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State of Minnesota
HOUSE OF REPRESENTATIVES
NINETIETH SESSION

H. F. No. 773

02/02/2017 Authored by Murphy, M.; Marquart; Davids and Gunther
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; amending the formula and providing adjustments
1.3 in 2017 aid payments to certain cities; amending Minnesota Statutes 2016, section
1.4 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.013, subdivision 8, is amended to read:

1.7 Subd. 8. **City formula aid.** (a) For aids payable in ~~2015~~ 2018 and thereafter, the formula
1.8 aid for a city is equal to ~~the sum of (1) its formula aid in the previous year and (2) the product~~
1.9 of (i) the difference between its unmet need and its ~~formula~~ certified aid in the previous
1.10 year before any aid adjustment under subdivision 13, and (ii) the aid gap percentage.

1.11 (b) ~~For aids payable in 2015 and thereafter, if a city's certified aid from the previous~~
1.12 ~~year is greater than the sum of its unmet need plus its aid adjustment under subdivision 13,~~
1.13 ~~its formula aid is adjusted to equal its unmet need.~~

1.14 (c) ~~No city may have a formula aid amount less than zero. The aid gap percentage must~~
1.15 ~~be the same for all cities subject to paragraph (a).~~

1.16 (d) ~~The applicable aid gap percentage must be calculated by the Department of Revenue~~
1.17 ~~so that the total of the aid under subdivision 9 equals the total amount available for aid under~~
1.18 ~~section 477A.03. The aid gap percentage must be the same for all cities subject to paragraph~~
1.19 ~~(a). Data used in calculating aids to cities under sections 477A.011 to 477A.013 shall be~~
1.20 ~~the most recently available data as of January 1 in the year in which the aid is calculated.~~

1.21 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2017
1.22 and thereafter.

2.1 Sec. 2. Minnesota Statutes 2016, section 477A.013, subdivision 9, is amended to read:

2.2 Subd. 9. **City aid distribution.** (a) In calendar year ~~2014~~ 2018 and thereafter, ~~each city~~
 2.3 if a city's certified aid before any aid adjustment under subdivision 13 for the previous year
 2.4 is less than its current unmet need, the city shall receive an aid distribution equal to the sum
 2.5 of (1) its certified aid in the previous year before any aid adjustment under subdivision 13,
 2.6 (2) the city formula aid under subdivision 8, and ~~(2)~~ (3) its aid adjustment under subdivision
 2.7 13.

2.8 (b) For aids payable in ~~2015~~ 2018 and thereafter, if a city's certified aid before any aid
 2.9 adjustment under subdivision 13 for the previous year is equal to or greater than its current
 2.10 unmet need, the total aid for a city ~~must not be less than~~ is equal to the greater of (1) its
 2.11 unmet need plus any aid adjustment under subdivision 13, or (2) the amount it was certified
 2.12 to receive in the previous year minus the lesser of \$10 multiplied by its population, or five
 2.13 percent of its net levy in the year prior to the aid distribution. No city may have a total aid
 2.14 amount less than zero.

2.15 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018
 2.16 and thereafter.

2.17 Sec. 3. **ONETIME ADJUSTMENT FOR CERTAIN CITIES; AIDS PAYABLE IN**
 2.18 **2017.**

2.19 (a) The amount of aid payable in 2017 to a city shall be increased to equal the amount
 2.20 of aid it received under Minnesota Statutes, section 477A.013, subdivision 9, for aids payable
 2.21 in 2016 if the following conditions are met:

2.22 (1) its certified aid under Minnesota Statutes, section 477A.013, subdivision 9, for aids
 2.23 payable in 2017, is less than its certified aid for aids payable in 2016; and

2.24 (2) its certified aid under Minnesota Statutes, section 477A.013, subdivision 9, for aids
 2.25 payable in 2016, is less than its unmet need under Minnesota Statutes, section 477A.011,
 2.26 subdivision 34, for aids payable in 2017.

2.27 (b) Any adjustment under this section shall be treated as an aid correction under
 2.28 Minnesota Statutes, section 477A.014, subdivision 3. The amount computed under this
 2.29 section shall be used as an affected city's 2017 certified aid amount when calculating its
 2.30 formula aid under Minnesota Statutes, section 477A.013, subdivision 8, for aids payable in
 2.31 2018.

2.32 **EFFECTIVE DATE.** This section is effective for aids payable in calendar years 2017
 2.33 and 2018.