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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 2034

03/19/2015 Authored by Quam and Gruenhagen
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; imposing per capita limits on aid
1.3 to first class cities; amending Minnesota Statutes 2014, sections 477A.013,
1.4 subdivision 10, by adding a subdivision; 477A.03, subdivision 2a.

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

1.6 Section 1. Minnesota Statutes 2014, section 477A.013, is amended by adding a
1.7 subdivision to read:

1.8 Subd. 9a. **Maximum final aid payment to first class cities.** A first class city may
1.9 not receive a total aid payment in any year under this section that exceeds an amount equal
1.10 to the average per capita amount for all cities, except first class cities, under subdivision 9,
1.11 multiplied by its population. Any aid calculated for these cities under subdivision 9 in
1.12 excess of the amount calculated under this subdivision shall be retained in the general fund.
1.13 For purposes of this subdivision, "first class city" has the meaning given in section 410.01.

1.14 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
1.15 2016 and thereafter.

1.16 Sec. 2. Minnesota Statutes 2014, section 477A.013, subdivision 10, is amended to read:

1.17 Subd. 10. **Levy adjustments for aid decreases.** Notwithstanding any local
1.18 ordinance or charter provision, a city whose certified aid under ~~subdivision~~ subdivisions 9
1.19 and 9a is less than the amount it received in the previous year under the same subdivision
1.20 may increase its levy payable in the same year as the certified aid is paid by an amount
1.21 equal to the aid decrease for that year.

2.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
2.2 2016 and thereafter.

2.3 Sec. 3. Minnesota Statutes 2014, section 477A.03, subdivision 2a, is amended to read:

2.4 Subd. 2a. **Cities.** ~~For aids payable in 2014, the total aid paid under section~~
2.5 ~~477A.013, subdivision 9, is \$507,598,012.~~ The total aid paid under section 477A.013,
2.6 subdivision 9, is \$516,898,012 for aids payable in 2015. For aids payable in 2016
2.7 and thereafter, the total aid ~~paid~~ calculated under section 477A.013, subdivision 9, is
2.8 \$519,398,012. For aids payable in 2016 and thereafter, the total aids payable to cities under
2.9 section 477A.013 is the amount calculated under section 477A.013, subdivision 9, minus
2.10 the amount of aid retained in the general fund under section 477A.013, subdivision 9a.

2.11 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
2.12 2016 and thereafter.

2.13 Sec. 4. **2015 AID REDUCTIONS FOR FIRST CLASS CITIES.**

2.14 The commissioner of revenue must compute a 2015 aid reduction amount for each
2.15 first class city. The reduction is equal to the difference between (1) its certified 2015 aid
2.16 amount and (2) its 2012 population multiplied by the average aid per capita certified for all
2.17 other cities except first class cities for aids payable in 2015. The reduction shall be applied
2.18 evenly to each city's two aid payments under Minnesota Statutes, section 477A.015. For
2.19 purposes of this section, "first class city" has the meaning given in Minnesota Statutes,
2.20 section 410.01.

2.21 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2015.