

## HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 2789

03/06/2014 Authored by Lenczewski  
The bill was read for the first time and referred to the Committee on Taxes  
03/12/2014 Adoption of Report: Placed on the General Register  
Read Second Time

1.1 A bill for an act

1.2 relating to taxation; property; local government; modifying payment in lieu of  
1.3 taxes distribution; modifying the calculation on aid losses; amending Minnesota  
1.4 Statutes 2013 Supplement, sections 477A.013, subdivision 8; 477A.14,  
1.5 subdivision 1.

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

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

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

1.12 (b) For aids payable in 2015 and thereafter, the formula aid for a city is equal to the  
1.13 sum of (1) its formula aid in the previous year and (2) the product of (i) the difference  
1.14 between its unmet need and its certified formula aid in the previous year ~~under subdivision~~  
1.15 9, and (ii) the aid gap percentage.

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

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

1.21 (e) The applicable aid gap percentage must be calculated by the Department of  
1.22 Revenue so that the total of the aid under subdivision 9 equals the total amount available  
1.23 for aid under section 477A.03. Data used in calculating aids to cities under sections  
1.24 477A.011 to 477A.013 shall be the most recently available data as of January 1 in the  
1.25 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.

2.3 Sec. 2. Minnesota Statutes 2013 Supplement, section 477A.14, subdivision 1, is  
2.4 amended to read:

2.5 Subdivision 1. **General distribution.** Except as provided in subdivisions 2 and 3,  
2.6 40 percent of the total payment to the county shall be deposited in the county general  
2.7 revenue fund to be used to provide property tax levy reduction. The remainder shall be  
2.8 distributed by the county in the following priority:

2.9 (a) (1) 64.2 cents, for each acre of county-administered other natural resources land  
2.10 shall be deposited in a resource development fund to be created within the county treasury  
2.11 for use in resource development, forest management, game and fish habitat improvement,  
2.12 and recreational development and maintenance of county-administered other natural  
2.13 resources land. Any county receiving less than \$5,000 annually for the resource  
2.14 development fund may elect to deposit that amount in the county general revenue fund;

2.15 (b) ~~from the funds remaining, (2)~~ within 30 days of receipt of the payment to  
2.16 the county, the county treasurer shall pay ~~each organized township ten percent of the~~  
2.17 ~~amount received~~ a township with land that qualifies for payment under section 477A.12,  
2.18 subdivision 1, clauses (1), (2), and (5) to (7), ten percent of the payment the county  
2.19 received for such land within that township. Payments for natural resources lands not  
2.20 located in an organized township shall be deposited in the county general revenue fund.  
2.21 Payments to counties and townships pursuant to this paragraph shall be used to provide  
2.22 property tax levy reduction, except that of the payments for natural resources lands not  
2.23 located in an organized township, the county may allocate the amount determined to be  
2.24 necessary for maintenance of roads in unorganized townships. ~~Provided that, if the total~~  
2.25 ~~payment to the county pursuant to section 477A.12 is not sufficient to fully fund the~~  
2.26 ~~distribution provided for in this clause, the amount available shall be distributed to each~~  
2.27 ~~township and the county general revenue fund on a pro rata basis; and~~

2.28 (c) (3) any remaining funds shall be deposited in the county general revenue fund.  
2.29 Provided that, if the distribution to the county general revenue fund exceeds \$35,000, the  
2.30 excess shall be used to provide property tax levy reduction.

2.31 **EFFECTIVE DATE.** This section is effective July 1, 2014.