

CHAPTER 477A

LOCAL GOVERNMENT AID

477A.011 Definitions.
 477A.013 Municipal government distributions.
 477A.03 Appropriation.

477A.13 Time of payment, deductions.
 477A.14 Use of funds.

477A.011 DEFINITIONS.

[For text of subd 1, see M.S.1992]

Subd. 1a. **City.** "City" means a statutory or home rule charter city.

[For text of subds 1b to 3, see M.S.1992]

Subd. 3a. [Repealed, 1993 c 375 art 4 s 21]

Subd. 15. [Repealed, 1993 c 375 art 4 s 21]

Subd. 16. [Repealed, 1993 c 375 art 4 s 21]

Subd. 17. [Repealed, 1993 c 375 art 4 s 21]

Subd. 18. [Repealed, 1993 c 375 art 4 s 21]

[For text of subd 19, see M.S.1992]

Subd. 20. **City net tax capacity.** "City net tax capacity" means (1) the net tax capacity computed using the net tax capacity rates in section 273.13, and the market values for taxes payable in the year prior to the aid distribution plus (2) a city's fiscal disparities distribution tax capacity under section 473F.08, subdivision 2, paragraph (b), for taxes payable in the year prior to that for which aids are being calculated. The market value utilized in computing city net tax capacity shall be reduced by the sum of (1) a city's market value of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 2, paragraph (a), (2) the market value of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the market value of transmission lines deducted from a city's total net tax capacity under section 273.425. The city net tax capacity will be computed using equalized market values.

[For text of subd 21, see M.S.1992]

Subd. 22. [Repealed, 1993 c 375 art 4 s 21]

Subd. 23. [Repealed, 1993 c 375 art 4 s 21]

Subd. 25. [Repealed, 1993 c 375 art 4 s 21]

Subd. 26. [Repealed, 1993 c 375 art 4 s 21]

[For text of subds 27 to 29, see M.S.1992]

Subd. 30. **Pre-1940 housing percentage.** "Pre-1940 housing percentage" for a city is 100 times the most recent federal census count of all housing units in the city built before 1940, divided by the total number of all housing units in the city. Housing units includes both occupied and vacant housing units as defined by the federal census.

Subd. 31. **Population decline percentage.** "Population decline percentage" for a city is the percent decline in a city's population for the last ten years, based on the most recently available population estimate from the state demographer or a federal census. A city's population decline percentage cannot be less than zero.

Subd. 32. **Commercial industrial percentage.** "Commercial industrial percentage" for a city is 100 times the sum of the estimated market values of all real property in the city classified as class 3 under section 273.13, subdivision 24, excluding public utility property, to the total market value of all taxable real and personal property in the

city. The market values are the amounts computed before any adjustments for fiscal disparities under section 473F.08. The market values used for this subdivision are not equalized.

Subd. 33. **Transformed population.** "Transformed population" for a city is the city population raised to the .3308 power, times 30.5485.

Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater than 2,500, "city revenue need" is the sum of (1) 3.462312 times the pre-1940 housing percentage; plus (2) 2.093826 times the commercial industrial percentage; plus (3) 6.862552 times the population decline percentage; plus (4) .00026 times the city population; plus (5) 152.0141.

(b) For a city with a population less than 2,500, "city revenue need" is the sum of (1) 1.795919 times the pre-1940 housing percentage; plus (2) 1.562138 times the commercial industrial percentage; plus (3) 4.177568 times the population decline percentage; plus (4) 1.04013 times the transformed population; minus (5) 107.475.

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

(d) For calendar year 1995 and subsequent years, the city revenue need for a city, as determined in paragraphs (a) to (c), is multiplied by the ratio of the annual implicit price deflator for state and local government purchases, as prepared by the United States Department of Commerce, for the most recently available year to the 1993 implicit price deflator for state and local government purchases.

Subd. 35. **Tax effort rate.** "Tax effort rate" means the sum of the net levy for all cities divided by the sum of the city net tax capacity for all cities. For purposes of this section, "net levy" means the city levy, after all adjustments, used for calculating the local tax rate under section 275.08 for taxes payable in the year prior to the aid distribution. The fiscal disparity distribution levy is included in net levy.

Subd. 36. **City aid base.** "City aid base" means, for each city, the sum of the local government aid and equalization aid it was originally certified to receive in calendar year 1993 under Minnesota Statutes 1992, section 477A.013, subdivisions 3 and 5, and the amount of disparity reduction aid it received in calendar year 1993 under Minnesota Statutes 1992, section 273.1398, subdivision 3.

Subd. 37. **Base reduction percentage.** "Base reduction percentage" is (1) the difference between the amount available for city aid under section 477A.03 for the year for which aid is being calculated and the amount available for city aid under section 477A.03 for calendar year 1994, (2) divided by the sum of the city aid base for all cities and (3) multiplied by 100. The reduction percentage for any year may not be less than the reduction percentage from the previous year. For aid paid in calendar year 1994, the reduction percentage is zero. The reduction percentage may not be more than 100 percent.

History: 1993 c 375 art 4 s 8-17

477A.013 MUNICIPAL GOVERNMENT DISTRIBUTIONS.

Subdivision 1. **Towns.** In calendar year 1990, each town that had levied for taxes payable in the prior year a local tax rate of at least .008 shall receive a distribution equal to 106 percent of the amount received in 1989 under this subdivision. In calendar years 1991 and 1992, each town that had levied for taxes payable in the prior year a local tax rate of at least .008 shall receive a distribution equal to the amount it received in the previous year under this subdivision less any permanent reductions made under section 477A.0132. In 1993, each town that had levied for taxes payable in the prior year a local tax rate of at least .008 shall receive a distribution equal to the amount it received in 1992 under this subdivision before any nonpermanent reductions made under section 477A.0132 plus \$1 per capita based on the town's population. In 1994 and thereafter each town that had levied for taxes payable in the prior year a local tax rate of at least .008 shall receive a distribution equal to the amount it received in 1993 under this section before any nonpermanent reductions made under section 477A.0132.

Subd. 2. [Repealed, 1993 c 375 art 4 s 21]

Subd. 3. [Repealed, 1993 c 375 art 4 s 21]

Subd. 5. [Repealed, 1993 c 375 art 4 s 21]

[For text of subd 6, see M.S.1992]

Subd. 8. **City aid increase.** (a) In calendar year 1994 and subsequent years, the aid increase for a city is equal to the need increase percentage multiplied by the difference between (1) the city's revenue need multiplied by its population, and (2) the city's net tax capacity multiplied by the tax effort rate. The need increase percentage must be the same for all cities and must be calculated by the department of revenue so that the total of the aid under subdivision 9 equals the total amount available for aid under section 477A.03, subdivision 1.

(b) The percentage aid increase for a first class city in calendar year 1994 must not exceed the percentage increase in the sum of calendar year 1994 city aids under this section compared to the sum of the city aid base for all cities. The aid increase for any other city in 1994 must not exceed five percent of the city's net levy for taxes payable in 1993.

(c) The aid increase in calendar year 1995 and subsequent years for any city must not exceed the sum of (1) ten percent of the city's net levy for the year prior to the aid distribution plus (2) its city aid base multiplied by the base reduction percentage.

Subd. 9. **City aid distribution.** In calendar year 1994 and thereafter, each city shall receive an aid distribution equal to the sum of (1) the city aid increase under subdivision 8, and (2) its city aid base multiplied by a percentage equal to 100 minus the base reduction percentage.

History: 1993 c 375 art 3 s 45; art 4 s 18,19; 1Sp1993 c 6 s 32

477A.03 APPROPRIATION.

Subdivision 1. **Annual appropriation.** A sum sufficient to discharge the duties imposed by sections 477A.011 to 477A.014 is annually appropriated from the local government trust fund to the commissioner of revenue. For aids payable in 1993, the total amount of equalization aid paid under section 477A.013, subdivision 5, is limited to \$20,011,000. For aid payable in 1994 and thereafter, the total aid paid to cities under section 477A.013, subdivision 9, is limited to \$330,636,900.

In 1993 and subsequent years, \$8,400,000 per year is appropriated from the local government trust fund to make payments under section 477A.0121.

History: 1993 c 375 art 4 s 20

477A.13 TIME OF PAYMENT, DEDUCTIONS.

Payments to the counties shall be made from the general fund during the month of July of the year next following certification. There shall be deducted from amounts paid any amounts paid to a county or township during the preceding year pursuant to sections 97A.061, subdivisions 1 and 2, and 272.68, subdivision 3, with respect to the lands certified pursuant to section 477A.12.

History: 1993 c 13 art 2 s 16

477A.14 USE OF FUNDS.

Forty percent of the total payment to the county shall be deposited in the county general revenue fund to be used to provide property tax levy reduction. The remainder shall be distributed by the county in the following priority:

(a) 37.5 cents for each acre of county-administered other natural resources land shall be deposited in a resource development fund to be created within the county treasury for use in resource development, forest management, game and fish habitat improvement, and recreational development and maintenance of county-administered other natural resources land. Any county receiving less than \$5,000 annually for the

resource development fund may elect to deposit that amount in the county general revenue fund;

(b) From the funds remaining, within 30 days of receipt of the payment to the county, the county treasurer shall pay each organized township 30 cents per acre of acquired natural resources land and 7.5 cents per acre of other natural resources land located within its boundaries. Payments for natural resources lands not located in an organized township shall be deposited in the county general revenue fund. Payments to counties and townships pursuant to this paragraph shall be used to provide property tax levy reduction. Provided that, if the total payment to the county pursuant to section 477A.12 is not sufficient to fully fund the distribution provided for in this clause, the amount available shall be distributed to each township and the county general revenue fund on a pro rata basis; and

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

History: 1993 c 375 art 17 s 20