

CHAPTER 477A

LOCAL GOVERNMENT AID

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477A.011 DEFINITIONS.

[For text of subs 1 to 34, see M.S.2000]

Subd. 35. **Tax effort rate.** "Tax effort rate" means the sum of (1) the net levy for all cities plus (2) for aid payable in 2002 only, the total aid payments to all cities under section 273.1398 in the previous year; divided by the sum of the city net tax capacity for all cities. For purposes of this section, "net levy" means the city levy, after all adjustments, used for calculating the local tax rate under section 275.08 for taxes payable in the year prior to the aid distribution. The fiscal disparity distribution levy under chapter 276A or 473F is included in net levy.

Subd. 36. **City aid base.** (a) Except as provided in paragraphs (b) to (o), "city aid base" means, for each city, the sum of the local government aid and equalization aid it was originally certified to receive in calendar year 1993 under Minnesota Statutes 1992, section 477A.013, subdivisions 3 and 5, and the amount of disparity reduction aid it received in calendar year 1993 under Minnesota Statutes 1992, section 273.1398, subdivision 3.

(b) For aids payable in 1996 and thereafter, a city that in 1992 or 1993 transferred an amount from governmental funds to its sewer and water fund, which amount exceeded its net levy for taxes payable in the year in which the transfer occurred, has a "city aid base" equal to the sum of (i) its city aid base, as calculated under paragraph (a), and (ii) one-half of the difference between its city aid distribution under section 477A.013, subdivision 9, for aids payable in 1995 and its city aid base for aids payable in 1995.

(c) 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.

(d) 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.

(e) 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.

(f) The city aid base for a city is increased by \$450,000 in 1999 to 2008 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$450,000 in calendar year 1999 only, provided that:

(i) the city had a population in 1996 of at least 50,000;

(ii) its population had increased by at least 40 percent in the ten-year period ending in 1996; and

(iii) its city's net tax capacity for aids payable in 1998 is less than \$700 per capita.

(g) Beginning in 2002, the city aid base for a city is equal to the sum of its city aid base in 2001 and the amount of additional aid it was certified to receive under section 477A.06 in 2001. For 2002 only, the maximum amount of total aid a city may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by the amount it was certified to receive under section 477A.06 in 2001.

(h) 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.

(i) 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;

(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.

(j) The city aid base for a city is increased by \$225,000 in calendar years 2000 to 2002 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$225,000 in calendar year 2000 only, provided that:

(1) the city had a population of at least 5,000;

(2) its population had increased by at least 50 percent in the ten-year period ending in 1997;

(3) the city is located outside of the Minneapolis-St. Paul metropolitan statistical area as defined by the United States Bureau of the Census; and

(4) the city received less than \$30 per capita in aid under section 477A.013, subdivision 9, for aids payable in 1999.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) 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.

(p) 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;
 (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.

(q) The city aid base for a city is increased by \$150,000 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 \$150,000 in calendar year 2002 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.

[For text of subd 37, see M.S.2000]

History: 1Sp2001 c 5 art 3 s 74,75

477A.0123 REIMBURSEMENT OF COUNTY FOR CERTAIN OUT-OF-HOME PLACEMENT.

Subdivision 1. Aid payments. (a) In calendar year 2003 and thereafter, the commissioner of revenue shall reimburse each county for a portion of the nonfederal share of the cost of out-of-home placement provided the commissioner of human services, in consultation with the commissioner of corrections, certifies to the commissioner of revenue that accurate data is available to make the aid determination under this section. The amount of reimbursement is a percent of the county's average nonfederal share of the cost for out-of-home placement for the most recent three calendar years for which data is available. The commissioner shall pay the aid under the schedule used for local government aid payments under section 477A.015.

(b) For aids payable in calendar year 2003, the percent of reimbursement in paragraph (a) shall be equal to the maximum percentage possible, up to 30 percent, that does not cause the payment to any county in the seven county metropolitan area to exceed the difference between the amount of aid it is scheduled to receive in calendar year 2003 under section 273.1398, prior to the offset under section 273.1398, subdivision 4d, and any aid offset under section 273.1398, subdivision 4a, that is scheduled to occur after July 1, 2003. For aids payable in 2004 and thereafter, the percent of reimbursement under paragraph (a) shall be equal to the percent of reimbursement determined for calendar year 2003, adjusted so that the total payments under this section do not exceed the appropriation under section 477A.03, subdivision 2, paragraph (e).

(c) For purposes of this section, "out-of-home placement" means the placement of a child in a child caring institution or shelter licensed under Minnesota Rules, parts 9545.0905 to 9545.1125, in a group home licensed under Minnesota Rules, parts 9545.1400 to 9545.1480, in family foster care or group family foster care licensed under Minnesota Rules, parts 9545.0010 to 9545.0260, or a correctional facility pursuant to a court order under which a county social services agency or a county correctional agency has been assigned responsibility for the placement.

Subd. 2. Determination of nonfederal share of costs. (a) By January 1, 2002, each county shall report the following information to the commissioners of human services and corrections, the separate amounts paid out of its social service agency budget and its corrections budget for out-of-home placement in calendar years 1998, 1999, and 2000, along with the number of case days associated with the expenditures from each budget. By March 15, 2002, the commissioner of human services, in consultation with the commissioner of corrections, shall certify to the commissioner of revenue and to the legislative committees responsible for local government aids and out-of-home

placement funding, whether the data reported under this subdivision accurately reflects total expenditures by counties for out-of-home placement costs.

(b) By January 1 of calendar year 2004 and thereafter, each county shall report to the commissioners of human services and corrections the separate amounts paid out of its social service agency budget and its corrections budget for out-of-home placement in the calendar years two years before the current calendar year along with the number of case days associated with the expenditures from each budget.

(c) Until either the commissioner of human services or corrections develops another mechanism for collecting and verifying data on out-of-home placements, and the legislature authorizes the use of that data, the data collected under this subdivision shall be used to calculate payments under subdivision 1. The commissioner of human services shall certify the information to the commissioner of revenue by July 1 of the year prior to the aid payment.

History: *1Sp2001 c 5 art 5 s 11*

477A.013 MUNICIPAL GOVERNMENT DISTRIBUTIONS.

Subdivision 1. **Towns.** In 2002, no town is eligible for a distribution under this subdivision.

[For text of subd 8, see M.S.2000]

Subd. 9. **City aid distribution.** (a) In calendar year 2002 and thereafter, each city shall receive an aid distribution equal to the sum of (1) the city formula aid under subdivision 8, and (2) its city aid base.

(b) The percentage increase for a first class city in calendar year 1995 and thereafter, except for 2002, shall not exceed the percentage increase in the sum of the aid to all cities under this section in the current calendar year compared to the sum of the aid to all cities in the previous year. For aids payable in 2002 only, the amount of the aid paid to a first class city shall not exceed the sum of its aid amount for calendar year 2001 under this section and its aid payment in calendar year 2001 under section 273.1398, subdivision 2, by more than 2.5 percent.

(c) For aids payable in all years except 2002, the total aid for any city, except a first class city, shall not exceed the sum of (1) ten percent of the city's net levy for the year prior to the aid distribution plus (2) its total aid in the previous year before any increases or decreases under sections 16A.711, subdivision 5, and 477A.0132. For aids payable in 2002 only, the total aid for any city, except a first class city, shall not exceed 40 percent of the sum of (1) the city's net levy for taxes payable in the year prior to the aid distribution plus (2) its total aid in the previous year under section 273.1398, subdivision 2, before any increases or decreases under sections 16A.711, subdivision 5, and 477A.0132.

History: *1Sp2001 c 5 art 3 s 76,77*

477A.03 APPROPRIATION.

Subd. 2. **Annual appropriation.** (a) A sum sufficient to discharge the duties imposed by sections 477A.011 to 477A.014 is annually appropriated from the general fund to the commissioner of revenue.

(b) Aid payments to counties under section 477A.0121 are limited to \$20,265,000 in 1996. Aid payments to counties under section 477A.0121 are limited to \$27,571,625 in 1997. For aid payable in 1998 and thereafter, the total aids paid under section 477A.0121 are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3.

(c)(i) For aids payable in 1998 and thereafter, the total aids paid to counties under section 477A.0122 are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3.

(ii) Aid payments to counties under section 477A.0122 in 2000 are further increased by an additional \$20,000,000 in 2000.

(d) Aid payments to cities in 2002 under section 477A.013, subdivision 9, are limited to the amounts certified to be paid in the previous year, adjusted for inflation as provided in subdivision 3, and increased by \$140,000,000. For aids payable in 2003, the total aids paid under section 477A.013, subdivision 9, are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3. For aids payable in 2004, the total aids paid under section 477A.013, subdivision 9, are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3, and increased by the amount certified to be paid in 2003 under section 477A.06. For aids payable in 2005 and thereafter, the total aids paid under section 477A.013, subdivision 9, are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3. The additional amount authorized under subdivision 4 is not included when calculating the appropriation limits under this paragraph.

(e) Reimbursements made to counties under section 477A.0123 in calendar year 2004 and thereafter are limited to an amount equal to the maximum allowed appropriation under this section in the previous year, multiplied by a percent to be established by law.

[For text of subds 3 and 4, see M.S.2000]

History: *1Sp2001 c 5 art 3 s 78; art.5 s 12*

477A.07 RENTAL HOUSING TAX BASE REPLACEMENT AID.

Subdivision 1. **Aid amount.** (a) For aid payable in 2003, each county and city is eligible for aid equal to the amount by which (i) 0.3 percent of the assessment year 2001 taxable market value of class 4a property, plus 0.25 percent of the assessment year 2001 market value of class 4b property, as defined in section 273.13, subdivision 25, exceeds (ii) 0.4 percent of the jurisdiction's total taxable net tax capacity for taxes payable in 2002, multiplied by the jurisdiction's average tax rate for taxes payable in 2002.

(b) For aid payable in 2004, each county and city is eligible for aid equal to the amount by which (i) 0.25 percent of the assessment year 2002 taxable market value of class 4a property, as defined in section 273.13, subdivision 25, exceeds (ii) 0.4 percent of the jurisdiction's total taxable net tax capacity for taxes payable in 2003, multiplied by the jurisdiction's average tax rate for taxes payable in 2003.

Subd. 2. **County aid.** Each county's aid amount for 2003 determined under subdivision 1 must be permanently added to the county's homestead and agricultural credit aid base under section 273.1398 for aid payable in 2003. Each county's aid amount for 2004 determined under subdivision 1 must be permanently added to the county's homestead and agricultural credit aid base for aid payable in 2004.

Subd. 3. **City aid.** Each city's 2003 aid amount determined under subdivision 1 must be permanently added to its city aid base under section 477A.011, subdivision 36, for aid payable in 2003. Each city's 2004 aid amount determined under subdivision 1 must be permanently added to its city aid base under section 477A.011, subdivision 36, for aid payable in 2004.

Subd. 4. **Appropriation increase.** For aid payable in 2003, the total aid amount payable to cities under section 477A.03, subdivision 2, paragraph (d), is permanently increased by the total amount payable to all cities under subdivision 3 for aid payable in 2003. For aid payable in 2004, the total aid amount payable to cities under section 477A.03, subdivision 2, paragraph (d); is permanently increased by the total amount payable to all cities under subdivision 3 for aid payable in 2004.

History: *1Sp2001 c 5 art 3 s 79*

477A.12 ANNUAL APPROPRIATIONS; LANDS ELIGIBLE; CERTIFICATION OF ACREAGE.

Subdivision 1. **Types of land; payments.** (a) As an offset for expenses incurred by counties and towns in support of natural resources lands, the following amounts are

annually appropriated to the commissioner of natural resources from the general fund for transfer to the commissioner of revenue. The commissioner of revenue shall pay the transferred funds to counties as required by sections 477A.11 to 477A.145. The amounts are:

(1) for acquired natural resources land, \$3, as adjusted for inflation under section 477A.145, multiplied by the total number of acres of acquired natural resources land or, at the county's option three-fourths of one percent of the appraised value of all acquired natural resources land in the county, whichever is greater;

(2) 75 cents, as adjusted for inflation under section 477A.145, multiplied by the number of acres of county-administered other natural resources land; and

(3) 37.5 cents, as adjusted for inflation under section 477A.145, multiplied by the number of acres of commissioner-administered other natural resources land located in each county as of July 1 of each year prior to the payment year.

(b) The amount determined under paragraph (a), clause (1), is payable for land that is acquired from a private owner and owned by the department of transportation for the purpose of replacing wetland losses caused by transportation projects, but only if the county contains more than 500 acres of such land at the time the certification is made under subdivision 2.

Subd. 2. Procedure. Lands for which payments in lieu are made pursuant to section 97A.061, subdivision 3, and Laws 1973, chapter 567, shall not be eligible for payments under this section. Each county auditor shall certify to the department of natural resources during July of each year prior to the payment year the number of acres of county-administered other natural resources land within the county. The department of natural resources may, in addition to the certification of acreage, require descriptive lists of land so certified. The commissioner of natural resources shall determine and certify to the commissioner of revenue by March 1 of the payment year:

(1) the number of acres and most recent appraised value of acquired natural resources land within each county;

(2) the number of acres of commissioner-administered natural resources land within each county; and

(3) the number of acres of county-administered other natural resources land within each county, based on the reports filed by each county auditor with the commissioner of natural resources.

The commissioner of transportation shall determine and certify to the commissioner of revenue by March 1 of the payment year the number of acres of land and the appraised value of the land described in subdivision 1, paragraph (b), but only if it exceeds 500 acres.

The commissioner of revenue shall determine the distributions provided for in this section using the number of acres and appraised values certified by the commissioner of natural resources and the commissioner of transportation by March 1 of the payment year.

Subd. 3. Determination of appraised value. For the purposes of this section, the appraised value of acquired natural resources land is the purchase price for the first five years after acquisition. The appraised value of acquired natural resources land received as a donation is the value determined for the commissioner of natural resources by a licensed appraiser, or the county assessor's estimated market value if no appraisal is done. The appraised value must be determined by the county assessor every five years after the land is acquired.

History: *1Sp2001 c 5 art 3 s 80*

477A.14 USE OF FUNDS.

Except as provided in section 97A.061, subdivision 5, 40 percent of the total payment to the county shall be deposited in the county general revenue fund to be used to provide property tax levy reduction. The remainder shall be distributed by the county in the following priority:

(a) 37.5 cents, as adjusted for inflation under section 477A.145, for each acre of county-administered other natural resources land shall be deposited in a resource development fund to be created within the county treasury for use in resource development, forest management, game and fish habitat improvement, and recreational development and maintenance of county-administered other natural resources land. Any county receiving less than \$5,000 annually for the resource development fund may elect to deposit that amount in the county general revenue fund;

(b) From the funds remaining, within 30 days of receipt of the payment to the county, the county treasurer shall pay each organized township 30 cents, as adjusted for inflation under section 477A.145, for each acre of acquired natural resources land and each acre of land described in section 477A.12, subdivision 1, paragraph (b), and 7.5 cents, as adjusted for inflation under section 477A.145, for each acre of other natural resources land located within its boundaries. Payments for natural resources lands not located in an organized township shall be deposited in the county general revenue fund. Payments to counties and townships pursuant to this paragraph shall be used to provide property tax levy reduction, except that of the payments for natural resources lands not located in an organized township, the county may allocate the amount determined to be necessary for maintenance of roads in unorganized townships. Provided that, if the total payment to the county pursuant to section 477A.12 is not sufficient to fully fund the distribution provided for in this clause, the amount available shall be distributed to each township and the county general revenue fund on a pro rata basis; and

(c) Any remaining funds shall be deposited in the county general revenue fund. Provided that, if the distribution to the county general revenue fund exceeds \$35,000, the excess shall be used to provide property tax levy reduction.

History: *1Sp2001 c.5 art 3 s 81*