

CHAPTER 477A

LOCAL GOVERNMENT AID

477A.011 Definitions.
 477A.012 County program aid.
 477A.013 Municipal government distributions.

477A.014 Commissioner's responsibilities.
 477A.03 Appropriation.
 477A.08 Job opportunity building zone aid.

477A.011 DEFINITIONS.

[For text of subs 1 to 33, see M.S.2002]

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) 5.0734098 times the pre-1940 housing percentage; plus (2) 19.141678 times the population decline percentage; plus (3) 2504.06334 times the road accidents factor; plus (4) 355.0547; minus (5) the metropolitan area factor; minus (6) 49.10638 times the household size.

(b) For a city with a population less than 2,500, "city revenue need" is the sum of (1) 2.387 times the pre-1940 housing percentage; plus (2) 2.67591 times the commercial industrial percentage; plus (3) 3.16042 times the population decline percentage; plus (4) 1.206 times the transformed population; minus (5) 62.772.

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

(d) For calendar year 2005 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 government consumption expenditures and gross investment for state and local governments as prepared by the United States Department of Commerce, for the most recently available year to the 2003 implicit price deflator for state and local government purchases.

[For text of subd 35, see M.S.2002]

Subd. 36. **City aid base.** (a) Except as otherwise provided in this subdivision, "city aid base" is zero.

(b) The city aid base for any city with a population less than 500 is increased by \$40,000 for aids payable in calendar year 1995 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$40,000 for aids payable in calendar year 1995 only, provided that:

(i) the average total tax capacity rate for taxes payable in 1995 exceeds 200 percent;

(ii) the city portion of the tax capacity rate exceeds 100 percent; and

(iii) its city aid base is less than \$60 per capita.

(c) The city aid base for a city is increased by \$20,000 in 1998 and thereafter and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$20,000 in calendar year 1998 only, provided that:

(i) the city has a population in 1994 of 2,500 or more;

(ii) the city is located in a county, outside of the metropolitan area, which contains a city of the first class;

(iii) the city's net tax capacity used in calculating its 1996 aid under section 477A.013 is less than \$400 per capita; and

(iv) at least four percent of the total net tax capacity, for taxes payable in 1996, of property located in the city is classified as railroad property.

(d) The city aid base for a city is increased by \$200,000 in 1999 and thereafter and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 1999 only, provided that:

(i) the city was incorporated as a statutory city after December 1, 1993;

(ii) its city aid base does not exceed \$5,600; and

(iii) the city had a population in 1996 of 5,000 or more.

(e) The city aid base for a city is increased by \$450,000 in 1999 to 2008 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$450,000 in calendar year 1999 only, provided that:

(i) the city had a population in 1996 of at least 50,000;

(ii) its population had increased by at least 40 percent in the ten-year period ending in 1996; and

(iii) its city's net tax capacity for aids payable in 1998 is less than \$700 per capita.

(f) Beginning in 2004, the city aid base for a city is equal to the sum of its city aid base in 2003 and the amount of additional aid it was certified to receive under section 477A.06 in 2003. For 2004 only, the maximum amount of total aid a city may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by the amount it was certified to receive under section 477A.06 in 2003.

(g) The city aid base for a city is increased by \$150,000 for aids payable in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$150,000 in calendar year 2000 only, provided that:

(1) the city has a population that is greater than 1,000 and less than 2,500;

(2) its commercial and industrial percentage for aids payable in 1999 is greater than 45 percent; and

(3) the total market value of all commercial and industrial property in the city for assessment year 1999 is at least 15 percent less than the total market value of all commercial and industrial property in the city for assessment year 1998.

(h) The city aid base for a city is increased by \$200,000 in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 2000 only, provided that:

(1) the city had a population in 1997 of 2,500 or more;

(2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than \$650 per capita;

(3) the pre-1940 housing percentage of the city used in calculating 1999 aid under section 477A.013 is greater than 12 percent;

(4) the 1999 local government aid of the city under section 477A.013 is less than 20 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent; and

(5) the city aid base of the city used in calculating aid under section 477A.013 is less than \$7 per capita.

(i) The city aid base for a city is increased by \$102,000 in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$102,000 in calendar year 2000 only, provided that:

(1) the city has a population in 1997 of 2,000 or more;

(2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than \$455 per capita;

(3) the net levy of the city used in calculating 1999 aid under section 477A.013 is greater than \$195 per capita; and

(4) the 1999 local government aid of the city under section 477A.013 is less than 38 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent.

(j) The city aid base for a city is increased by \$32,000 in 2001 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$32,000 in calendar year 2001 only, provided that:

(1) the city has a population in 1998 that is greater than 200 but less than 500;

(2) the city's revenue need used in calculating aids payable in 2000 was greater than \$200 per capita;

(3) the city net tax capacity for the city used in calculating aids available in 2000 was equal to or less than \$200 per capita;

(4) the city aid base of the city used in calculating aid under section 477A.013 is less than \$65 per capita; and

(5) the city's formula aid for aids payable in 2000 was greater than zero.

(k) The city aid base for a city is increased by \$7,200 in 2001 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$7,200 in calendar year 2001 only, provided that:

(1) the city had a population in 1998 that is greater than 200 but less than 500;

(2) the city's commercial industrial percentage used in calculating aids payable in 2000 was less than ten percent;

(3) more than 25 percent of the city's population was 60 years old or older according to the 1990 census;

(4) the city aid base of the city used in calculating aid under section 477A.013 is less than \$15 per capita; and

(5) the city's formula aid for aids payable in 2000 was greater than zero.

(l) The city aid base for a city is increased by \$45,000 in 2001 and thereafter and by an additional \$50,000 in calendar years 2002 to 2011, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$45,000 in calendar year 2001 only, and by \$50,000 in calendar year 2002 only, provided that:

(1) the net tax capacity of the city used in calculating its 2000 aid under section 477A.013 is less than \$810 per capita;

(2) the population of the city declined more than two percent between 1988 and 1998;

(3) the net levy of the city used in calculating 2000 aid under section 477A.013 is greater than \$240 per capita; and

(4) the city received less than \$36 per capita in aid under section 477A.013, subdivision 9, for aids payable in 2000.

(m) The city aid base for a city with a population of 10,000 or more which is located outside of the seven-county metropolitan area is increased in 2002 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (b) or (c), is also increased in calendar year 2002 only, by an amount equal to the lesser of:

(1)(i) the total population of the city, as determined by the United States Bureau of the Census, in the 2000 census, (ii) minus 5,000, (iii) times 60; or

(2) \$2,500,000.

(n) The city aid base is increased by \$50,000 in 2002 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$50,000 in calendar year 2002 only, provided that:

(1) the city is located in the seven-county metropolitan area;

(2) its population in 2000 is between 10,000 and 20,000; and

(3) its commercial industrial percentage, as calculated for city aid payable in 2001, was greater than 25 percent.

(o) The city aid base for a city is increased by \$150,000 in calendar years 2002 to 2011 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$150,000 in calendar year 2002 only, provided that:

(1) the city had a population of at least 3,000 but no more than 4,000 in 1999;

(2) its home county is located within the seven-county metropolitan area;

(3) its pre-1940 housing percentage is less than 15 percent; and

(4) its city net tax capacity per capita for taxes payable in 2000 is less than \$900 per capita.

(p) The city aid base for a city is increased by \$200,000 beginning in calendar year 2003 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 2003 only, provided that the city qualified for an increase in homestead and agricultural credit aid under Laws 1995, chapter 264, article 8, section 18.

(q) The city aid base for a city is increased by \$200,000 in 2004 only and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, is also increased by \$200,000 in calendar year 2004 only, if the city is the site of a nuclear dry cask storage facility.

(r) The city aid base for a city is increased by \$10,000 in 2004 and thereafter and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$10,000 in calendar year 2004 only, if the city was included in a federal major disaster designation issued on April 1, 1998, and its pre-1940 housing stock was decreased by more than 40 percent between 1990 and 2000.

Subd. 37. [Repealed, 1Sp2003 c 21 art 5 s 14]

Subd. 38. **Household size.** "Household size" means the average number of persons per household in the jurisdiction as most recently estimated and reported by the state demographer as of July 1 of the aid calculation year.

Subd. 39. **Road accidents factor.** "Road accidents factor" means the average annual number of vehicular accidents occurring on public roads, streets, and alleys in the jurisdiction as reported to the commissioner of revenue by the commissioner of public safety by July 1 of the aid calculation year using the most recent three-year period for which the commissioner of public safety has complete information, divided by the jurisdiction's population.

Subd. 40. **Metropolitan area factor.** "Metropolitan area factor" means 35.20915 for cities located in the metropolitan area.

History: 1Sp2003 c 21 art 5 s 2-6

477A.0121 [Repealed, 1Sp2003 c 21 art 6 s 17]

477A.0122 [Repealed, 1Sp2003 c 21 art 6 s 17]

477A.0123 [Repealed, 1Sp2003 c 21 art 6 s 17]

477A.0124 COUNTY PROGRAM AID.

Subdivision 1. **Calendar year 2004.** In 2004, each county shall receive program aid in an amount equal to the sum of:

(1) the amount of county attached machinery aid computed for the county for payment in 2003 under section 273.138 prior to any reduction under laws enacted in 2003;

(2) the amount of county homestead and agricultural credit aid computed for the county for payment in 2003 under section 273.1398, subdivision 2, prior to any reduction under laws enacted in 2003, minus the amount certified under section 273.1398, subdivision 4a, paragraph (b), for counties in judicial districts one, three, six, and ten, and by 25 percent of the amount certified under section 273.1398, subdivision 4a, paragraph (b), for counties located in judicial districts two and four;

(3) the amount of county manufactured home homestead and agricultural credit aid computed for the county for payment in 2003 under section 273.166 prior to any reduction under laws enacted in 2003;

(4) the amount of county criminal justice aid computed for the county for payment in 2003 under section 477A.0121 prior to any reduction under laws enacted in 2003; and

(5) the amount of county family preservation aid computed for the county for payment in 2003 under section 477A.0122 prior to any reduction under laws enacted in 2003.

Subd. 2. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given them.

(b) "County program aid" means the sum of "county need aid," "county tax base equalization aid," and "county transition aid."

(c) "Age-adjusted population" means a county's population multiplied by the county age index.

(d) "County age index" means the percentage of the population over age 65 within the county divided by the percentage of the population over age 65 within the state, except that the age index for any county may not be greater than 1.8 nor less than 0.8.

(e) "Population over age 65" means the population over age 65 established as of July 1 in an aid calculation year by the most recent federal census, by a special census conducted under contract with the United States Bureau of the Census, by a population estimate made by the Metropolitan Council, or by a population estimate of the state demographer made pursuant to section 4A.02, whichever is the most recent as to the stated date of the count or estimate for the preceding calendar year.

(f) "Part I crimes" means the three-year average annual number of Part I crimes reported for each county by the Department of Public Safety for the most recent years available. By July 1 of each year, the commissioner of public safety shall certify to the commissioner of revenue the number of Part I crimes reported for each county for the three most recent calendar years available.

(g) "Households receiving food stamps" means the average monthly number of households receiving food stamps for the three most recent years for which data is available. By July 1 of each year, the commissioner of human services must certify to the commissioner of revenue the average monthly number of households in the state and in each county that receive food stamps, for the three most recent calendar years available.

(h) "County net tax capacity" means the net tax capacity of the county, computed analogously to city net tax capacity under section 477A.011, subdivision 20.

Subd. 3. **County need aid.** For 2005 and subsequent years, the money appropriated to county need aid each calendar year shall be allocated as follows: 40 percent based on each county's share of age-adjusted population, 40 percent based on each county's share of the state total of households receiving food stamps, and 20 percent based on each county's share of the state total of Part I crimes.

Subd. 4. **County tax-base equalization aid.** (a) For 2005 and subsequent years, the money appropriated to county tax-base equalization aid each calendar year shall be apportioned among the counties according to each county's tax-base equalization aid factor.

(b) A county's tax-base equalization aid factor is equal to the amount by which (i) \$185 times the county's population, exceeds (ii) 9.45 percent of the county's net tax capacity.

(c) In the case of a county with a population less than 10,000, the factor determined in paragraph (b) shall be multiplied by a factor of three.

(d) In the case of a county with a population greater than or equal to 10,000, but less than 12,500, the factor determined in paragraph (b) shall be multiplied by a factor of two.

(e) In the case of a county with a population greater than 500,000, the factor determined in paragraph (b) shall be multiplied by a factor of 0.25.

Subd. 5. **County transition aid.** (a) For 2005, a county is eligible for transition aid equal to the amount, if any, by which:

(1) the difference between:

(i) the aid the county received under subdivision 1 in 2004, divided by the total aid paid to all counties under subdivision 1, multiplied by \$205,000,000; and

(ii) the amount of aid the county is certified to receive in 2005 under subdivisions 3 and 4;

exceeds:

- (2) three percent of the county's adjusted net tax capacity.

A county's aid under this paragraph may not be less than zero.

(b) In 2006, a county is eligible to receive two-thirds of the transition aid it received in 2005.

(c) In 2007, a county is eligible to receive one-third of the transition aid it received in 2005.

- (d) No county shall receive aid under this subdivision after 2007.

History: 1Sp2003 c 21 art 6 s 5

477A.013 MUNICIPAL GOVERNMENT DISTRIBUTIONS.

[For text of subd 1, see M.S.2002]

Subd. 8. **City formula aid.** In calendar year 2004 and subsequent years, the formula aid 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 sum of the city's net tax capacity multiplied by the tax effort rate, and the taconite aids under sections 298.28 and 298.282, multiplied by the following percentages:

- (i) zero percent for aids payable in 2004;
- (ii) 25 percent for aids payable in 2005;
- (iii) 50 percent for aids payable in 2006;
- (iv) 75 percent for aids payable in 2007; and
- (v) 100 percent for aids payable in 2008 and thereafter.

No city may have a formula aid amount less than zero. The need increase percentage must be the same for all cities.

The applicable need increase percentage 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 after the subtraction under section 477A.014, subdivisions 4 and 5.

Subd. 9. **City aid distribution.** (a) In calendar year 2002 and thereafter, each city shall receive an aid distribution equal to the sum of (1) the city formula aid under subdivision 8, and (2) its city aid base.

(b) The aid for a city in calendar year 2004 shall not exceed the amount of its aid in calendar year 2003 after the reductions under Laws 2003, First Special Session chapter 21, article 5.

(c) For aids payable in 2005 and thereafter, the total aid for any city shall 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 total aid in the previous year. For aids payable in 2005 and thereafter, the total aid for any city with a population of 2,500 or more may not decrease from its total aid under this section in the previous year by an amount greater than ten percent of its net levy in the year prior to the aid distribution.

(d) For aids payable in 2004 only, the total aid for a city with a population less than 2,500 may not be less than the amount it was certified to receive in 2003 minus the greater of (1) the reduction to this aid payment in 2003 under Laws 2003, First Special Session chapter 21, article 5, or (2) five percent of its 2003 aid amount. For aids payable in 2005 and thereafter, the total aid for a city with a population less than 2,500 must not be less than the amount it was certified to receive in the previous year minus five percent of its 2003 certified aid amount.

History: 1Sp2003 c 21 art 5 s 7,8

477A.0132 [Repealed, 1Sp2003 c 21 art 5 s 14; art 6 s 17]

477A.014 COMMISSIONER'S RESPONSIBILITIES.

[For text of subs 1 to 3, see M.S.2002]

Subd. 4. **Costs.** The director of the Office of Strategic and Long-Range Planning shall annually bill the commissioner of revenue for one-half of the costs incurred by the state demographer in the preparation of materials required by section 4A.02. The state auditor shall bill the commissioner of revenue for the costs of best practices reviews and the services provided by the Government Information Division and the parts of the constitutional office that are related to the government information function, not to exceed \$217,000 each fiscal year. The commissioner of administration shall bill the commissioner of revenue for the costs of the local government records program and the intergovernmental information systems activity, not to exceed \$205,800 each fiscal year. The commissioner of employee relations shall bill the commissioner of revenue for the costs of administering the local government pay equity function, not to exceed \$55,000 each fiscal year.

[For text of subd 5, see M.S.2002]

History: *1Sp2003 c 1 art 2 s 120*

NOTE: The amendment to subdivision 4 by Laws 2003, First Special Session chapter 1, article 2, section 120, is effective July 1, 2004. Laws 2003, First Special Session chapter 1, article 2, section 120, the effective date.

477A.03 APPROPRIATION.

Subd. 2. **Annual appropriation.** A sum sufficient to discharge the duties imposed by sections 477A.011 to 477A.014 is annually appropriated from the general fund to the commissioner of revenue.

Subd. 2a. **Cities.** For aids payable in 2004, the total aids paid under section 477A.013, subdivision 9, are limited to \$429,000,000. For aids payable in 2005 and thereafter, the total aids paid under section 477A.013, subdivision 9, are increased to \$437,052,000.

Subd. 2b. **Counties.** (a) For aids payable in calendar year 2005 and thereafter, the total aids paid to counties under section 477A.0124, subdivision 3, are limited to \$100,500,000. Each calendar year, \$500,000 shall be retained by the commissioner of revenue to make reimbursements to the commissioner of finance for payments made under section 611.27. For calendar year 2004, the amount shall be in addition to the payments authorized under section 477A.0124, subdivision 1. For calendar year 2005 and subsequent years, the amount shall be deducted from the appropriation under this paragraph. The reimbursements shall be to defray the additional costs associated with court-ordered counsel under section 611.27. Any retained amounts not used for reimbursement in a year shall be included in the next distribution of county need aid that is certified to the county auditors for the purpose of property tax reduction for the next taxes payable year.

(b) For aids payable in 2005 and thereafter, the total aids under section 477A.0124, subdivision 4, are limited to \$105,000,000. The commissioner of finance shall bill the commissioner of revenue for the cost of preparation of local impact notes as required by section 3.987, not to exceed \$207,000 in fiscal year 2004 and thereafter. The commissioner of education shall bill the commissioner of revenue for the cost of preparation of local impact notes for school districts as required by section 3.987, not to exceed \$7,000 in fiscal year 2004 and thereafter. The commissioner of revenue shall deduct the amounts billed under this paragraph from the appropriation under this paragraph. The amounts deducted are appropriated to the commissioner of finance and the commissioner of education for the preparation of local impact notes.

Subd. 3. [Repealed, 1Sp2003 c 21 art 5 s 14; art 6 s 17]

Subd. 4. [Repealed, 1Sp2003 c 21 art 5 s 14]

History: *2003 c 130 s 12; 1Sp2003 c 21 art 5 s 9,10; art 6 s 6*

477A.06 [Repealed, 1Sp2003 c 21 art 5 s 14]

477A.065 [Repealed, 2003 c 127 art 5 s 50]

477A.07 [Repealed, 1Sp2003 c 21 art 5 s 14; art 6 s 17]

477A.08 JOB OPPORTUNITY BUILDING ZONE AID.

Subdivision 1. **Eligibility.** (a) For each assessment year that the exemption for job opportunity building zone property is in effect under section 272.02, subdivision 64, the assessor shall determine the difference between the actual net tax capacity and the net tax capacity that would be determined for the job opportunity building zone, including any property removed from the zone that continues to qualify under section 469.320, subdivision 4, if the exemption were not in effect.

(b) Each city and county is eligible for aid equal to one-half of:

(1) the amount by which the sum of the differences determined in paragraph (a) for the corresponding assessment year exceeds three percent of the city's or county's total taxable net tax capacity for taxes payable in 2003, multiplied by

(2) the city's or the county's, as applicable, average local tax rate for taxes payable in 2003.

Subd. 2. **Certification.** The county assessor shall notify the commissioner of revenue of the amount determined under subdivision 1, paragraph (b), clause (1), for any city or county that qualifies for aid under this section by June 30 of the assessment year, in a form prescribed by the commissioner. The commissioner shall notify each city and county of its qualifying aid amount by August 15 of the assessment year.

Subd. 3. **Appropriation; payment.** The commissioner shall pay each city and county its qualifying aid amount by July 20 of the following year. An amount sufficient to pay the aid under this section is appropriated to the commissioner of revenue from the general fund.

History: *1Sp2003 c 21 art 1 s 26*

NOTE: This section, as added by Laws 2003, First Special Session chapter 21, article 1, section 26, is effective beginning for aid based on property taxes assessed in 2004, payable in 2005. Laws 2003, First Special Session chapter 21, article 1, section 26, the effective date.