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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. **1608**

03/18/2013 Authored by Lien, Davnie, Lenczewski, Simonson, Faust and others
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 taxation; local government aid; modifying the formula and changing
1.3 the appropriation; amending Minnesota Statutes 2012, sections 477A.011,
1.4 subdivisions 30, 34, 42, by adding subdivisions; 477A.013, subdivisions 8, 9, by
1.5 adding a subdivision; 477A.03, subdivision 2a, by adding a subdivision; repealing
1.6 Minnesota Statutes 2012, sections 477A.011, subdivisions 2a, 19, 29, 31, 32, 33,
1.7 36, 39, 40, 41, 42; 477A.013, subdivisions 11, 12; 477A.0133; 477A.0134.

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

1.9 Section 1. Minnesota Statutes 2012, section 477A.011, subdivision 30, is amended to
1.10 read:

1.11 Subd. 30. **Pre-1940 housing percentage.** (a) Except as provided in paragraph (b),
1.12 "pre-1940 housing percentage" for a city is 100 times the most recent federal census
1.13 count of all housing units in the city built before 1940, divided by the total number of all
1.14 housing units in the city. Housing units includes both occupied and vacant housing units
1.15 as defined by the federal census.

1.16 (b) For the city of East Grand Forks only, "pre-1940 housing percentage" is equal to
1.17 100 times the 1990 federal census count of all housing units in the city built before 1940,
1.18 divided by the most recent federal census counts of all housing units in the city. Housing
1.19 units includes both occupied and vacant housing units as defined by the federal census.

1.20 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
1.21 2014 and thereafter.

1.22 Sec. 2. Minnesota Statutes 2012, section 477A.011, is amended by adding a
1.23 subdivision to read:

2.1 Subd. 30a. Percent of housing built between 1940 and 1970. "Percent of housing
 2.2 built between 1940 and 1970" is equal to 100 times the most recent federal census count of
 2.3 all housing units in the city built after 1939 but before 1970, divided by the total number
 2.4 of all housing units in the city. Housing units includes both occupied and vacant housing
 2.5 units as defined by the federal census.

2.6 EFFECTIVE DATE. This section is effective for aids payable in calendar year
 2.7 2014 and thereafter.

2.8 Sec. 3. Minnesota Statutes 2012, section 477A.011, subdivision 34, is amended to read:

2.9 Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater
 2.10 than ~~2,500~~ 10,000, "city revenue need" is ~~the greater of 285 or 1.15 times~~ the sum of (1)
 2.11 ~~5.0734098~~ 4.59 times the pre-1940 housing percentage; plus (2) ~~19.141678~~ times the
 2.12 ~~population decline percentage~~ 0.622 times the percent of housing built between 1940 and
 2.13 1970; plus (3) ~~2504.06334~~ times the road accidents factor 169.415 times the jobs per
 2.14 capita; plus (4) ~~355.0547~~; minus (5) the metropolitan area factor; minus (6) ~~49.10638~~
 2.15 ~~times the household size~~ 307.664.

2.16 (b) For a city with a population equal to or greater than 2,500 and less than 10,000,
 2.17 "city revenue need" is 1.15 times the sum of (1) 572.62; plus (2) 5.026 times the pre-1940
 2.18 housing percentage; plus (3) 53.768 times household size; plus (4) 14.022 times peak
 2.19 population decline.

2.20 ~~(b) (c)~~ (c) For a city with a population less than 2,500, "city revenue need" is the sum of
 2.21 ~~(1) 2.387~~ times the pre-1940 housing percentage; plus (2) ~~2.67591~~ times the commercial
 2.22 ~~industrial percentage~~; plus (3) ~~3.16042~~ times the population decline percentage; plus (4)
 2.23 ~~1.206~~ times the transformed population; minus (5) ~~62.772~~ 410 plus 0.367 times the city's
 2.24 population over 100. The city revenue need under this paragraph shall not exceed 630.

2.25 ~~(e) (d)~~ (d) For a city with a population of at least 2,500 or more and a population in one
 2.26 of the most recently available five years that was less than 2,500, "city revenue need"
 2.27 is the sum of (1) its city revenue need calculated under paragraph (a) multiplied by its
 2.28 transition factor; plus (2) its city revenue need calculated under the formula in paragraph
 2.29 (b) multiplied by the difference between one and its transition factor. For purposes of this
 2.30 paragraph, a city's "transition factor" is equal to 0.2 multiplied by the number of years that
 2.31 the city's population estimate has been 2,500 or more. This provision only applies for aids
 2.32 payable in calendar years 2006 to 2008 to cities with a 2002 population of less than 2,500.
 2.33 It applies to any city for aids payable in 2009 and thereafter but less than 3,000, the "city
 2.34 revenue need" equals (1) the transition factor times the city's revenue need calculated in
 2.35 paragraph (b) plus (2) 630 times the difference between one and the transition factor. For

3.1 a city with a population of at least 10,000 but less than 10,500, the "city revenue need"
 3.2 equals (1) the transition factor times the city's revenue need calculated in paragraph (a)
 3.3 plus (2) the city's revenue need calculated under the formula in paragraph (b) times the
 3.4 difference between one and the transition factor. For purposes of this paragraph "transition
 3.5 factor" is 0.2 percent times the amount that the city's population exceeds the minimum
 3.6 threshold in either of the first two sentences.

3.7 ~~(d)~~ (e) The city revenue need cannot be less than zero.

3.8 ~~(e)~~ (f) For calendar year ~~2005~~ 2015 and subsequent years, the city revenue need for
 3.9 a city, as determined in paragraphs (a) to ~~(d)~~ (e), is multiplied by the ratio of the annual
 3.10 implicit price deflator for government consumption expenditures and gross investment for
 3.11 state and local governments as prepared by the United States Department of Commerce,
 3.12 for the most recently available year to the ~~2003~~ 2013 implicit price deflator for state
 3.13 and local government purchases.

3.14 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
 3.15 2014 and thereafter.

3.16 Sec. 4. Minnesota Statutes 2012, section 477A.011, subdivision 42, is amended to read:

3.17 Subd. 42. **City jobs base** **Jobs per capita.** ~~(a) "City jobs base" for a city with a~~
 3.18 ~~population of 5,000 or more is equal to the product of (1) \$25.20, (2) the number of~~
 3.19 ~~jobs per capita in the city, and (3) its population. For cities with a population less than~~
 3.20 ~~5,000, the city jobs base is equal to zero. For a city receiving aid under subdivision 36,~~
 3.21 ~~paragraph (k), its city jobs base is reduced by the lesser of 36 percent of the amount of~~
 3.22 ~~aid received under that paragraph or \$1,000,000. No city's city jobs base may exceed~~
 3.23 ~~\$4,725,000 under this paragraph.~~

3.24 ~~(b) For calendar year 2010 and subsequent years, the city jobs base for a city, as~~
 3.25 ~~determined in paragraph (a), is multiplied by the ratio of the appropriation under section~~
 3.26 ~~477A.03, subdivision 2a, for the year in which the aid is paid to the appropriation under~~
 3.27 ~~that section for aids payable in 2009.~~

3.28 ~~(c) For purposes of this subdivision, "Jobs per capita in the city" means (1) the average~~
 3.29 ~~annual number of employees in the city based on the data from the Quarterly Census of~~
 3.30 ~~Employment and Wages, as reported by the Department of Employment and Economic~~
 3.31 ~~Development, for the most recent calendar year available as of May 1, 2008~~ November 1 of
 3.32 every odd-numbered year, divided by (2) the city's population for the same calendar year as
 3.33 the employment data. The commissioner of the Department of Employment and Economic
 3.34 Development shall certify to the city the average annual number of employees for each
 3.35 city by ~~June 1, 2008~~ January 15, of every even-numbered year beginning with January 15,

4.1 2014. For aids payable in 2014 only, " jobs per capita" has the same meaning it had under
 4.2 this subdivision for aids payable in 2013. A city may challenge an estimate under this
 4.3 paragraph by filing its specific objection, including the names of employers that it feels
 4.4 may have misreported data, in writing with the commissioner by ~~June 20, 2008~~ December
 4.5 1 of every odd-numbered year. The commissioner shall make every reasonable effort to
 4.6 address the specific objection and adjust the data as necessary. The commissioner shall
 4.7 certify the estimates of the annual employment to the commissioner of revenue by ~~July 15,~~
 4.8 ~~2008~~ January 15 of all even-numbered years, including any estimates still under objection.

4.9 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
 4.10 2014 and thereafter.

4.11 Sec. 5. Minnesota Statutes 2012, section 477A.011, is amended by adding a
 4.12 subdivision to read:

4.13 Subd. 44. **Peak population decline.** "Peak population decline" is equal to 100
 4.14 times the difference between one and the ratio of the city's current population, to the
 4.15 highest city population reported in a federal census from the 1970 census or later. "Peak
 4.16 population decline" shall not be less than zero.

4.17 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
 4.18 2014 and thereafter.

4.19 Sec. 6. Minnesota Statutes 2012, section 477A.013, subdivision 8, is amended to read:

4.20 Subd. 8. **City formula aid.** (a) For aids payable in 2014 only, the formula aid for a
 4.21 city is equal to the sum of (1) its 2013 certified aid and (2) the product of (i) the difference
 4.22 between its unmet need and its 2013 certified aid and (ii) the aid gap percentage.

4.23 (b) For aids payable in 2015 and thereafter, the formula aid for a city is equal to
 4.24 the sum of (1) its city jobs base, (2) its small city aid base, and (3) the need increase
 4.25 percentage multiplied by the average of its unmet need for the most recently available two
 4.26 years formula aid in the previous year and (2) the product of (i) the difference between
 4.27 its unmet need and its certified aid in the previous year under subdivision 9, and (ii)
 4.28 the aid gap percentage.

4.29 No city may have a formula aid amount less than zero. The ~~need increase~~ aid gap
 4.30 percentage must be the same for all cities.

4.31 The applicable ~~need increase~~ aid gap percentage must be calculated by the
 4.32 Department of Revenue so that the total of the aid under subdivision 9 equals the total
 4.33 amount available for aid under section 477A.03. Data used in calculating aids to cities

5.1 under sections 477A.011 to 477A.013 shall be the most recently available data as of
 5.2 January 1 in the year in which the aid is calculated except that the data used to compute "net
 5.3 levy" in subdivision 9 is the data most recently available at the time of the aid computation.

5.4 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
 5.5 2014 and thereafter.

5.6 Sec. 7. Minnesota Statutes 2012, section 477A.013, subdivision 9, is amended to read:

5.7 Subd. 9. **City aid distribution.** (a) In calendar year ~~2013~~ 2014 and thereafter, each
 5.8 city shall receive an aid distribution equal to the sum of (1) the city formula aid under
 5.9 subdivision 8, and (2) its ~~city aid base aid adjustment~~ aid adjustment under subdivision 13.

5.10 (b) ~~For aids payable in 2013 and 2014 only, the total aid in the previous year for~~
 5.11 ~~any city shall mean the amount of aid it was certified to receive for aids payable in 2012~~
 5.12 ~~under this section. For aids payable in 2015 and thereafter, the total aid in the previous~~
 5.13 ~~year for any city means the amount of aid it was certified to receive under this section in~~
 5.14 ~~the previous payable year.~~

5.15 (c) ~~For aids payable in 2010 and thereafter, the total aid for any city shall not exceed~~
 5.16 ~~the sum of (1) ten percent of the city's net levy for the year prior to the aid distribution~~
 5.17 ~~plus (2) its total aid in the previous year. For aids payable in 2009 and thereafter, the total~~
 5.18 ~~aid for any city with a population of 2,500 or more may not be less than its total aid under~~
 5.19 ~~this section in the previous year minus the lesser of \$10 multiplied by its population, or ten~~
 5.20 ~~percent of its net levy in the year prior to the aid distribution.~~

5.21 ~~(d)~~ (b) For aids payable in 2014 only, the total aid for a city may not be less than the
 5.22 amount it was certified to receive in 2013. For aids payable in ~~2010~~ 2015 and thereafter,
 5.23 the total aid for a city with a population less than 2,500 must not be less than the amount
 5.24 it was certified to receive in the previous year minus the lesser of \$10 multiplied by its
 5.25 population, or five percent of its 2003-certified aid amount. For aids payable in ~~2009 only,~~
 5.26 the total aid for a city with a population less than 2,500 must not be less than what it
 5.27 received under this section in the previous year unless its total aid in calendar year 2008
 5.28 was aid under section 477A.011, subdivision 36, paragraph (s), in which case its minimum
 5.29 aid is zero its net levy in the year prior to the aid distribution.

5.30 (c) ~~A city's aid loss under this section may not exceed \$300,000 in any year in~~
 5.31 ~~which the total city aid appropriation under section 477A.03, subdivision 2a, is equal or~~
 5.32 ~~greater than the appropriation under that subdivision in the previous year, unless the~~
 5.33 ~~city has an adjustment in its city net tax capacity under the process described in section~~
 5.34 ~~469.174, subdivision 28.~~

6.1 ~~(f) If a city's net tax capacity used in calculating aid under this section has decreased~~
 6.2 ~~in any year by more than 25 percent from its net tax capacity in the previous year due to~~
 6.3 ~~property becoming tax-exempt Indian land, the city's maximum allowed aid increase~~
 6.4 ~~under paragraph (c) shall be increased by an amount equal to (1) the city's tax rate in the~~
 6.5 ~~year of the aid calculation, multiplied by (2) the amount of its net tax capacity decrease~~
 6.6 ~~resulting from the property becoming tax exempt.~~

6.7 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
 6.8 2014 and thereafter.

6.9 Sec. 8. Minnesota Statutes 2012, section 477A.013, is amended by adding a
 6.10 subdivision to read:

6.11 Subd. 13. **Certified aid adjustments.** (a) A city that received an aid base increase
 6.12 under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (e), shall
 6.13 have its total aid under subdivision 9 increased by an amount equal to \$150,000 for aids
 6.14 payable in 2014 through 2018.

6.15 (b) A city that received a temporary aid increase under Minnesota Statutes 2012,
 6.16 section 477A.011, subdivision 36, paragraph (m), (v), or (w), shall have its total aid under
 6.17 subdivision 9 decreased by the amount of its aid base increase under those paragraphs in
 6.18 calendar year 2013.

6.19 Sec. 9. Minnesota Statutes 2012, section 477A.03, subdivision 2a, is amended to read:

6.20 Subd. 2a. **Cities.** For aids payable in ~~2013~~ 2014 and thereafter, the total aid paid
 6.21 under section 477A.013, subdivision 9, is ~~\$426,438,012~~ \$....., multiplied by the inflation
 6.22 adjustment under subdivision 6.

6.23 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
 6.24 2014 and thereafter.

6.25 Sec. 10. Minnesota Statutes 2012, section 477A.03, is amended by adding a
 6.26 subdivision to read:

6.27 Subd. 6. **Inflation adjustment.** In 2015 and thereafter, the amount paid under
 6.28 subdivision 2a shall be increased by an amount equal to one plus the sum of (1) the
 6.29 percentage increase in the implicit price deflator for government expenditures and gross
 6.30 investment for state and local government purchases as prepared by the United States
 6.31 Department of Commerce, for the 12-month period ending March 31 of the previous
 6.32 calendar year, and (2) the percentage increase in total city population for the most recently

7.1 available years as of January 15 of the current year. The percentage increase in this
7.2 subdivision shall not be less than 2.5 percent or greater than five percent.

7.3 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
7.4 2014 and thereafter.

7.5 Sec. 11. **REPEALER.**

7.6 Minnesota Statutes 2012, sections 477A.011, subdivisions 2a, 19, 29, 31, 32, 33, 36,
7.7 39, 40, 41, and 42; 477A.013, subdivisions 11 and 12; 477A.0133; and 477A.0134, are
7.8 repealed.

7.9 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
7.10 2014 and thereafter.

477A.011 DEFINITIONS.

Subd. 2a. **Special taxing district.** "Special taxing district" means a political subdivision with the authority to levy property taxes, other than a city, county, town, or school district.

Subd. 19. **Metropolitan area.** "Metropolitan area" is the metropolitan area as defined in section 473.121, subdivision 2.

Subd. 29. **Adjusted revenue base.** "Adjusted revenue base" means revenue base as defined in subdivision 27 less the levy reported under section 275.62, subdivision 1, clause (2).

Subd. 31. **Population decline percentage.** "Population decline percentage" for a city is the percent decline in a city's population for the last ten years, based on the most recently available population estimate from the state demographer or a federal census. A city's population decline percentage cannot be less than zero.

Subd. 32. **Commercial industrial percentage.** "Commercial industrial percentage" for a city is 100 times the sum of the estimated market values of all real property in the city classified as class 3 under section 273.13, subdivision 24, excluding public utility property, to the total market value of all taxable real and personal property in the city. The market values are the amounts computed before any adjustments for fiscal disparities under section 276A.06 or 473F.08. The market values used for this subdivision are not equalized.

Subd. 33. **Transformed population.** "Transformed population" for a city is the city population raised to the .3308 power, times 30.5485.

Subd. 36. **City aid base.** (a) Except as otherwise provided in this subdivision, "city aid base" is zero.

(b) The city aid base for any city with a population less than 500 is increased by \$40,000 for aids payable in calendar year 1995 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$40,000 for aids payable in calendar year 1995 only, provided that:

- (i) the average total tax capacity rate for taxes payable in 1995 exceeds 200 percent;
- (ii) the city portion of the tax capacity rate exceeds 100 percent; and
- (iii) its city aid base is less than \$60 per capita.

(c) The city aid base for a city is increased by \$20,000 in 1998 and thereafter and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$20,000 in calendar year 1998 only, provided that:

- (i) the city has a population in 1994 of 2,500 or more;
- (ii) the city is located in a county, outside of the metropolitan area, which contains a city of the first class;

(iii) the city's net tax capacity used in calculating its 1996 aid under section 477A.013 is less than \$400 per capita; and

(iv) at least four percent of the total net tax capacity, for taxes payable in 1996, of property located in the city is classified as railroad property.

(d) The city aid base for a city is increased by \$200,000 in 1999 and thereafter and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 1999 only, provided that:

- (i) the city was incorporated as a statutory city after December 1, 1993;
- (ii) its city aid base does not exceed \$5,600; and
- (iii) the city had a population in 1996 of 5,000 or more.

(e) The city aid base for a city is increased by \$150,000 for aids payable in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$150,000 in calendar year 2000 only, provided that:

- (1) the city has a population that is greater than 1,000 and less than 2,500;
- (2) its commercial and industrial percentage for aids payable in 1999 is greater than 45 percent; and

(3) the total market value of all commercial and industrial property in the city for assessment year 1999 is at least 15 percent less than the total market value of all commercial and industrial property in the city for assessment year 1998.

(f) The city aid base for a city is increased by \$200,000 in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 2000 only, provided that:

- (1) the city had a population in 1997 of 2,500 or more;
- (2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than \$650 per capita;

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(3) the pre-1940 housing percentage of the city used in calculating 1999 aid under section 477A.013 is greater than 12 percent;

(4) the 1999 local government aid of the city under section 477A.013 is less than 20 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent; and

(5) the city aid base of the city used in calculating aid under section 477A.013 is less than \$7 per capita.

(g) The city aid base for a city is increased by \$102,000 in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$102,000 in calendar year 2000 only, provided that:

(1) the city has a population in 1997 of 2,000 or more;

(2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than \$455 per capita;

(3) the net levy of the city used in calculating 1999 aid under section 477A.013 is greater than \$195 per capita; and

(4) the 1999 local government aid of the city under section 477A.013 is less than 38 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent.

(h) The city aid base for a city is increased by \$32,000 in 2001 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$32,000 in calendar year 2001 only, provided that:

(1) the city has a population in 1998 that is greater than 200 but less than 500;

(2) the city's revenue need used in calculating aids payable in 2000 was greater than \$200 per capita;

(3) the city net tax capacity for the city used in calculating aids available in 2000 was equal to or less than \$200 per capita;

(4) the city aid base of the city used in calculating aid under section 477A.013 is less than \$65 per capita; and

(5) the city's formula aid for aids payable in 2000 was greater than zero.

(i) The city aid base for a city is increased by \$7,200 in 2001 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$7,200 in calendar year 2001 only, provided that:

(1) the city had a population in 1998 that is greater than 200 but less than 500;

(2) the city's commercial industrial percentage used in calculating aids payable in 2000 was less than ten percent;

(3) more than 25 percent of the city's population was 60 years old or older according to the 1990 census;

(4) the city aid base of the city used in calculating aid under section 477A.013 is less than \$15 per capita; and

(5) the city's formula aid for aids payable in 2000 was greater than zero.

(j) The city aid base for a city is increased by \$45,000 in 2001 and thereafter and by an additional \$50,000 in calendar years 2002 to 2011, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$45,000 in calendar year 2001 only, and by \$50,000 in calendar year 2002 only, provided that:

(1) the net tax capacity of the city used in calculating its 2000 aid under section 477A.013 is less than \$810 per capita;

(2) the population of the city declined more than two percent between 1988 and 1998;

(3) the net levy of the city used in calculating 2000 aid under section 477A.013 is greater than \$240 per capita; and

(4) the city received less than \$36 per capita in aid under section 477A.013, subdivision 9, for aids payable in 2000.

(k) The city aid base for a city with a population of 10,000 or more which is located outside of the seven-county metropolitan area is increased in 2002 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (b) or (c), is also increased in calendar year 2002 only, by an amount equal to the lesser of:

(1)(i) the total population of the city, as determined by the United States Bureau of the Census, in the 2000 census, (ii) minus 5,000, (iii) times 60; or

(2) \$2,500,000.

(l) The city aid base is increased by \$50,000 in 2002 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$50,000 in calendar year 2002 only, provided that:

(1) the city is located in the seven-county metropolitan area;

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(2) its population in 2000 is between 10,000 and 20,000; and
(3) its commercial industrial percentage, as calculated for city aid payable in 2001, was greater than 25 percent.

(m) The city aid base for a city is increased by \$150,000 in calendar years 2002 to 2011 and by an additional \$75,000 in calendar years 2009 to 2014 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$150,000 in calendar year 2002 only and by \$75,000 in calendar year 2009 only, provided that:

- (1) the city had a population of at least 3,000 but no more than 4,000 in 1999;
- (2) its home county is located within the seven-county metropolitan area;
- (3) its pre-1940 housing percentage is less than 15 percent; and
- (4) its city net tax capacity per capita for taxes payable in 2000 is less than \$900 per capita.

(n) The city aid base for a city is increased by \$200,000 beginning in calendar year 2003 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 2003 only, provided that the city qualified for an increase in homestead and agricultural credit aid under Laws 1995, chapter 264, article 8, section 18.

(o) The city aid base for a city is increased by \$200,000 in 2004 only and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, is also increased by \$200,000 in calendar year 2004 only, if the city is the site of a nuclear dry cask storage facility.

(p) The city aid base for a city is increased by \$10,000 in 2004 and thereafter and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$10,000 in calendar year 2004 only, if the city was included in a federal major disaster designation issued on April 1, 1998, and its pre-1940 housing stock was decreased by more than 40 percent between 1990 and 2000.

(q) The city aid base for a city is increased by \$30,000 in 2009 and thereafter and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$25,000 in calendar year 2006 only if the city had a population in 2003 of at least 1,000 and has a state park for which the city provides rescue services and which comprised at least 14 percent of the total geographic area included within the city boundaries in 2000.

(r) The city aid base for a city is increased by \$80,000 in 2009 and thereafter and the minimum and maximum amount of total aid it may receive under section 477A.013, subdivision 9, is also increased by \$80,000 in calendar year 2009 only, if:

- (1) as of May 1, 2006, at least 25 percent of the tax capacity of the city is proposed to be placed in trust status as tax-exempt Indian land;
- (2) the placement of the land is being challenged administratively or in court; and
- (3) due to the challenge, the land proposed to be placed in trust is still on the tax rolls as of May 1, 2006.

(s) The city aid base for a city is increased by \$100,000 in 2007 and thereafter and the minimum and maximum total amount of aid it may receive under this section is also increased in calendar year 2007 only, provided that:

- (1) the city has a 2004 estimated population greater than 200 but less than 2,000;
- (2) its city net tax capacity for aids payable in 2006 was less than \$300 per capita;
- (3) the ratio of its pay 2005 tax levy compared to its city net tax capacity for aids payable in 2006 was greater than 110 percent; and
- (4) it is located in a county where at least 15,000 acres of land are classified as tax-exempt Indian reservations according to the 2004 abstract of tax-exempt property.

(t) The city aid base for a city is increased by \$30,000 in 2009 only, and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$30,000 in calendar year 2009, only if the city had a population in 2005 of less than 3,000 and the city's boundaries as of 2007 were formed by the consolidation of two cities and one township in 2002.

(u) The city aid base for a city is increased by \$100,000 in 2009 and thereafter, and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$100,000 in calendar year 2009 only, if the city had a city net tax capacity for aids payable in 2007 of less than \$150 per capita and the city experienced flooding on March 14, 2007, that resulted in evacuation of at least 40 homes.

(v) The city aid base for a city is increased by \$100,000 in 2009 to 2013, and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$100,000 in calendar year 2009 only, if the city:

- (1) is located outside of the Minneapolis-St. Paul standard metropolitan statistical area;
- (2) has a 2005 population greater than 7,000 but less than 8,000; and
- (3) has a 2005 net tax capacity per capita of less than \$500.

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(w) The city aid base is increased by \$25,000 in calendar years 2009 to 2013 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, is increased by \$25,000 in calendar year 2009 only, provided that:

(1) the city is located in the seven-county metropolitan area;

(2) its population in 2006 is less than 200; and

(3) the percentage of its housing stock built before 1940, according to the 2000 United States Census, is greater than 40 percent.

(x) The city aid base is increased by \$90,000 in calendar year 2009 only and the minimum and maximum total amount of aid it may receive under section 477A.013, subdivision 9, is also increased by \$90,000 in calendar year 2009 only, provided that the city is located in the seven-county metropolitan area, has a 2006 population between 5,000 and 7,000 and has a 1997 population of over 7,000.

(y) In calendar year 2010 only, the city aid base for a city is increased by \$225,000 if it was eligible for a \$450,000 payment in calendar year 2008 under Minnesota Statutes 2006, section 477A.011, subdivision 36, paragraph (e), and the second half of the payment under that paragraph in December 2008 was canceled due to the governor's unallotment. The payment under this paragraph is not subject to any aid reductions under section 477A.0134 or any future unallotment of the city aid under section 16A.152.

(z) In calendar year 2013 only, the total aid the city may receive under section 477A.013 is increased by \$12,000 if:

(1) the city's 2010 population is less than 100 and its population growth between 2000 and 2010 was more than 55 percent; and

(2) its commercial industrial percentage as defined in subdivision 32, based on assessments for calendar year 2010, payable in 2011, is greater than 15 percent.

Subd. 39. **Road accidents factor.** "Road accidents factor" means the average annual number of vehicular accidents occurring on public roads, streets, and alleys in the jurisdiction as reported to the commissioner of revenue by the commissioner of public safety by July 1 of the aid calculation year using the most recent three-year period for which the commissioner of public safety has complete information, divided by the jurisdiction's population.

Subd. 40. **Metropolitan area factor.** "Metropolitan area factor" means 35.20915 for cities located in the metropolitan area.

Subd. 41. **Small city aid base.** (a) "Small city aid base" for a city with a population less than 5,000 is equal to \$8.50 multiplied by its population. The small city aid base for all other cities is equal to zero.

(b) For calendar year 2010 and subsequent years, the small city aid base for a city, as determined in paragraph (a), is multiplied by the ratio of the appropriation under section 477A.03, subdivision 2a, for the year in which the aid is paid to the appropriation under that section for aids payable in 2009.

Subd. 42. **City jobs base.** (a) "City jobs base" for a city with a population of 5,000 or more is equal to the product of (1) \$25.20, (2) the number of jobs per capita in the city, and (3) its population. For cities with a population less than 5,000, the city jobs base is equal to zero. For a city receiving aid under subdivision 36, paragraph (k), its city jobs base is reduced by the lesser of 36 percent of the amount of aid received under that paragraph or \$1,000,000. No city's city jobs base may exceed \$4,725,000 under this paragraph.

(b) For calendar year 2010 and subsequent years, the city jobs base for a city, as determined in paragraph (a), is multiplied by the ratio of the appropriation under section 477A.03, subdivision 2a, for the year in which the aid is paid to the appropriation under that section for aids payable in 2009.

(c) For purposes of this subdivision, "jobs per capita in the city" means (1) the average annual number of employees in the city based on the data from the Quarterly Census of Employment and Wages, as reported by the Department of Employment and Economic Development, for the most recent calendar year available as of May 1, 2008, divided by (2) the city's population for the same calendar year as the employment data. The commissioner of the Department of Employment and Economic Development shall certify to the city the average annual number of employees for each city by June 1, 2008. A city may challenge an estimate under this paragraph by filing its specific objection, including the names of employers that it feels may have misreported data, in writing with the commissioner by June 20, 2008. The commissioner shall make every reasonable effort to address the specific objection and adjust the

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data as necessary. The commissioner shall certify the estimates of the annual employment to the commissioner of revenue by July 15, 2008, including any estimates still under objection.

477A.013 MUNICIPAL GOVERNMENT DISTRIBUTIONS.

Subd. 11. **Aid payments in 2011 and 2012.** Notwithstanding aids calculated or certified for 2011 under subdivision 9, for 2011 and 2012, each city shall receive an aid distribution under this section equal to the lesser of (1) the total amount of aid it received under this section in 2010 after the reductions under sections 477A.0133 and 477A.0134, and reduced by the amount of payments made under section 477A.011, subdivision 36, paragraphs (y) and (z), or (2) the amount it was certified to receive in 2011 under subdivision 9. In 2011 only, a city that qualifies for the aid base adjustment under section 477A.011, subdivision 36, paragraph (aa), shall receive the amount that it was certified to receive in 2011. In 2012, a city that qualifies for the aid base adjustment under section 477A.011, subdivision 36, paragraph (aa), shall receive the amount that it was certified to receive in 2011, minus the aid base adjustment provided under section 477A.011, subdivision 36, paragraph (aa).

Subd. 12. **Aid payments in 2013.** (a) Notwithstanding aids calculated for 2013 under subdivision 9, for 2013, each city with a population of 5,000 or more shall receive an aid distribution under this section equal to its aid distribution under this section in 2012.

(b) Notwithstanding aids calculated for 2013 under subdivision 9, each city with a population under 5,000 shall receive an aid distribution under this section equal to any additional city aid base authorized in calendar year 2013 under section 477A.011, subdivision 36, paragraph (z), plus the greater of (1) its aid distribution under this section in 2012 or (2) its amount that it is calculated to receive under subdivision 9.

477A.0133 2009 AND 2010 AID REDUCTIONS.

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given them in this subdivision.

(b) The "2009 revenue base" for a statutory or home rule charter city is the sum of the city's certified property tax levy for taxes payable in 2009, plus the amount of local government aid under section 477A.013, subdivision 9, that the city was certified to receive in 2009, plus the amount of taconite aids under sections 298.28 and 298.282 that the city was certified to receive in 2009, including any amounts required to be placed in a special fund for distribution in a later year.

(c) The "2009 revenue base" for a county is the sum of the county's certified property tax levy for taxes payable in 2009, plus the amount of county program aid under section 477A.0124 that the county was certified to receive in 2009, plus the amount of taconite aids under sections 298.28 and 298.282 that the county was certified to receive in 2009, including any amounts required to be placed in a special fund for distribution in a later year.

(d) The "2009 revenue base" for a town is the sum of the town's certified property tax levy for taxes payable in 2009, plus the amount of aid under section 477A.013 that the town was certified to receive in 2009, plus the amount of taconite aids under sections 298.28 and 298.282 that the town was certified to receive in 2009, including any amounts required to be placed in a special fund for distribution in a later year.

(e) "Population" means the population of the county, city, or town for 2007 based on information available to the commissioner of revenue in July 2009.

(f) "Adjusted net tax capacity" means the amount of net tax capacity for the county, city, or town, computed using equalized market values according to section 477A.011, subdivision 20, for aid payable in 2009.

(g) "Adjusted net tax capacity per capita" means the jurisdiction's adjusted net tax capacity divided by its population.

Subd. 2. **2009 aid reductions.** (a) The commissioner of revenue must compute a 2009 aid reduction amount for each county.

The aid reduction amount is zero for a county with a population of less than 5,000, and is zero for a county containing the Shooting Star Casino property that was removed from the tax rolls in 2009.

For all other counties, the aid reduction amount is equal to 1.188968672 percent of the county's 2009 revenue base.

The reduction amount is limited to the sum of the amount of county program aid under section 477A.0124 that the county was certified to receive in 2009, plus the amount of market value credit reimbursements under section 273.1384 payable to the county in 2009 before the reductions in this section.

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The reduction amount is applied first to reduce the amount payable to the county in 2009 as county program aid under section 477A.013 and then, if necessary, to reduce the amount payable to the county in 2009 as market value credit reimbursements under section 273.1384.

No county's aid or reimbursements are reduced to less than zero under this section.

(b) The commissioner of revenue must compute a 2009 aid reduction amount for each city.

The aid reduction amount is zero for any city with a population of less than 1,000 that has an adjusted net tax capacity per capita amount less than the statewide average adjusted net tax capacity amount per capita for all cities. The aid reduction amount is also zero for a city located outside the seven-county metropolitan area, with a 2006 population greater than 3,500, a pre-1940 housing percentage greater than 29 percent, a commercial-industrial percentage less than nine percent, and a population decline percentage of zero based on the data used to certify the 2009 local government aid distribution under section 477A.013.

For all other cities, the aid reduction amount is equal to 3.3127634 percent of the city's 2009 revenue base.

The reduction amount is limited to the sum of the amount of local government aid under section 477A.013, subdivision 9, that the city was certified to receive in 2009, plus the amount of market value credit reimbursements under section 273.1384 payable to the city in 2009 before the reductions in this section.

The reduction amount for a city is further limited to \$22 per capita.

The reduction amount is applied first to reduce the amount payable to the city in 2009 as local government aid under section 477A.013 and then, if necessary, to reduce the amount payable to the city in 2009 as market value credit reimbursements under section 273.1384.

No city's aid or reimbursements are reduced to less than zero under this section.

(c) The commissioner of revenue must compute a 2009 aid reduction amount for each town.

The aid reduction amount is zero for any town with a population of less than 1,000 that has an adjusted net tax capacity per capita amount less than the statewide average adjusted net tax capacity amount per capita for all towns.

For all other towns, the aid reduction amount is equal to 1.735103 percent of the town's 2009 revenue base.

The reduction amount is limited to \$5 per capita.

The reduction amount is applied to reduce the amount payable to the town in 2009 as market value credit reimbursements under section 273.1384.

No town's reimbursements are reduced to less than zero under this section.

Subd. 3. 2010 aid reductions. (a) The commissioner of revenue must compute a 2010 aid reduction amount for each county.

The aid reduction amount is zero for a county with a population of less than 5,000, and is zero for a county containing the Shooting Star Casino property that was removed from the tax rolls in 2009.

For all other counties, the aid reduction amount is equal to 2.41396687 percent of the county's 2009 revenue base.

The reduction amount is limited to the sum of the amount of county program aid under section 477A.0124 that the county was certified to receive in 2009, plus the amount of market value credit reimbursements under section 273.1384 payable to the county in 2009 before the reductions in this section.

The reduction amount is applied first to reduce the amount payable to the county in 2010 as county program aid under section 477A.013 and then, if necessary, to reduce the amount payable to the county in 2010 as market value credit reimbursements under section 273.1384.

No county's aid or reimbursements are reduced to less than zero under this section.

(b) The commissioner of revenue must compute a 2010 aid reduction amount for each city.

The aid reduction amount is zero for any city with a population of less than 1,000 that has an adjusted net tax capacity per capita amount less than the statewide average adjusted net tax capacity amount per capita for all cities.

For all other cities, the aid reduction amount is equal to 7.643803025 percent of the city's 2009 revenue base.

The reduction amount is limited to the sum of the amount of local government aid under section 477A.013, subdivision 9, that the city was certified to receive in 2010, plus the amount of market value credit reimbursements under section 273.1384 payable to the city in 2010 before the reductions in this section.

The reduction amount for a city is further limited to \$55 per capita.

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The reduction amount is applied first to reduce the amount payable to the city in 2010 as local government aid under section 477A.013 and then, if necessary, to reduce the amount payable to the city in 2010 as market value credit reimbursements under section 273.1384.

No city's aid or reimbursements are reduced to less than zero under this section.

(c) The commissioner of revenue must compute a 2010 aid reduction amount for each town.

The aid reduction amount is zero for any town with a population of less than 1,000 that has an adjusted net tax capacity per capita amount less than the statewide average adjusted net tax capacity amount per capita for all towns.

For all other towns, the aid reduction amount is equal to 3.660798 percent of the town's 2009 revenue base.

The reduction amount is limited to \$10 per capita.

The reduction amount is applied to reduce the amount payable to the town in 2010 as market value credit reimbursements under section 273.1384.

No town's reimbursements are reduced to less than zero under this section.

477A.0134 ADDITIONAL 2010 AID AND CREDIT REDUCTIONS.

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given them in this subdivision.

(b) The "2010 revenue base" for a county is the sum of the county's certified property tax levy for taxes payable in 2010, plus the amount of county program aid under section 477A.0124 that the county was certified to receive in 2010, plus the amount of taconite aids under sections 298.28 and 298.282 that the county was certified to receive in 2010 including any amounts required to be placed in a special fund for distribution in a later year.

(c) The "2010 revenue base" for a statutory or home rule charter city is the sum of the city's certified property tax levy for taxes payable in 2010, plus the amount of local government aid under section 477A.013, subdivision 9, that the city was certified to receive in 2010, plus the amount of taconite aids under sections 298.28 and 298.282 that the city was certified to receive in 2010 including any amounts required to be placed in a special fund for distribution in a later year.

Subd. 2. **2010 reductions; counties and cities.** The commissioner of revenue must compute additional 2010 aid and credit reimbursement reduction amounts for each county and city under this section, after implementing any reduction of county program aid under section 477A.0124, local government aid under section 477A.013, or market value credit reimbursements under section 273.1384, to reflect the reductions under section 477A.0133.

The additional reduction amounts under this section are limited to the sum of the amount of county program aid under section 477A.0124, local government aid under section 477A.013, and market value credit reimbursements under section 273.1384 payable to the county or city in 2010 before the reductions in this section, but after the reductions under section 477A.0133.

The reduction amount under this section is applied first to reduce the amount payable to the county or city in 2010 as market value credit reimbursements under section 273.1384, and then if necessary, to reduce the amount payable as either county program aid under section 477A.0124 in the case of a county, or local government aid under section 477A.013 in the case of a city.

No aid or reimbursement amount is reduced to less than zero under this section.

The additional 2010 aid reduction amount for a county is equal to 1.82767 percent of the county's 2010 revenue base. The additional 2010 aid reduction amount for a city is equal to the lesser of (1) 3.4287 percent of the city's 2010 revenue base or (2) \$28 multiplied by the city's 2008 population.