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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 1996

03/06/2025 Authored by Warwas, Davids, Skraba, Joy and Igo
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; aid to local governments; modifying the calculation of town
1.3 aid; increasing the annual town aid amount; amending Minnesota Statutes 2024,
1.4 sections 477A.013, subdivision 1; 477A.03, subdivision 2c.

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

1.6 Section 1. Minnesota Statutes 2024, section 477A.013, subdivision 1, is amended to read:

1.7 Subdivision 1. **Towns.** (a) ~~In 2014 and thereafter, each town is eligible for a distribution~~
1.8 ~~under this subdivision equal to the product of (i) its agricultural property factor, (ii) its town~~
1.9 ~~area factor, (iii) its population factor, and (iv) 0.0045.~~ As used in this subdivision, the
1.10 following terms have the meanings given them:

1.11 (1) "agricultural property factor" means the ratio of the adjusted net tax capacity of
1.12 agricultural property located in a town, to the adjusted net tax capacity of all other property
1.13 located in the town. The agricultural property factor cannot exceed eight;

1.14 (2) "agricultural property" means property classified under section 273.13, as homestead
1.15 and nonhomestead agricultural property, rural vacant land, and noncommercial seasonal
1.16 recreational property;

1.17 (3) "town area factor" means the most recent estimate of total acreage, not to exceed
1.18 50,000 acres, located in the township available as of July 1 in the aid calculation year,
1.19 estimated or established by:

1.20 (i) the United States Bureau of the Census;

1.21 (ii) the State Land Management Information Center; or

1.22 (iii) the secretary of state; ~~and~~

2.1 (4) "population factor" means the square root of the town's population; and

2.2 (5) "town aid factor" means the product of the town's (i) agricultural property factor, (ii)
 2.3 town area factor, and (iii) population factor.

2.4 ~~(b) If the sum of the aids payable to all towns under this subdivision exceeds the limit~~
 2.5 ~~under section 477A.03, subdivision 2c, the distribution to each town must be reduced~~
 2.6 ~~proportionately so that the total amount of aids distributed under this subdivision does not~~
 2.7 ~~exceed the limit in section 477A.03, subdivision 2c.~~

2.8 (b) Each town is eligible for a distribution under this subdivision equal to the product
 2.9 of (1) the total amount available for town aid under section 477A.03, subdivision 2c, and
 2.10 (2) the ratio of (i) the town's town aid factor to (ii) the sum of the town aid factors for all
 2.11 towns.

2.12 (c) Data used in calculating aids to towns under this subdivision, other than acreage,
 2.13 shall be the most recently available data as of January 1 in the year in which the aid is
 2.14 calculated.

2.15 **EFFECTIVE DATE.** This section is effective for aid payable in calendar year 2026
 2.16 and thereafter.

2.17 Sec. 2. Minnesota Statutes 2024, section 477A.03, subdivision 2c, is amended to read:

2.18 Subd. 2c. **Towns.** For aids payable in 2015 ~~and thereafter~~ through 2025, the total aids
 2.19 paid under section 477A.013, subdivision 1, is limited to \$10,000,000. For aids payable in
 2.20 2026 and thereafter, the total aid payable under section 477A.013, subdivision 1, is
 2.21 \$11,500,000.

2.22 **EFFECTIVE DATE.** This section is effective for aid payable in calendar year 2026
 2.23 and thereafter.