SENATE
STATE OF MINNESOTA
NINETIETH SESSION

S.F. No. 813

1.1   A bill for an act

1.2   relating to local government aid; modifying the transition between city need

1.3   formulas; amending the formula; amending Minnesota Statutes 2016, sections

1.4   477A.011, subdivision 34; 477A.013, subdivisions 8, 9.

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

1.6   Section 1. Minnesota Statutes 2016, section 477A.011, subdivision 34, is amended to

1.7   read:

1.8   Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater than

1.9   10,000, "city revenue need" is 1.15 times the sum of (1) 4.59 times the pre-1940 housing

1.10   percentage; plus (2) 0.622 times the percent of housing built between 1940 and 1970; plus

1.11   (3) 169.415 times the jobs per capita; plus (4) the sparsity adjustment; plus (5) 307.664.

1.12   (b) For a city with a population equal to or greater than 2,500 and less than 10,000, "city

1.13   revenue need" is 1.15 times the sum of (1) 572.62; plus (2) 5.026 times the pre-1940 housing

1.14   percentage; minus (3) 53.768 times household size; plus (4) 14.022 times peak population

1.15   decline.

1.16   (c) For a city with a population less than 2,500, "city revenue need" is the sum of 410

1.17   plus 0.367 times the city's population over 100. The city revenue need under this paragraph

1.18   shall not exceed 630.

1.19   (d) For a city with a population of at least 2,500 but less than 3,000, the "city revenue

1.20   need" equals (1) the transition factor times the city's revenue need calculated in paragraph

1.21   (b); plus (2) 630 times the difference between one and the transition factor. For a city with

1.22   a population of at least 10,000 but less than ~~10,500~~ 11,000, the "city revenue need" equals

1.23   (1) the transition factor times the city's revenue need calculated in paragraph (a); plus (2)

2.1 the city's revenue need calculated under the formula in paragraph (b) times the difference

2.2 between one and the transition factor. For purposes of the first sentence of this paragraph,

2.3 "transition factor" is 0.2 percent times the amount that the city's population exceeds the

2.4 minimum threshold in either of the first two sentences. For purposes of the second sentence

2.5 of this paragraph, "transition factor" is 0.1 percent times the amount that the city's population

2.6 exceeds the minimum threshold.

2.7   (e) The city revenue need cannot be less than zero.

2.8   (f) For calendar year 2015 and subsequent years, the city revenue need for a city, as

2.9 determined in paragraphs (a) to (e), is multiplied by the ratio of the annual implicit price

2.10 deflator for government consumption expenditures and gross investment for state and local

2.11 governments as prepared by the United States Department of Commerce, for the most

2.12 recently available year to the 2013 implicit price deflator for state and local government

2.13 purchases.

2.14   **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018

2.15 and thereafter.

2.16   Sec. 2. Minnesota Statutes 2016, section 477A.013, subdivision 8, is amended to read:

2.17   Subd. 8. **City formula aid.** (a) For aids payable in 2015 2018 and thereafter, the formula

2.18 aid for a city is equal to the sum of (1) its formula aid in the previous year and (2) the product

2.19 of (i) the difference between its unmet need and its formula certified aid in the previous

2.20 year and before any aid adjustment under subdivision 13, and (ii) the aid gap percentage.

2.21   (b) For aids payable in 2015 and thereafter, if a city's certified aid from the previous

2.22 year is greater than the sum of its unmet need plus its aid adjustment under subdivision 13,

2.23 its formula aid is adjusted to equal its unmet need.

2.24   (c) No city may have a formula aid amount less than zero. The aid gap percentage must

2.25 be the same for all cities subject to paragraph (a).

2.26   (d) (b) The applicable aid gap percentage must be calculated by the Department of

2.27 Revenue so that the total of the aid under subdivision 9 equals the total amount available

2.28 for aid under section 477A.03. Data used in calculating aids to cities under sections 477A.011

2.29 to 477A.013 shall be the most recently available data as of January 1 in the year in which

2.30 the aid is calculated.

2.31   **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2017

2.32 and thereafter.

3.1   Sec. 3. Minnesota Statutes 2016, section 477A.013, subdivision 9, is amended to read:

3.2   Subd. 9. **City aid distribution.** (a) In calendar year ~~2014~~ 2018 and thereafter, ~~each city~~

3.3   if a city's certified aid before any aid adjustment under subdivision 13 for the previous year

3.4   is less than its current unmet need, the city shall receive an aid distribution equal to the sum

3.5   of (1) its certified aid in the previous year before any aid adjustment under subdivision 13,

3.6   (2) the city formula aid under subdivision 8, and ~~(2)~~ (3) its aid adjustment under subdivision

3.7   13.

3.8   (b) For aids payable in ~~2015~~ 2018 and thereafter, if a city's certified aid before any aid

3.9   adjustment under subdivision 13 for the previous year is equal to or greater than its current

3.10   unmet need, the total aid for a city ~~must not be less than~~ is equal to the greater of (1) its

3.11   unmet need plus any aid adjustment under subdivision 13, or (2) the amount it was certified

3.12   to receive in the previous year minus the lesser of $10 multiplied by its population, or five

3.13   percent of its net levy in the year prior to the aid distribution. No city may have a total aid

3.14   amount less than zero.

3.15   **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018

3.16   and thereafter.