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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. **2465**

02/27/2014 Authored by Lien, Sawatzky and Davnie  
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 calculation on aid losses;  
1.3 amending Minnesota Statutes 2013 Supplement, section 477A.013, subdivision 8.

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

1.5 Section 1. Minnesota Statutes 2013 Supplement, section 477A.013, subdivision 8,  
1.6 is amended to read:

1.7 Subd. 8. **City formula aid.** (a) For aids payable in 2014 only, the formula aid for a  
1.8 city is equal to the sum of (1) its 2013 certified aid, and (2) the product of (i) the difference  
1.9 between its unmet need and its 2013 certified aid, and (ii) the aid gap percentage.

1.10 (b) For aids payable in 2015 and thereafter, the formula aid for a city is equal to the  
1.11 sum of (1) its formula aid in the previous year and (2) the product of (i) the difference  
1.12 between its unmet need and its certified formula aid in the previous year under subdivision  
1.13 9, and (ii) the aid gap percentage.

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

1.17 (d) No city may have a formula aid amount less than zero. The aid gap percentage  
1.18 must be the same for all cities subject to paragraph (b).

1.19 (e) The applicable aid gap percentage must be calculated by the Department of  
1.20 Revenue so that the total of the aid under subdivision 9 equals the total amount available  
1.21 for aid under section 477A.03. Data used in calculating aids to cities under sections  
1.22 477A.011 to 477A.013 shall be the most recently available data as of January 1 in the  
1.23 year in which the aid is calculated.

- 2.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
- 2.2 2015 and thereafter.