,000.

The proposal would increase the maximum general fund levy authority for watershed districts to 0.096 percent of their estimated market value up to \$500,000.

**REVENUE ANALYSIS DETAIL**

- According to the Minnesota Board of Water and Soils Resources, there are 45 watershed districts in the state. Under current law districts have levy authority for several fund types with varying limits. Watershed district levies totaled \$67.7 million for taxes payable in 2023.
- With the increased levy authority under the proposal, it is estimated that watershed districts levies would increase by approximately \$6 million.
  - Higher levies would result in higher homeowner property tax refunds, increasing costs to the state general fund beginning FY 2026.
  - Higher levies would result in higher income tax deductions, decreasing revenues to the state general fund beginning in FY 2026.

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

<i>Transparency, Understandability, Simplicity &amp; Accountability</i>	Neutral
<i>Efficiency &amp; Compliance</i>	Neutral
<i>Equity (Vertical &amp; Horizontal)</i>	Neutral
<i>Stability &amp; 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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