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State of Minnesota
HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. **4445**

04/19/2018   Authored by Schomacker and Marquart
           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; modifying the city formula; increasing the
1.3   appropriation; amending Minnesota Statutes 2017 Supplement, sections 477A.011,
1.4   subdivision 34; 477A.03, subdivision 2a.

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

1.6   Section 1. Minnesota Statutes 2017 Supplement, section 477A.011, subdivision 34, is

1.7   amended to read:

1.8   Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater than

1.9   10,000, "city revenue need" is 1.15 times the sum of (1) ~~4.59~~ 4.948 times the pre-1940

1.10 housing percentage; plus (2) ~~0.622~~ 0.671 times the percent of housing built between 1940

1.11 and 1970; plus (3) ~~169.415~~ 182.629 times the jobs per capita; plus (4) the sparsity adjustment;

1.12 plus (5) ~~307.664~~ 331.662.

1.13   (b) For a city with a population equal to or greater than 2,500 and less than 10,000, "city

1.14 revenue need" is 1.15 times the sum of (1) ~~572.62~~ 617.284; plus (2) ~~5.026~~ 5.418 times the

1.15 pre-1940 housing percentage; minus (3) ~~53.768~~ 57.962 times household size; plus (4) ~~14.022~~

1.16 15.116 times peak population decline; plus (5) the sparsity adjustment.

1.17   (c) For a city with a population less than 2,500, "city revenue need" is the sum of (1)

1.18 ~~410~~ 562.129; plus (2) ~~0.367~~ 0.13 times the city's population ~~over 100~~; plus (3) the sparsity

1.19 adjustment. The city revenue need for a city under this paragraph shall not exceed ~~630~~ 632

1.20 plus the city's sparsity adjustment.

1.21   (d) For a city with a population of at least 2,500 but less than 3,000, the "city revenue

1.22 need" equals (1) the transition factor times the city's revenue need calculated in paragraph

1.23 (b); plus (2) ~~630~~ 632 times the difference between one and the transition factor. For a city

Section 1.   1

2.1 with a population of at least 10,000 but less than 11,000, the "city revenue need" equals (1)

2.2 the transition factor times the city's revenue need calculated in paragraph (a); plus (2) the

2.3 city's revenue need calculated under the formula in paragraph (b) times the difference

2.4 between one and the transition factor. For purposes of the first sentence of this paragraph

2.5 "transition factor" is 0.2 percent times the amount that the city's population exceeds the.

2.6 For purposes of the second sentence of this paragraph, "transition factor" is 0.1 percent

2.7 times the amount that the city's population exceeds the minimum threshold.

2.8 (e) The city revenue need cannot be less than zero.

2.9 (f) For calendar year 2015 and subsequent years, the city revenue need for a city, as

2.10 determined in paragraphs (a) to (e), is multiplied by the ratio of the annual implicit price

2.11 deflator for government consumption expenditures and gross investment for state and local

2.12 governments as prepared by the United States Department of Commerce, for the most

2.13 recently available year to the 2013 implicit price deflator for state and local government

2.14 purchases.

2.15 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2019

2.16 and thereafter.

2.17 Sec. 2. Minnesota Statutes 2017 Supplement, section 477A.03, subdivision 2a, is amended

2.18 to read:

2.19 Subd. 2a. **Cities.** For aids payable in 2016 and 2017, the total aid paid under section

2.20 477A.013, subdivision 9, is $519,398,012. For aids payable in 2018 and thereafter, the total

2.21 aid paid under section 477A.013, subdivision 9, is $534,398,012. For aids payable in 2019

2.22 and thereafter, the total aid paid under section 477A.013, subdivision 9, is $564,982,145.

2.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June

2.24 30, 2018.