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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 3830

03/15/2018 Authored by Bahr, C.; Drazkowski; Lucero; Pugh; Hertaus 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 local government aid; including local sales taxes in the calculation of
1.3 city aid; amending Minnesota Statutes 2016, section 477A.011, subdivision 43,
1.4 by adding a subdivision.

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

1.6 Section 1. Minnesota Statutes 2016, section 477A.011, subdivision 43, is amended to
1.7 read:

1.8 Subd. 43. Unmet need. "Unmet need" for a city is equal to the difference between (1)
1.9 its city revenue need multiplied by its population, and (2) the sum of its city net tax capacity
1.10 multiplied by the tax effort rate, and its local sales tax adjustment.

1.11 EFFECTIVE DATE. This section is effective for aids payable in calendar year 2019
1.12 and thereafter.

1.13 Sec. 2. Minnesota Statutes 2016, section 477A.011, is amended by adding a subdivision
1.14 to read:

1.15 Subd. 46. Local sales tax adjustment. A city that imposes a general local sales tax that
1.16 is subject to the provisions contained in section 297A.99 shall have a local sales tax
1.17 adjustment equal to the amount of local sales tax revenue remitted back to it under section
1.18 297A.99, subdivision 11, in the calendar year two years prior to the year of the aid
1.19 distribution multiplied by the following factor:

1.20 (1) for aids payable in 2019 the factor is 20 percent;

1.21 (2) for aids payable in 2020 the factor is 40 percent;

- 2.1 (3) for aids payable in 2021, the factor is 60 percent;
- 2.2 (4) for aids payable in 2022, the factor is 80 percent; and
- 2.3 (5) for aids payable in 2023 and thereafter, the factor is 100 percent.
- 2.4 The local sales tax adjustment is zero for all other cities.
- 2.5 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2019
- 2.6 and thereafter.