

CHAPTER 477A

LOCAL GOVERNMENT AID

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Subd. 3. MS 1978 [Repealed, 1979 c 303 art 6 s 11; 1Sp1981 c 1 art 6 s 9]

Subd. 4. MS 1980 [Repealed, 1Sp1981 c 1 art 6 s 9]

Subd. 4a. MS 1978 [Repealed, 1979 c 303 art 6 s 11; 1Sp1981 c 1 art 6 s 9]

Subd. 4b. MS 1980 [Repealed, 1Sp1981 c 1 art 6 s 9]

Subd. 4c. MS 1980 [Repealed, 1Sp1981 c 1 art 6 s 9]

Subd. 4d. MS 1980 [Repealed, 1Sp1981 c 1 art 6 s 9]

Subd. 4e. MS 1980 [Repealed, 1Sp1981 c 1 art 6 s 9]

Subd. 5. MS 1974 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]

Subd. 6. MS 1974 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]

Subd. 7. MS 1974 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]

Subd. 8. MS 1974 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]

Subd. 9. MS 1974 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]

Subd. 10. MS 1974 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]

Subd. 11. MS 1974 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]

Subd. 12. MS 1971 [Repealed, 1973 c 650 art 17 s 17; 1Sp 1981 c 1 art 6 s 9]

Subd. 13. MS 1974 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]

Subd. 14. MS 1974 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]

Subd. 15. MS 1971 [Repealed, 1973 c 650 art 17 s 17; 1Sp 1981 c 1 art 6 s 9]

Subd. 16. MS 1974 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]

Subd. 17. MS 1974 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]

Subd. 18. MS 1980 [Repealed, 1Sp1981 c 1 art 6 s 9]

477A.011 DEFINITIONS.

Subdivision 1. **Application.** For the purposes of sections 477A.011 to 477A.014 the following terms shall have these meanings, unless otherwise provided to the contrary.

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

Subd. 1b. **Town.** "Town" means a township.

Subd. 2. MS 1994 [Repealed, 1996 c 310 s 1]

Subd. 2a. MS 2012 [Repealed, 2013 c 143 art 2 s 36]

Subd. 3. **Population.** "Population" means the population estimated or established as of July 15 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 pursuant to section 473.24, 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, and which has been certified to the commissioner of revenue on or before July 15 of the aid calculation year. The term "per capita" refers to population as defined by this subdivision. A revision of an estimate or count is effective for these purposes only if it is certified to the commissioner on or before July 15 of the aid calculation year. Clerical errors in the certification or use of the estimates and counts established as of July 15 in the aid calculation year are subject to correction within the time periods allowed under section 477A.014.

Subd. 3a. MS 1992 [Repealed, 1993 c 375 art 4 s 21]

Subd. 3b. **Population age 65 and over.** "Population age 65 and over" means the population age 65 and over established as of July 15 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 and which has been certified to the commissioner of revenue on or before July 15 of the aid calculation year. A revision to an estimate or count is effective for these purposes only if certified to the commissioner on or before July 15 of the aid calculation year. Clerical errors in the certification or use of estimates and counts established as of July 15 in the aid calculation year are subject to correction within the time periods allowed under section 477A.014.

Subd. 3c. **Transformed population.** "Transformed population" means the logarithm to the base 10 of the population.

Subd. 4. MS 1986 [Repealed, 1988 c 719 art 5 s 81]

Subd. 5. MS 1986 [Repealed, 1988 c 719 art 5 s 81]

Subd. 6. MS 1986 [Repealed, 1988 c 719 art 5 s 81]

Subd. 7. MS 1987 Supp [Repealed, 1988 c 719 art 5 s 81]

Subd. 7a. MS 1986 [Repealed, 1988 c 719 art 5 s 81]

Subd. 8. MS 1982 [Repealed, 1983 c 342 art 5 s 16]

Subd. 9. MS 1982 [Repealed, 1983 c 342 art 5 s 16]

Subd. 10. MS 1986 [Repealed, 1988 c 719 art 5 s 81]

Subd. 11. MS 1986 [Repealed, 1988 c 719 art 5 s 81]

Subd. 12. MS 1986 [Repealed, 1988 c 719 art 5 s 81]

Subd. 13. MS 1986 [Repealed, 1988 c 719 art 5 s 81]

Subd. 14. MS 1986 [Repealed, 1988 c 719 art 5 s 81]

Subd. 15. MS 1992 [Repealed, 1993 c 375 art 4 s 21]

Subd. 16. MS 1992 [Repealed, 1993 c 375 art 4 s 21]

Subd. 17. MS 1992 [Repealed, 1993 c 375 art 4 s 21]

Subd. 18. MS 1992 [Repealed, 1993 c 375 art 4 s 21]

Subd. 19. MS 2012 [Repealed, 2013 c 143 art 2 s 36]

Subd. 20. **City net tax capacity.** "City net tax capacity" means the city's adjusted net tax capacity under section 273.1325.

Subd. 21. MS 2012 [Repealed, 2013 c 143 art 14 s 111]

Subd. 22. MS 1992 [Repealed, 1993 c 375 art 4 s 21]

Subd. 23. MS 1992 [Repealed, 1993 c 375 art 4 s 21]

Subd. 24. MS 1988 [Repealed, 1Sp1989 c 1 art 4 s 15]

Subd. 25. MS 1992 [Repealed, 1993 c 375 art 4 s 21]

Subd. 26. MS 1992 [Repealed, 1993 c 375 art 4 s 21]

Subd. 27. **Revenue base.** "Revenue base" means the amount levied for taxes payable in the previous year, including the levy on the fiscal disparity distribution under section 276A.06, subdivision 3, clause (1), or 473F.08, subdivision 3, paragraph (a); plus the originally certified local government aid in the previous year under sections 477A.011 and 477A.013; and the taconite aids received in the previous year under sections 298.28 and 298.282.

Subd. 28. MS 2006 [Repealed, 2007 c 13 art 2 s 13]

Subd. 29. MS 2012 [Repealed, 2013 c 143 art 2 s 36]

Subd. 30. **Pre-1940 housing percentage.** (a) Except as provided in paragraph (b), "pre-1940 housing percentage" for a city is 100 times the most recent count by the United States Bureau of the Census 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.

(b) For the city of East Grand Forks only, "pre-1940 housing percentage" is equal to 100 times the 1990 federal census count of all housing units in the city built before 1940, divided by the most recent count by the United States Bureau of the Census of all housing units in the city. Housing units includes both occupied and vacant housing units as defined by the federal census.

Subd. 30a. MS 2022 [Repealed, 2023 c 64 art 4 s 33]

Subd. 31. MS 2012 [Repealed, 2013 c 143 art 2 s 36]

Subd. 32. MS 2012 [Repealed, 2013 c 143 art 2 s 36]

Subd. 33. MS 2012 [Repealed, 2013 c 143 art 2 s 36]

Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater than 10,000, "city revenue need" is 1.15 times the sum of (1) 8.572 times the pre-1940 housing percentage; plus (2) 11.494 times the city age index; plus (3) 5.719 times the commercial industrial utility percentage; plus (4) 9.484 times peak population decline; plus (5) 293.056.

(b) For a city with a population equal to or greater than 2,500 and less than 10,000, "city revenue need" is 1.15 times the sum of (1) 497.308; plus (2) 6.667 times the pre-1940 housing percentage; plus (3) 9.215 times the commercial industrial utility percentage; plus (4) 16.081 times peak population decline.

(c) For a city with a population less than 2,500, "city revenue need" is the sum of (1) 196.487; plus (2) 220.877 times the city's transformed population.

(d) For a city with a population of at least 2,500 but less than 3,000, the "city revenue need" equals (1) the transition factor times the city's revenue need calculated in paragraph (b); plus (2) the city's revenue need calculated under the formula in paragraph (c) times the difference between one and the transition factor. For a city with a population of at least 10,000 but less than 11,000, the "city revenue need" equals (1) the transition factor times the city's revenue need calculated in paragraph (a); plus (2) the city's revenue need calculated under the formula in paragraph (b) times the difference between one and the transition factor. For purposes of the first sentence of this paragraph "transition factor" is 0.2 percent times the amount that the city's population exceeds the minimum threshold. For purposes of the second sentence of this paragraph, "transition factor" is 0.1 percent times the amount that the city's population exceeds the minimum threshold.

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

(f) For calendar year 2024 and subsequent years, the city revenue need for a city, as determined in paragraphs (a) to (e), 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 2022 implicit price deflator for state and local government purchases.

Subd. 35. **Tax effort rate.** "Tax effort rate" means 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 under chapter 276A or 473F is included in net levy.

Subd. 36. MS 2012 [Repealed, 2013 c 143 art 2 s 36]

Subd. 37. MS 2002 [Repealed, 1Sp2003 c 21 art 5 s 14]

Subd. 38. MS 2022 [Repealed, 2023 c 64 art 4 s 33]

Subd. 39. MS 2012 [Repealed, 2013 c 143 art 2 s 36]

Subd. 40. MS 2012 [Repealed, 2013 c 143 art 2 s 36]

Subd. 41. MS 2012 [Repealed, 2013 c 143 art 2 s 36]

Subd. 42. MS 2022 [Repealed, 2023 c 64 art 4 s 33]

Subd. 43. **Unmet need.** "Unmet need" for a city is equal to the difference between (1) its city revenue need multiplied by its population, and (2) its city net tax capacity multiplied by the tax effort rate.

Subd. 44. **Peak population decline.** "Peak population decline" is equal to 100 times the difference between one and the ratio of the city's current population, to the highest city population reported in a federal census from the 1970 census or later. "Peak population decline" shall not be less than zero.

Subd. 45. MS 2022 [Repealed, 2023 c 64 art 4 s 33]

Subd. 46. **City age index.** "City age index" means 100 times the ratio of (1) the population age 65 and over within the city, to (2) the population of the city.

Subd. 47. **Commercial industrial utility percentage.** The "commercial industrial utility percentage" for a city is 100 times the ratio of (1) the sum of the estimated market values of all real and personal property in the city classified as class 3 under section 273.13, subdivision 24, to (2) 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 276A.06 or 473F.08. The market values used for this subdivision are not equalized.

History: 1981 c 356 s 248; 1981 c 358 art 1 s 48; 1Sp1981 c 1 art 6 s 1; 1983 c 289 s 114 subd 2; 1983 c 342 art 5 s 5-9; 1984 c 558 art 4 s 10; 1Sp1985 c 14 art 6 s 1-6; 1Sp1986 c 1 art 6 s 1,2; 1987 c 291 s 240; 1988 c 719 art 5 s 66-75; 1989 c 277 art 2 s 66; 1Sp1989 c 1 art 4 s 3-6; art 9 s 79,80; 1990 c 480 art 7 s 28,29; 1990 c 604 art 4 s 6-9; 1991 c 2 art 8 s 1-3; 1991 c 291 art 3 s 5-7; 1991 c 345 art 2 s 64,65; 1992 c 511 art 5 s 16,17; 1993 c 375 art 4 s 8-17; 1994 c 416 art 1 s 57; 1995 c 264 art 8 s 13; 1996 c 471 art 3 s 44; art 11 s 16-19; 1997 c 231 art 2 s 49,69; 1998 c 254 art 1 s 94,95; 1998 c 389 art 4 s 7; 1999 c 243 art 5 s 42; 2000 c 490 art 6 s 6; 1Sp2001 c 5 art 3 s 74,75; 2002 c 377 art 6 s 9; art 10 s 26; 1Sp2003 c 21 art 5 s 2-6; 2004 c 228 art 3 s 14-16; 2005 c 38 s 1; 2005 c 151 art 4 s 6-9; 1Sp2005 c 3 art 2 s 1; 2006 c 259 art 11 s 1; 2008 c 154 art 1 s 1; 2008 c 366 art 2 s 1-5; 2009 c 88 art 2 s 38; art 10 s 17,18; 2010 c 215 art 13 s 4; 1Sp2011 c 7 art 6 s 14; 2012 c 294 art 1 s 1; 2013 c 143 art 2 s 7-12; art 14 s 105; 2015 c 21 art 1 s 79-81; 1Sp2017 c 1 art 4 s 10,11; 2018 c 182 art 1 s 97; 2023 c 64 art 4 s 4-8

477A.012 Subdivision 1. MS 1994 [Repealed, 1996 c 310 s 1]

Subd. 2. MS 1995 Supp [Repealed, 1996 c 310 s 1]

Subd. 3. MS 1994 [Repealed, 1996 c 310 s 1]

Subd. 4. MS 1994 [Repealed, 1996 c 310 s 1]

Subd. 5. MS 1990 [Repealed, 1991 c 291 art 3 s 15]

Subd. 6. MS 1992 [Repealed, 1994 c 587 art 3 s 21]

Subd. 7. MS 1994 [Repealed, 1996 c 310 s 1]

Subd. 8. MS 1994 [Repealed, 1996 c 310 s 1]

477A.0121 MS 2002 [Repealed, 1Sp2003 c 21 art 6 s 17]

477A.0122 MS 2002 [Repealed, 1Sp2003 c 21 art 6 s 17]

477A.0123 MS 2002 [Repealed, 1Sp2003 c 21 art 6 s 17]

477A.0124 COUNTY PROGRAM AID.

Subdivision 1. MS 2013 Supp [Repealed, 2014 c 308 art 9 s 94]

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 age 65 and over within the county divided by the percentage of the population age 65 and over 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 age 65 and over" has the meaning given in section 477A.011, subdivision 3b.

(f) "Part I crimes" means the annual number of Part I crimes reported for each county by the Department of Public Safety. 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 Supplemental Nutrition Assistance Program (SNAP) benefits" means the average monthly number of households receiving SNAP benefits for the three most recent years for which data is available. By July 1 of each year, the commissioner of children, youth, and families must certify to the commissioner of revenue the average monthly number of households in the state and in each county that receive SNAP benefits, for the three most recent calendar years available.

(h) "County net tax capacity" means the county's adjusted net tax capacity under section 273.1325.

(i) "Group A offenses" means the annual number of Group A offenses under the National Incident-Based Reporting System reported for each county by the Department of Public Safety. By July 1 of each year, the commissioner of public safety shall certify to the commissioner of revenue the number of Group A offenses reported for each county for the three most recent full calendar years available.

(j) "Adjusted offenses" means the county's average annual number of Group A offenses for the three-year period ending with the second prior calendar year to the year in which the aid is certified. For aids payable in 2024 and 2025 only, for the purpose of the three-year average calculated under this paragraph, the commissioner must substitute the annual number of Part I crimes for any year in which the annual number of Group A offenses is not available.

Subd. 3. **County need aid.** 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 SNAP benefits, and 20 percent based on each county's share of the state total of adjusted offenses.

Subd. 4. **County tax-base equalization aid.** (a) For 2006 and subsequent years, the money appropriated to county tax-base equalization aid each calendar year, after the payment under paragraph (f), 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) \$190 times the county's population, exceeds (ii) nine 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.

(f) Beginning with aid payable in 2019, the amount under paragraph (b), item (i), shall be increased by the ratio of the statewide net tax capacity per capita to the statewide net tax capacity per capita in the 2016 assessment year, provided that in no case shall the ratio be less than one or the ratio in the prior year, whichever is greater. The amount shall be rounded to the nearest \$10. The statewide net tax capacity per capita shall be calculated using the most recent population available for the relevant assessment year at the time of the calculation of the aid by the commissioner under section 477A.014.

(g) For distributions in 2018 and subsequent years, the allocation to a county under paragraphs (a) to (e) shall not be less than:

(1) an amount equal to 0.27 percent of the total appropriation available for that year under section 477A.03, subdivision 2b, paragraph (b); or

(2) 95 percent of the tax base equalization aid for the county in the prior year, whichever is greater.

If the sum of aids payable to counties under this subdivision exceeds the limit under section 477A.03, subdivision 2b, paragraph (b), the distribution for those counties whose aid amounts exceed their minimum aid must be proportionately reduced so that the amount of aid distributed under this subdivision does not exceed the limit in section 477A.03, subdivision 2b, paragraph (b).

Subd. 5. MS 2017 Supp [Repealed, 1Sp2017 c 1 art 4 s 33]

Subd. 6. MS 2013 Supp [Repealed, 2014 c 308 art 9 s 94]

Subd. 7. **County aid calculations.** Data used in calculating aids to counties under this section shall be the most recently available data as of January 1 in the year in which the aid is calculated.

History: *1Sp2003 c 21 art 6 s 5; 2005 c 151 art 4 s 10,11; 2008 c 366 art 2 s 6; 1Sp2011 c 7 art 6 s 15; 2013 c 143 art 14 s 106; 2014 c 308 art 9 s 89; 1Sp2017 c 1 art 4 s 12,13; art 18 s 4; 1Sp2019 c 9 art 1 s 42; 2023 c 64 art 4 s 9,10; 2024 c 80 art 8 s 70*

477A.0126 REIMBURSEMENT TO COUNTIES AND TRIBES FOR CERTAIN OUT-OF-HOME PLACEMENTS.

Subdivision 1. **Definition.** For purposes of this section, "out-of-home placement" means 24-hour substitute care for an Indian child as defined by section 260C.007, subdivision 21, away from the child's parent or guardian and for whom the county or tribal social services agency has been assigned responsibility for the child's placement and care, which includes placement in foster care under section 260C.007, subdivision 18.

Subd. 2. **Determination of nonfederal share of costs.** (a) By July 1, 2017, and each June 1 thereafter, each county shall report the following information to the commissioner of children, youth, and families:

(1) the amount paid out of the county's social service agency budget for out-of-home placement of Indian children in the calendar year immediately preceding the year in which the report was made; and

(2) the number of days foster care maintenance payments were made for each Indian child the calendar year immediately preceding the year in which the report was made.

(b) The commissioner of children, youth, and families shall prescribe the format of the report. By July 15, 2017, and each July 1 thereafter, the commissioner of children, youth, and families shall certify to the commissioner of revenue and to the legislative committees with jurisdiction over local government aids and out-of-home placement funding the data reported under this subdivision and whether it accurately reflects total expenditures by counties for out-of-home placement costs of Indian children. The commissioner of children, youth, and families shall also certify to the commissioner of revenue the reimbursement amounts received from the federal government for out-of-home placement costs for the previous calendar year received by each initiative tribe under section 142A.03, subdivision 9.

(c) Until the commissioner of children, youth, and families develops another mechanism for collecting and verifying data on out-of-home placements of Indian children, the data collected under this subdivision must be used to calculate payments under subdivision 3.

Subd. 3. **Aid for counties.** (a) For aids payable in calendar year 2018 and thereafter, the Department of Revenue shall reimburse each county the county's proportionate share of the appropriation in subdivision 7 that remains after the aid for tribes in subdivision 4 has been paid.

(b) Each county's proportionate share is based on the county's nonfederal share of the cost for out-of-home placement of Indian children for the calendar year that was certified by the commissioner of children, youth, and families under subdivision 2, paragraph (b), provided that:

(1) the commissioner of children, youth, and families certifies to the commissioner of revenue that accurate data are available to make the aid determination under this section; and

(2) the commissioner of children, youth, and families certifies to the commissioner of revenue that the county is in substantial compliance with the compliance review system developed in accordance with subdivision 6.

(c) If the commissioner of children, youth, and families determines that a county is substantially out of compliance with the Indian Child Welfare Act or the Minnesota Indian Family Preservation Act, as determined under subdivision 6, the commissioner of children, youth, and families shall provide written notice to the county of its noncompliance, and what actions are necessary by the county to improve and maintain compliance.

(d) If the county remains substantially out of compliance with the Indian Child Welfare Act or the Minnesota Indian Family Preservation Act as determined by the commissioner of children, youth, and families under subdivision 6 for a second consecutive year, the county shall be eligible for 50 percent of the aid under this section beginning with the next certification and until the commissioner of children, youth, and families certifies to the commissioner of revenue that the county is in substantial compliance and is eligible for the aid payment. The commissioner of children, youth, and families shall certify to the commissioner of revenue by July 1 of each year which counties are eligible for an aid reduction in the following year.

Subd. 3a. **Transfer of withheld aid amounts.** (a) For aid payable in 2023 and later, the commissioner must transfer the total amount of the aid reductions under subdivision 3, paragraph (d), for that year to the Board of Regents of the University of Minnesota for the Tribal and Training Certification Partnership in the College of Education and Human Service Professions at the University of Minnesota, Duluth.

(b) In order to support consistent training and county compliance with the Indian Child Welfare Act and the Minnesota Indian Family Preservation Act, the Tribal Training and Certification Partnership must use funds transferred under this subdivision to (1) enhance training on the Indian Child Welfare Act and Minnesota Indian Family Preservation Act for county workers and state guardians ad litem, and (2) build indigenous child welfare training for the Tribal child welfare workforce.

Subd. 4. **Aid for tribes.** For aids payable in 2018 and thereafter, the amount of reimbursement to each initiative tribe under section 142A.03, subdivision 9, shall be the greater of:

(1) five percent of the reimbursement amount received from the federal government for out-of-home placement costs for the previous calendar year that was certified under subdivision 2, paragraph (b); or

(2) \$200,000.

Subd. 5. **Payments.** The commissioner of revenue must compute the amount of the reimbursement aid payable to each county and tribe under this section. On or before August 1 of each year, the commissioner shall certify the amount to be paid to each county and tribe in the following year. The commissioner shall pay reimbursement aid annually at the times provided in section 477A.015.

Subd. 6. **Indian Child Welfare Act compliance system review.** (a) By January 1, 2018, the commissioner of children, youth, and families, in consultation with counties and tribes, shall develop a system to review county compliance with the Indian Child Welfare Act and the Minnesota Indian Family Preservation Act. The system may include, but is not limited to, the cases to be reviewed, the criteria to be reviewed to demonstrate compliance, the rate of noncompliance and the coordinating penalty, the program improvement plan, and training.

(b) The commissioner of children, youth, and families shall provide continuous review of cases reported by counties for aid payments under this section for compliance with the Indian Child Welfare Act and the Minnesota Indian Family Preservation Act.

(c) The determination made by the commissioner of children, youth, and families regarding a county's compliance or noncompliance with the Indian Child Welfare Act and the Minnesota Indian Family Preservation Act shall be final.

Subd. 7. **Appropriation.** (a) \$5,000,000 is annually appropriated to the commissioner of revenue from the general fund to pay aid and make transfers required under this section.

(b) \$390,000 is appropriated annually from the general fund to the commissioner of children, youth, and families to implement subdivision 6.

History: *1Sp2017 c 1 art 4 s 14; 2022 c 98 art 8 s 33,34; 2024 c 80 art 1 s 96; art 8 s 70*

477A.013 MUNICIPAL GOVERNMENT DISTRIBUTIONS.

Subdivision 1. **Towns.** (a) In 2014 and thereafter, each town is eligible for a distribution under this subdivision equal to the product of (i) its agricultural property factor, (ii) its town area factor, (iii) its population factor, and (iv) 0.0045. As used in this subdivision, the following terms have the meanings given them:

(1) "agricultural property factor" means the ratio of the adjusted net tax capacity of agricultural property located in a town, to the adjusted net tax capacity of all other property located in the town. The agricultural property factor cannot exceed eight;

(2) "agricultural property" means property classified under section 273.13, as homestead and nonhomestead agricultural property, rural vacant land, and noncommercial seasonal recreational property;

(3) "town area factor" means the most recent estimate of total acreage, not to exceed 50,000 acres, located in the township available as of July 1 in the aid calculation year, estimated or established by:

(i) the United States Bureau of the Census;

(ii) the State Land Management Information Center; or

(iii) the secretary of state; and

(4) "population factor" means the square root of the town's population.

(b) If the sum of the aids payable to all towns under this subdivision exceeds the limit under section 477A.03, subdivision 2c, the distribution to each town must be reduced proportionately so that the total amount of aids distributed under this subdivision does not exceed the limit in section 477A.03, subdivision 2c.

(c) Data used in calculating aids to towns under this subdivision, other than acreage, shall be the most recently available data as of January 1 in the year in which the aid is calculated.

Subd. 2. MS 1992 [Repealed, 1993 c 375 art 4 s 21]

Subd. 3. MS 1992 [Repealed, 1993 c 375 art 4 s 21]

Subd. 4. MS 1988 [Repealed, 1Sp1989 c 1 art 4 s 15]

Subd. 5. MS 1992 [Repealed, 1993 c 375 art 4 s 21]

Subd. 6. MS 1994 [Repealed, 1996 c 310 s 1]

Subd. 7. MS 1990 [Repealed, 1991 c 291 art 3 s 15]

Subd. 8. **City formula aid.** (a) For aids payable in 2024 and thereafter, the formula aid for a city is equal to the product of (1) the difference between its unmet need and its certified aid in the previous year, and (2) the aid gap percentage.

(b) The applicable aid gap 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. The aid gap percentage must be the same for all cities subject to paragraph (a). Data used in calculating aids to cities under sections 477A.011 to 477A.013 shall be the most recently available data as of January 1 in the year in which the aid is calculated.

Subd. 9. **City aid distribution.** (a) In calendar year 2024 and thereafter, if a city's certified aid for the previous year is less than its current unmet need, the city shall receive an aid distribution equal to the sum of (1) its certified aid in the previous year, and (2) the city formula aid under subdivision 8.

(b) For aids payable in 2024 and thereafter, if a city's certified aid for the previous year is equal to or greater than its current unmet need, the total aid for a city is equal to the greater of (1) its unmet need, or (2) the amount it was certified to receive in the previous year minus the lesser of (i) \$10 multiplied by its population, or (ii) five percent of its net levy in the year prior to the aid distribution. No city may have a total aid amount less than \$0.

Subd. 10. **Levy adjustments for aid decreases.** Notwithstanding any local ordinance or charter provision, a city whose certified aid under subdivision 9 is less than the amount it received in the previous year under the same subdivision may increase its levy payable in the same year as the certified aid is paid by an amount equal to the aid decrease for that year.

Subd. 11. MS 2012 [Repealed, 2013 c 143 art 2 s 36]

Subd. 12. MS 2012 [Repealed, 2013 c 143 art 2 s 36]

Subd. 13. MS 2022 [Repealed, 2023 c 64 art 4 s 33]

Subd. 14. **Communication by electronic mail.** Prior to receiving aid pursuant to this section, a city must register an official electronic mail address with the commissioner, which the commissioner may use as an exclusive means to communicate with the city.

History: *1Sp1981 c 1 art 6 s 3; 1983 c 342 art 5 s 11; 1984 c 502 art 4 s 3,4; 1Sp1985 c 14 art 6 s 8; 1Sp1986 c 1 art 6 s 4; 1987 c 268 art 5 s 11; 1988 c 719 art 5 s 76-79,84; 1989 c 277 art 2 s 67; 1Sp1989 c 1 art 2 s 11; art 4 s 9-12; 1990 c 480 art 7 s 31; 1990 c 604 art 3 s 43; art 4 s 12-14; 1991 c 2 art 8 s 6,7; 1991 c 291 art 3 s 9,10; 1992 c 511 art 1 s 15-17; 1993 c 375 art 3 s 45; art 4 s 18,19; 1Sp1993 c 6 s 32; 1994 c 416 art 1 s 59; 1994 c 587 art 3 s 14-16; 1Sp2001 c 5 art 3 s 76,77; 2002 c 377 art 10 s 27; 1Sp2003 c 21 art 5 s 7,8; 2005 c 152 art 1 s 32; 1Sp2005 c 3 art 2 s 2; 2006 c 259 art 11 s 2; 2008 c 154 art 1 s 2,3; 2008 c 366 art 2 s 7,8; 2009 c 88 art 10 s 19; 2010 c 215 art 13 s 5; 2010 c 389 art 8 s 16; 1Sp2011 c 7 art 6 s 16,17; 2012 c 294 art 1 s 2,3; 2013 c 143 art 2 s 13-16; 2013 c 144 s 28; 2014 c 308 art 1 s 5; 2015 c 21 art 1 s 82,83; 1Sp2017 c 1 art 4 s 15,16; art 15 s 32; art 18 s 5; 2018 c 182 art 1 s 98,99; 1Sp2019 c 6 art 5 s 5; 2023 c 64 art 4 s 11,12*

477A.0131 MS 1984 [Repealed, 1Sp1985 c 14 art 6 s 10]

477A.0132 MS 2002 [Repealed, 1Sp2003 c 21 art 5 s 14; art 6 s 17]

477A.0133 MS 2012 [Repealed, 2013 c 143 art 2 s 36]

477A.0134 MS 2012 [Repealed, 2013 c 143 art 2 s 36]

477A.014 COMMISSIONER'S RESPONSIBILITIES.

Subdivision 1. **Calculations and payments.** (a) The commissioner of revenue shall make all necessary calculations and make payments under this chapter directly to the affected political subdivisions annually. The commissioner shall notify the political subdivisions of their aid amounts, the computational factors used in making the calculations, and those statewide total figures that are pertinent, before August 1 of the year preceding the aid distribution year, unless a different date is specified.

(b) For the purposes of this subdivision, aid is determined for a city or town based on its city or town status as of June 30 of the year preceding the aid distribution year. If the effective date for a municipal incorporation, consolidation, annexation, detachment, dissolution, or township organization is on or before June 30 of the year preceding the aid distribution year, such change in boundaries or form of government shall be recognized for aid determinations for the aid distribution year. If the effective date for a municipal incorporation, consolidation, annexation, detachment, dissolution, or township organization is after June 30 of the year preceding the aid distribution year, such change in boundaries or form of government shall not be recognized for aid determinations until the following year.

Subd. 1a. MS 1994 [Repealed, 1996 c 310 s 1]

Subd. 1b. **Adjustments to computational factors.** (a) Changes in boundaries or form of government may only be recognized for the purposes of this subdivision, to the extent that, on or before July 15 of the aid calculation year: (1) changes in computational factors have been recertified or otherwise reported in reliable form to the commissioner, or (2) an annexation information report as provided in paragraph (b) is received by the commissioner. Revisions to estimates or data for use in recognizing changes in boundaries or form of government are not effective for purposes of this subdivision unless received by the commissioner on or before July 15 of the aid calculation year. Clerical errors in the certification or use of estimates and data established as of July 15 in the aid calculation year are subject to correction within the time periods allowed under subdivision 3.

(b) In the case of an annexation, an annexation information report may be completed by the annexing jurisdiction and submitted to the commissioner for purposes of this subdivision if the net tax capacity of annexed area for the assessment year preceding the effective date of the annexation exceeds five percent of the city's net tax capacity for the same year. The form and contents of the annexation information report shall be prescribed by the commissioner. The commissioner shall adjust the computational factors used to calculate aid under section 477A.013, subdivision 9, for the annexing jurisdiction only if the annexation information report provides data the commissioner determines to be reliable for the entire annexed area.

Subd. 2. **Errors.** A taxing authority may object to the commissioner of revenue with respect to the amount of the distribution it has been certified to receive pursuant to subdivision 1. No objection shall be raised later than 60 days after the taxing authority has received notice from the commissioner of the amount which it has been certified to receive.

Subd. 3. **Aid amount correction.** If, due to an error in the factors used to calculate a taxing authority's aid pursuant to section 477A.013 the amount indicated in the certification of the commissioner to the taxing authority for a year is less than the amount to which it is entitled pursuant to this section, the commissioner of revenue shall additionally distribute the amount necessary to make the full correct distribution to the taxing authority. The additional distribution shall be paid from the general fund and shall not diminish the distributions made to other taxing authorities under this section.

Subd. 4. MS 2007 Supp [Repealed, 2008 c 366 art 2 s 14]

Subd. 5. MS 2006 [Repealed, 2008 c 366 art 2 s 14]

History: *1Sp1981 c 1 art 6 s 4; 1983 c 342 art 5 s 13; 1Sp1985 c 13 s 359; 1987 c 186 s 15; 1Sp1989 c 1 art 4 s 13; 1991 c 2 art 8 s 10; 1991 c 291 art 1 s 50,51; art 3 s 12,13; art 12 s 27; 1991 c 345 art 2 s 66; 1992 c 511 art 1 s 25; 1994 c 416 art 1 s 61; 1994 c 587 art 3 s 17; 1998 c 254 art 1 s 97,98; 1Sp2003 c 1 art 2 s 120; 2006 c 259 art 5 s 8; 2007 c 13 art 3 s 29; 2007 c 148 art 2 s 68; 2014 c 308 art 9 s 90; 2023 c 64 art 4 s 13*

477A.015 PAYMENT DATES.

(a) The commissioner of revenue shall make the payments of local government aid to affected taxing authorities in two installments on July 20 and December 26 annually.

(b) Notwithstanding paragraph (a), for aids payable in 2025 only, the commissioner of revenue shall make payments of the aid payable under section 477A.013, subdivision 9, in three installments as follows: (1) 9.402 percent of the aid shall be paid on March 20, 2025; (2) 40.598 percent of the aid shall be paid on July 20, 2025; and (3) 50 percent of the aid shall be paid on December 26, 2025.

(c) When the commissioner of public safety determines that a local government has suffered financial hardship due to a natural disaster, the commissioner of public safety shall notify the commissioner of revenue, who shall make payments of aids under sections 477A.011 to 477A.014, which are otherwise due on December 26, as soon as is practical after the determination is made but not before July 20.

(d) The commissioner may pay all or part of the payments of aids under sections 477A.011 to 477A.014, which are due on December 26 at any time after August 15 if a local government requests such payment as being necessary for meeting its cash flow needs.

History: *1Sp1981 c 3 s 11; 1Sp1986 c 1 art 6 s 5; 1988 c 719 art 6 s 18; 1992 c 603 s 15; 1Sp2002 c 1 s 17; 2004 c 228 art 3 s 17; 2013 c 143 art 2 s 17; 2015 c 21 art 1 s 84; 1Sp2017 c 1 art 4 s 17; 2023 c 64 art 4 s 14*

477A.016 NEW TAXES PROHIBITED.

No county, city, town or other taxing authority shall increase a present tax or impose a new tax on sales or income.

History: *1Sp1981 c 1 art 6 s 5*

477A.017 UNIFORM FINANCIAL ACCOUNTING AND REPORTING SYSTEM.

Subdivision 1. **Purpose.** Sections 477A.011 to 477A.03 are designed to provide property tax relief to local units of government. In order for the legislature to determine the amounts of relief necessary each year, the legislature must have uniform and current financial information from the governmental units which receive aid distributions. This section is intended to provide that information.

Subd. 2. **State auditor's duties.** The state auditor shall prescribe uniform financial accounting and reporting standards in conformity with national standards to be applicable to cities and towns of more than 2,500 population and uniform reporting standards to be applicable to cities of less than 2,500 population.

Subd. 3. **Conformity.** Other law to the contrary notwithstanding, in order to receive distributions under sections 477A.011 to 477A.03, counties and cities must conform to the standards set in subdivision 2 in making all financial reports required to be made to the state auditor.

History: 1983 c 342 art 5 s 14; 1992 c 592 s 15; 2022 c 55 art 1 s 181

477A.0175 AID REDUCTIONS FOR OPERATING AN UNAUTHORIZED DIVERSION PROGRAM.

Subdivision 1. **Penalty for operating an unauthorized diversion program.** Notwithstanding any other law to the contrary, a county or city that operated a pretrial diversion program that a court determines was not authorized under section 169.999 or another statute or law must have its aid under sections 477A.011 to 477A.03 reduced by the amount of fees paid by participants into the program for the years in which the program operated. A court shall report any order that enjoins a county or city from operating a pretrial diversion program to the state auditor as required under subdivision 2. The state auditor shall determine the amount of fees collected under the diversion program and notify the commissioner of the amount. The commissioner shall reduce the county program aid paid to a county or the local government aid paid to a city by this amount beginning with the first aid payment made after receiving notice of the reduction amount. No aid payment may be less than zero but the amount of the reduction that cannot be made out of that payment shall be applied to future payments until the total amount has been deducted.

Subd. 2. **Court challenge to authority to operate a pretrial diversion program.** Any taxpayer may challenge a city or county operation of a pretrial diversion program by filing a declaratory judgment action or seeking other appropriate relief in the district court for the county where the city is located or in any other court of competent jurisdiction. If the court finds that the county or city has exceeded its authority under law in operating the pretrial diversion program, the court must transmit a copy of the court order to the state auditor.

History: 1Sp2017 c 1 art 4 s 18

477A.018 MS 1988 [Repealed, 1989 c 277 art 1 s 35]

477A.019 MS 1988 [Repealed, 1989 c 277 art 1 s 35]

477A.02 MS 1978 [Expired]

477A.03 APPROPRIATION.

Subdivision 1. MS 1994 [Repealed, 1994 c 587 art 3 s 21]

Subd. 2. MS 1983 Supp [Repealed, 1984 c 502 art 4 s 8]

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 2021 through 2023, the total aid payable under section 477A.013, subdivision 9, is \$564,398,012. For aids payable in 2024 and thereafter, the total aid payable under section 477A.013, subdivision 9, is \$644,398,012.

Subd. 2b. **Counties.** (a) For aids payable in 2021 through 2023, the total aid payable under section 477A.0124, subdivision 3, is \$118,795,000, of which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2024, the total aid payable under section 477A.0124, subdivision 3, is \$154,197,053, of which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2025 and thereafter, the total aid payable under section 477A.0124,

subdivision 3, is \$151,197,053. On or before the first installment date provided in section 477A.015, paragraph (a), \$500,000 of this appropriation shall be transferred each year by the commissioner of revenue to the Board of Public Defense for the payment of services under section 611.27. Any transferred amounts not expended or encumbered in a fiscal year shall be certified by the Board of Public Defense to the commissioner of revenue on or before October 1 and shall be included in the next certification of county need aid.

(b) For aids payable in 2021 through 2023, the total aid under section 477A.0124, subdivision 4, is \$145,873,444. For aids payable in 2024 and thereafter, the total aid under section 477A.0124, subdivision 4, is \$190,471,391. The commissioner of revenue shall transfer to the Legislative Budget Office \$207,000 annually for the cost of preparation of local impact notes as required by section 3.987, and other local government activities. The commissioner of revenue shall transfer to the commissioner of education \$7,000 annually for the cost of preparation of local impact notes for school districts as required by section 3.987. The commissioner of revenue shall deduct the amounts transferred under this paragraph from the appropriation under this paragraph. The amounts transferred are appropriated to the Legislative Coordinating Commission and the commissioner of education respectively.

Subd. 2c. **Towns.** For aids payable in 2015 and thereafter, the total aids paid under section 477A.013, subdivision 1, is limited to \$10,000,000.

Subd. 3. MS 2002 [Repealed, 1Sp2003 c 21 art 5 s 14; art 6 s 17]

Subd. 4. MS 2002 [Repealed, 1Sp2003 c 21 art 5 s 14]

Subd. 5. MS 2009 Supp [Repealed, 2010 c 215 art 13 s 10]

History: 1975 c 437 art 3 s 7; 1977 c 423 art 6 s 12; 1979 c 303 art 6 s 4; 1Sp1981 c 1 art 6 s 6; 3Sp1981 c 2 art 4 s 12; 1983 c 342 art 5 s 15; 1990 c 604 art 4 s 15; 1991 c 291 art 3 s 14; 1992 c 511 art 1 s 19; 1993 c 375 art 4 s 20; 1994 c 587 art 3 s 18; 1995 c 264 art 8 s 16; 1996 c 471 art 3 s 47; 1997 c 231 art 2 s 69; 1998 c 389 art 4 s 8,9; 1999 c 243 art 11 s 6; 2000 c 490 art 6 s 7; 1Sp2001 c 5 art 3 s 78; art 5 s 12; 2002 c 377 art 6 s 11; 2003 c 130 s 12; 1Sp2003 c 21 art 5 s 9,10; art 6 s 6; 2005 c 151 art 4 s 12; 1Sp2005 c 3 art 2 s 3,4; 2008 c 366 art 2 s 9; 2009 c 101 art 2 s 109; 2010 c 215 art 13 s 7,8; 1Sp2011 c 7 art 6 s 18; 2013 c 134 s 28; 2013 c 143 art 2 s 18-20; 2014 c 308 art 1 s 6; 2015 c 21 art 1 s 85,86; 1Sp2017 c 1 art 4 s 19,20; 1Sp2019 c 6 art 5 s 6,7; 1Sp2021 c 11 art 3 s 26; 1Sp2021 c 12 art 2 s 19; 1Sp2021 c 14 art 7 s 1; 2023 c 64 art 4 s 15,16

477A.04 MS 1984 [Repealed, 1985 c 300 s 30]

477A.05 MS 1998 [Repealed, 1999 c 243 art 5 s 54]

477A.06 MS 2002 [Repealed, 1Sp2003 c 21 art 5 s 14]

477A.065 MS 2002 [Repealed, 2003 c 127 art 5 s 50]

477A.07 MS 2002 [Repealed, 1Sp2003 c 21 art 5 s 14; art 6 s 17]

477A.08 MS 2004 [Repealed, 1Sp2005 c 3 art 7 s 20]

477A.085 DEBT SERVICE AID; CITY OF MINNEAPOLIS.

On or before November 1, 2016, and the first day of each November thereafter, the commissioner shall pay to the city of Minneapolis an amount equal to 40 percent of the city's otherwise required levy to pay its general obligation library referendum bonds for the following calendar year. The levy excludes any amount

to pay bonds, other than refunding bonds, issued after May 1, 2013. An amount sufficient to pay the aid under this section is appropriated from the general fund to the commissioner of revenue.

History: 2013 c 143 art 2 s 21

477A.09 MAXIMUM EFFORT LOAN AID.

(a) For fiscal years 2018 to 2022, each school district with a maximum effort loan under sections 126C.61 to 126C.72, outstanding as of June 30, 2016, is eligible for an aid payment equal to one-fifth of the amount of interest that was paid on the loan between December 1, 1990, and June 30, 2016. A school district with a maximum effort capital loan outstanding as of June 30, 2017, is eligible for an annual aid payment equal to one-fifth of the estimated amount of interest that will be paid by the district on the loan between June 30, 2017, and June 30, 2021. Aid payments under this section must be used to reduce current year property taxes levied on net tax capacity within the district or to reduce future years' tax levies by:

(1) retaining payments made under this section in the district's debt redemption fund for up to 20 years, notwithstanding the two-year limit under section 475.61, subdivision 3; or

(2) financing a defeasance of any future payments on outstanding bonded debt.

(b) Aid under this section must be paid in fiscal years 2018 to 2022. An amount sufficient to make aid payments under this section is annually appropriated from the general fund to the commissioner of education.

History: 1Sp2017 c 1 art 4 s 21

477A.10 NATURAL RESOURCES LAND PAYMENTS IN LIEU; PURPOSE.

The purposes of sections 477A.11 to 477A.14 and 477A.17 are:

(1) to compensate local units of government for the loss of tax base from state ownership of land and the need to provide services for state land;

(2) to address the disproportionate impact of state land ownership on local units of government with a large proportion of state land; and

(3) to address the need to manage state lands held in trust for the local taxing districts.

History: 2013 c 143 art 2 s 22; 1Sp2021 c 14 art 13 s 11

477A.11 NATURAL RESOURCES LANDS, PAYMENTS IN LIEU; DEFINITIONS.

Subdivision 1. **Terms.** For the purpose of sections 477A.11 to 477A.14, the terms defined in this section have the meanings given them.

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of natural resources.

Subd. 3. **Acquired natural resources land.** "Acquired natural resources land" means:

(1) land, other than wildlife management land, presently administered by the commissioner in which the state acquired by purchase, condemnation, or gift, a fee title interest in lands which were previously privately owned; and

(2) lands acquired by the state under chapter 84A that are designated as state parks, state recreation areas, scientific and natural areas, or wildlife management areas.

Subd. 4. **Other natural resources land.** "Other natural resources land" means any land, other than acquired natural resource land or wildlife management land, presently owned in fee title by the state and administered by the commissioner, or any tax-forfeited land, other than platted lots within a city or those lands described under subdivision 3, clause (2), which is owned by the state and administered by the commissioner or by the county in which it is located.

Subd. 5. **Land utilization project land.** "Land utilization project land" means land that is leased by the state from the United States through the United States Secretary of Agriculture according to Title III of the Bankhead Jones Farm Tenant Act and that is administered by the commissioner.

Subd. 6. **Military game refuge.** "Military game refuge" means land owned in fee by another state agency for military purposes and designated as a state game refuge under section 97A.085.

Subd. 7. **Transportation wetland.** "Transportation wetland" means land administered by the Department of Transportation in which the state acquired, by purchase from a private owner, a fee title interest in over 500 acres of land within a county to replace wetland losses from transportation projects.

Subd. 8. **Wildlife management land.** "Wildlife management land" means land administered by the commissioner in which the state acquired, from a private owner by purchase, condemnation, or gift, a fee interest under the authority granted in chapter 94 or 97A for wildlife management purposes and actually used as a wildlife management area.

History: 1979 c 303 art 8 s 1; 1990 c 604 art 4 s 16; 2000 c 485 s 18,19; 2000 c 490 art 6 s 10; 1Sp2005 c 3 art 1 s 31,32; 1Sp2011 c 7 art 6 s 19; 2013 c 143 art 2 s 23-27

477A.12 ANNUAL APPROPRIATIONS; LANDS ELIGIBLE; CERTIFICATION OF ACREAGE.

Subdivision 1. **Types of land; payments.** The following amounts are annually appropriated to the commissioner of natural resources from the general fund for transfer to the commissioner of revenue. The commissioner of revenue shall pay the transferred funds to counties as required by sections 477A.11 to 477A.14. The amounts, based on the acreage as of July 1 of each year prior to the payment year, are:

(1) \$5.133 multiplied by the total number of acres of acquired natural resources land or, at the county's option three-fourths of one percent of the appraised value of all acquired natural resources land in the county, whichever is greater;

(2) \$5.133, multiplied by the total number of acres of transportation wetland or, at the county's option, three-fourths of one percent of the appraised value of all transportation wetland in the county, whichever is greater;

(3) \$5.133, multiplied by the total number of acres of wildlife management land, or, at the county's option, three-fourths of one percent of the appraised value of all wildlife management land in the county, whichever is greater;

(4) 50 percent of the dollar amount as determined under clause (1), multiplied by the number of acres of military refuge land in the county;

(5) \$3, multiplied by the number of acres of county-administered other natural resources land in the county;

(6) \$5.133, multiplied by the total number of acres of land utilization project land in the county;

(7) \$3, multiplied by the number of acres of commissioner-administered other natural resources land in the county;

(8) \$0.18, multiplied by the total number of acres in the county eligible for payment under clauses (1) to (7), provided that the total number of acres in the county eligible for payment under clauses (1) to (7) is equal to or greater than 25 percent of the total acreage in the county;

(9) \$0.08, multiplied by the total number of acres in the county eligible for payment under clauses (1) to (7), provided that the total number of acres in the county eligible for payment under clauses (1) to (7) is equal to or greater than ten percent, but less than 25 percent of the total acreage in the county; and

(10) without regard to acreage, and notwithstanding the rules adopted under section 84A.55, \$300,000 for local assessments under section 84A.55, subdivision 9, that shall be divided and distributed to the counties containing state-owned lands within a conservation area in proportion to each county's percentage of the total annual ditch assessments.

Subd. 2. Procedure. (a) Each county auditor shall certify to the Department of Natural Resources during July of each year prior to the payment year the number of acres of county-administered other natural resources land within the county. The Department of Natural Resources may, in addition to the certification of acreage, require descriptive lists of land so certified. The commissioner of natural resources shall determine and certify to the commissioner of revenue by March 1 of the payment year:

(1) the number of acres and most recent appraised value of acquired natural resources land, wildlife management land, and military refuge land within each county;

(2) the number of acres of commissioner-administered natural resources land within each county;

(3) the number of acres of county-administered other natural resources land within each county, based on the reports filed by each county auditor with the commissioner of natural resources; and

(4) the number of acres of land utilization project land within each county.

(b) The commissioner of transportation shall determine and certify to the commissioner of revenue by March 1 of the payment year the number of acres of transportation wetland and the appraised value of the land, but only if it exceeds 500 acres in a county.

(c) Each auditor of a county that contains state-owned lands within a conservation area shall determine and certify to the commissioner of natural resources by May 31 of the payment year, the county's ditch assessments for state-owned lands subject to section 84A.55, subdivision 9. A joint certification for two or more counties may be submitted to the commissioner of natural resources through the Consolidated Conservation Counties Joint Powers Board. The commissioner of natural resources shall certify the ditch assessments to the commissioner of revenue by June 15 of the payment year.

(d) The commissioner of revenue shall determine the distributions provided for in this section using: (1) the number of acres and appraised values certified by the commissioner of natural resources and the commissioner of transportation by March 1 of the payment year; and (2) ditch assessments under paragraph (c), by July 15 of the payment year.

Subd. 3. Determination of appraised value. For the purposes of this section, the appraised value of acquired natural resources land is the purchase price until the next six-year appraisal required under this subdivision. The appraised value of acquired natural resources land received as a donation is the value determined for the commissioner of natural resources by a licensed appraiser, or the county assessor's

estimated market value if no appraisal is done. The appraised value must be determined by the county assessor every six years, except that the appraised value shall not be less than the 2022 or subsequent appraised value, if it is higher. All reappraisals shall be done in the same year as county assessors are required to assess exempt land under section 273.18.

Subd. 4. **Adjustment.** The commissioner of revenue shall annually adjust the amounts in subdivision 1, clauses (1) to (10), as provided in section 270C.22, subdivision 1, except as provided in this subdivision. To determine the dollar amounts for payments in calendar year 2025, the commissioner shall determine the percentage change in the index for the 12-month period ending on August 31, 2024, and increase each of the unrounded dollar amounts in section 477A.12, subdivision 1, by that percentage change. For each subsequent year, the commissioner shall increase the dollar amounts by the percentage change in the index from August 31 of the year preceding the statutory year, to August 31 of the year preceding the taxable year. The commissioner shall round the amounts as adjusted to the nearest tenth of a cent.

History: 1979 c 303 art 8 s 2; 1986 c 386 art 4 s 29; 1986 c 444; 1994 c 632 art 2 s 54; 1995 c 220 s 125; 2000 c 490 art 6 s 11; 1Sp2001 c 5 art 3 s 80; 1Sp2005 c 3 art 1 s 33,34; 1Sp2011 c 7 art 6 s 20; 2013 c 143 art 2 s 28-30; 2013 c 144 s 17; 2014 c 308 art 1 s 7,8; 2015 c 21 art 1 s 87,88; 1Sp2017 c 1 art 4 s 22; 2023 c 64 art 4 s 17-19

477A.13 TIME OF PAYMENT, DEDUCTIONS.

Payments to the counties of the amounts determined under section 477A.12 must be made by the commissioner of revenue from the general fund at the time provided in section 477A.015 for the first installment of local government aid.

History: 1979 c 303 art 8 s 3; 1Sp1981 c 3 s 12; 1984 c 502 art 3 s 26; 1986 c 386 art 4 s 30; 1990 c 604 art 4 s 17; 1993 c 13 art 2 s 16; 2000 c 490 art 6 s 12

477A.14 USE OF FUNDS.

Subdivision 1. **General distribution.** Except as provided in subdivisions 2 and 3, 40 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:

(1) 64.2 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;

(2) within 30 days of receipt of the payment to the county, the county treasurer shall pay a township with land that qualifies for payment under section 477A.12, subdivision 1, clauses (1), (2), and (5) to (7), ten percent of the payment the county received for such land within that township. 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, except that of the payments for natural resources lands not located in an organized township, the county may allocate the amount determined to be necessary for maintenance of roads in unorganized townships; and

(3) 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.

Subd. 2. **Distribution for consolidated conservation lands.** In the case of payments for consolidated conservation land, at least 15 percent of the amount paid on account of that land under section 477A.12 must be distributed to the county for use as provided in section 84A.51, subdivision 4, clause (1). The remainder of the payment under section 477A.12 will be distributed in proportion to the distributions described in subdivision 1.

Subd. 3. **Distribution for wildlife management lands and military refuge lands.** (a) The county treasurer shall allocate the payment for wildlife management land and military game refuge land among the county, towns, and school districts on the same basis as if the payments were taxes on the land received in the year. Payment of a town's or a school district's allocation must be made by the county treasurer to the town or school district within 30 days of receipt of the payment to the county. The county's share of the payment shall be deposited in the county general revenue fund.

(b) The county treasurer of a county with a population over 39,000, but less than 42,000, in the 1950 federal census shall allocate the payment only among the towns and school districts on the same basis as if the payments were taxes on the lands received in the current year.

(c) If a town received a payment in calendar year 2006 or thereafter under this subdivision, and subsequently incorporated as a city, the city shall continue to receive any future year's allocations of wildlife land payments that would have been made to the town had it not incorporated, provided that the payments shall terminate if the governing body of the city passes an ordinance that prohibits hunting within the boundaries of the city.

History: 1979 c 303 art 8 s 4; 1993 c 375 art 17 s 20; 1994 c 632 art 2 s 55; 1995 c 220 s 126; 1998 c 389 art 3 s 26; 2000 c 490 art 6 s 13; 1Sp2001 c 5 art 3 s 81; 2002 c 353 s 3; 1Sp2005 c 3 art 1 s 35; 1Sp2011 c 7 art 6 s 21; 2013 c 143 art 2 s 31,32; 2014 c 308 art 1 s 9

477A.145 MS 2010 [Repealed, 1Sp2011 c 7 art 6 s 27]

477A.15 TACONITE AID REIMBURSEMENT.

Any school district in which is located property which had been entitled to a reduction of tax pursuant to Minnesota Statutes 1978, section 273.135, subdivision 2, clause (c), shall receive in 1981 and subsequent years an amount equal to the amount it received in 1980 pursuant to Minnesota Statutes 1978, section 298.28, subdivision 1, clause (3)(b). Payments shall be made pursuant to this section and section 126C.48, subdivision 8, paragraph (5), by the commissioner of revenue to the taxing jurisdictions on the date in each calendar year when the first installment is paid under section 477A.015.

History: 1980 c 607 art 7 s 6; 1994 c 416 art 1 s 62; 2002 c 377 art 8 s 16

477A.16 Subdivision 1. MS 2022 [Repealed, 2023 c 64 art 4 s 33]

Subd. 2. MS 2022 [Repealed, 2023 c 64 art 4 s 33]

Subd. 3. MS 2022 [Repealed, 2023 c 64 art 4 s 33]

477A.17 LAKE VERMILION-SOUDAN UNDERGROUND MINE STATE PARK; ANNUAL PAYMENTS.

(a) Except as provided in paragraph (b), in lieu of the payment amount provided under section 477A.12, subdivision 1, clause (1), the county shall receive an annual payment for state-owned land within the boundary of Lake Vermilion-Soudan Underground Mine State Park, established in section 85.012, subdivision 38a, equal to 1.5 percent of the appraised value of the state-owned land.

For the purposes of this paragraph, the appraised value of the land acquired for Lake Vermilion-Soudan Underground Mine State Park for the first five years after acquisition shall be the purchase price of the land, plus the value of any portion of the land that is acquired by donation. Thereafter, the appraised value of the state-owned land shall be as determined under section 477A.12, subdivision 3, except that the appraised value of the state-owned land within the park shall not be reduced below the 2010 appraised value of the land.

The annual payments under this paragraph shall be distributed to the taxing jurisdictions containing the property as follows: one-third to the school districts; one-third to the town; and one-third to the county. The payment to school districts is not a county apportionment under section 127A.34 and is not subject to aid recapture. Each of those taxing jurisdictions may use the payments for their general purposes.

(b) Beginning with aids payable in 2022, for land within the boundary of Lake Vermilion-Soudan Underground Mine State Park designated as the Granelda Unit under section 85.012, subdivision 38a, the county shall receive an annual payment equal to 1.5 percent of the appraised value of all parcels comprising the Granelda Unit as determined for assessment year 2021. In each subsequent year, the county shall receive an annual payment equal to 1.5 percent of the appraised value of all parcels comprising the Granelda Unit for the most recent assessment year except that the appraised value of the parcels shall not be reduced below the assessment year 2021 appraised value of the parcels.

The annual payments under this paragraph shall be distributed to the taxing jurisdictions containing the property as follows: one-third to the school districts; one-third to the town; and one-third to the county, except that the annual payment distributed to the county on behalf of unorganized Township 63, Range 17, shall be transferred by the county to the governing body of the public safety facility located in Section 32 in Township 63, Range 17, to be used for ongoing operations and maintenance of the facility. The payment to school districts is not a county apportionment under section 127A.34 and is not subject to aid recapture. Unless otherwise noted, each of those taxing jurisdictions may use the payments for their general purposes.

(c) Except as provided in this section, the payments shall be made as provided in sections 477A.11 to 477A.13.

History: 2008 c 368 art 3 s 2; 2010 c 389 art 1 s 25; 2014 c 217 s 4; 1Sp2017 c 1 art 4 s 23; 1Sp2021 c 14 art 7 s 2

477A.18 PRODUCTION PROPERTY TRANSITION AID.

Subdivision 1. **Definitions.** (a) When used in this section, the following terms have the meanings indicated in this subdivision.

(b) "Local unit" means a home rule charter or statutory city, or a town.

(c) "Net tax capacity differential" means the positive difference, if any, by which the local unit's net tax capacity was reduced from assessment year 2014 to assessment year 2015 due to the change in the definition of real property in section 272.03, subdivision 1, enacted by Laws 2014, chapter 308, article 2, section 9. For purposes of determining the net tax capacity differential, any property in a job opportunity building zone under section 469.314 may not be included when calculating a local unit's net tax capacity.

Subd. 2. **Aid eligibility; payment.** (a) If the net tax capacity differential of the local unit exceeds five percent of its 2015 net tax capacity, the local unit is eligible for transition aid computed under paragraphs (b) to (f).

(b) For aids payable in 2016, transition aid under this section for an eligible local unit equals (1) the net tax capacity differential, times (2) the jurisdiction's tax rate for taxes payable in 2015.

(c) For aids payable in 2017, transition aid under this section for an eligible local unit equals 80 percent of (1) the net tax capacity differential, times (2) the jurisdiction's tax rate for taxes payable in 2016.

(d) For aids payable in 2018, transition aid under this section for an eligible local unit equals 60 percent of (1) the net tax capacity differential, times (2) the jurisdiction's tax rate for taxes payable in 2017.

(e) For aids payable in 2019, transition aid under this section for an eligible local unit equals 40 percent of (1) the net tax capacity differential, times (2) the jurisdiction's tax rate for taxes payable in 2018.

(f) For aids payable in 2020, transition aid under this section for an eligible local unit equals 20 percent of (1) the net tax capacity differential, times (2) the jurisdiction's tax rate for taxes payable in 2019.

(g) No aids shall be payable under this section in 2021 and thereafter.

(h) The commissioner of revenue shall compute the amount of transition aid payable to each local unit under this section. On or before August 1 of each year, the commissioner shall certify the amount of transition aid computed for aids payable in the following year for each recipient local unit. The commissioner shall pay transition aid to local units annually at the times provided in section 477A.015.

(i) The commissioner of revenue may require counties to provide any data that the commissioner deems necessary to administer this section.

Subd. 3. **Appropriation.** An amount sufficient to pay transition aid under this section is annually appropriated to the commissioner of revenue from the general fund.

History: 2014 c 308 art 1 s 10

477A.19 AQUATIC INVASIVE SPECIES PREVENTION AID.

Subdivision 1. **Definitions.** (a) When used in this section, the following terms have the meanings given them in this subdivision.

(b) "Aquatic invasive species" means nonnative aquatic organisms that invade water beyond their natural and historic range.

(c) "Watercraft trailer launch" means any public water access site designed for launching watercraft.

(d) "Watercraft trailer parking space" means a parking space designated for a boat trailer at any public water access site designed for launching watercraft.

Subd. 2. **Distribution.** The money appropriated to aquatic invasive species prevention aid under this section shall be allocated to all counties in the state as follows: 50 percent based on each county's share of watercraft trailer launches and 50 percent based on each county's share of watercraft trailer parking spaces.

Subd. 3. **Use of proceeds.** A county that receives a distribution under this section must use the proceeds solely to prevent the introduction or limit the spread of aquatic invasive species at all access sites within the county. The county must establish, by resolution or through adoption of a plan, guidelines for the use of the proceeds. The guidelines set by the county board may include, but are not limited to, providing for site-level management, countywide awareness, and other procedures that the county finds necessary to achieve compliance. The county may appropriate the proceeds directly, or may use any portion of the proceeds to provide funding for a joint powers board or cooperative agreement with another political subdivision, a soil

and water conservation district in the county, a watershed district in the county, or a lake association located in the county. Any money appropriated by the county to a different entity or political subdivision must be used as required under this section. Each county must submit a copy of its guidelines for use of the proceeds to the Department of Natural Resources by December 31 of the year the payments are received.

Subd. 3a. **Certification.** On or before June 1 of each year, the commissioner of natural resources shall certify to the commissioner of revenue the number of watercraft launches and the number of watercraft trailer parking spaces in each county.

Subd. 3b. **Certification.** On or before June 1 of each year, the commissioner of natural resources shall certify to the commissioner of revenue the counties that complied with the requirements of subdivision 3 the prior year and are eligible to receive aid under this section.

Subd. 4. **Payments.** The commissioner of revenue must compute the amount of aquatic invasive species prevention aid payable to each county under this section. On or before August 1 of each year, the commissioner shall certify the amount to be paid to each county in the following year. The commissioner shall pay aquatic invasive species prevention aid to counties annually at the times provided in section 477A.015.

Subd. 5. **Appropriation.** \$10,000,000 each year is appropriated from the general fund to the commissioner of revenue to make the payments required under this section.

History: 2014 c 308 art 1 s 11; 2015 c 21 art 1 s 91,92; 1Sp2017 c 1 art 15 s 33,34

477A.20 MS 2016 [Repealed, 1Sp2017 c 1 art 4 s 33]

477A.21 RIPARIAN PROTECTION AID.

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given:

- (1) "buffer protection map" has the meaning given under section 103F.48, subdivision 1; and
- (2) "public watercourses" means public waters and public drainage systems subject to riparian protection requirements under section 103F.48.

Subd. 2. **Certifications to commissioner.** (a) The Board of Water and Soil Resources must certify to the commissioner of revenue, on or before July 1 each year, which counties and watershed districts have affirmed their jurisdiction under section 103F.48 and the proportion of centerline miles of public watercourses, and miles of public drainage system ditches on the buffer protection map, within each county and each watershed district within the county with affirmed jurisdiction.

(b) On or before July 1 each year, the commissioner of natural resources shall certify to the commissioner of revenue the statewide and countywide number of centerline miles of public watercourses and miles of public drainage system ditches on the buffer protection map.

Subd. 3. **Distribution.** (a) A county that is certified under subdivision 2, or that portion of a county containing a watershed district certified under subdivision 2, is eligible to receive aid under this section to enforce and implement the riparian protection and water quality practices under section 103F.48. Each county's preliminary aid amount is equal to the proportion calculated under paragraph (b) multiplied by the appropriation received each year by the commissioner for purposes of payments under this section.

(b) The commissioner must compute each county's proportion. A county's proportion is equal to the ratio of the sum in clause (1) to the sum in clause (2):

(1) the sum of the total number of acres in the county classified as class 2a under section 273.13, subdivision 23, the countywide number of centerline miles of public watercourses on the buffer protection map, and the countywide number of miles of public drainage system ditches on the buffer protection map; and

(2) the sum of the statewide total number of acres classified as class 2a under section 273.13, subdivision 23, the statewide total number of centerline miles of public watercourses on the buffer protection map, and the statewide total number of public drainage system miles on the buffer protection map.

(c) Aid to a county must not be greater than \$200,000 or less than \$50,000. If the sum of the preliminary aids payable to counties under paragraph (a) is greater or less than the appropriation received by the commissioner, the commissioner of revenue must calculate the percentage of adjustment necessary so that the total of the aid under paragraph (a) equals the total amount received by the commissioner, subject to the minimum and maximum amounts specified in this paragraph. The minimum and maximum amounts under this paragraph must be adjusted by the ratio of the actual amount appropriated to \$10,000,000.

(d) If only a portion of a county is certified as eligible to receive aid under subdivision 2, the aid otherwise payable to that county under this section must be multiplied by a fraction, the numerator of which is the buffer protection map miles of the certified watershed districts contained within the county and the denominator of which is the total buffer protection map miles of the county.

(e) Any aid that would otherwise be paid to a county or portion of a county that is not certified under subdivision 2 shall be paid to the Board of Water and Soil Resources for enforcing and implementing the riparian protection and water quality practices under section 103F.48.

Subd. 4. **Payments.** The commissioner of revenue must compute the amount of riparian protection aid payable to each eligible county and to the Board of Water and Soil Resources under this section. On or before August 1 each year, the commissioner must certify the amount to be paid to each county and the Board of Water and Soil Resources in the following year, except that the payments for 2017 must be certified by July 15, 2017. The commissioner must pay riparian protection aid to counties and to the Board of Water and Soil Resources in the same manner and at the same time as aid payments under section 477A.015.

History: 2017 c 93 art 2 s 146; 1Sp2017 c 1 art 4 s 24

477A.22 APPROPRIATION; RIPARIAN PROTECTION AID.

\$6,000,000 in fiscal year 2018 and \$8,000,000 in each fiscal year thereafter is appropriated from the general fund to the commissioner of revenue for riparian protection aid payments under section 477A.21. These amounts may be in addition to other appropriations for the same purpose. Unexpended funds from fiscal year 2018 are available in fiscal year 2019.

History: 1Sp2017 c 1 art 4 s 25; 1Sp2017 c 7 s 11

477A.23 SOIL AND WATER CONSERVATION DISTRICT AID.

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given:

(1) "nonpublic lands" means "real property" as defined by section 272.03 that is not owned by the federal government, the state, or a local government unit;

(2) "population" means the population estimated as of June 1 in an aid calculation year by the most recent federal census;

(3) "transformed population" means the cube root of population; and

(4) "soil and water conservation district" means a district under chapter 103C that is implementing the duties under that chapter as determined by the Board of Water and Soil Resources as of the date the board provides the certification to the commissioner of revenue required by subdivision 3. For purposes of this section, soil and water conservation district includes a county exercising the duties and authorities of a soil and water conservation district under section 383A.606 or 383B.761.

Subd. 2. **Distribution.** The Board of Water and Soil Resources must calculate the amount of aid to be distributed to the certified soil and water conservation districts from the appropriation in subdivision 6 as follows:

(1) 80 percent of the appropriation must be distributed equally among the districts;

(2) 10 percent of the appropriation must be distributed proportionally among the districts according to the amount of nonpublic land located in a district as compared to the amount of nonpublic land in all districts; and

(3) ten percent of the appropriation must be distributed proportionally among the districts according to the transformed population of the district as compared to the total transformed population of all districts.

Subd. 3. **Certification to commissioner.** On or before June 1 each year, the Board of Water and Soil Resources must certify to the commissioner of revenue the soil and water conservation districts that will receive a payment under this section and the amount of each payment.

Subd. 4. **Use of proceeds.** (a) Notwithstanding section 103C.401, subdivision 2, a soil and water conservation district that receives a distribution under this section must use the proceeds to implement chapter 103C and other duties and services prescribed by statute.

(b) The board of each soil and water conservation district must establish, by resolution, annual guidelines for using payments received under this section. Current year guidelines and guidelines from the year immediately prior must be posted on the district website.

(c) A soil and water conservation district that receives a payment under this section may appropriate any portion of the payment to a governmental unit with which the district has a cooperative agreement under section 103C.231. Any payment received under this section and appropriated by the district must be used as required by this section.

Subd. 5. **Payments.** The commissioner of revenue must distribute soil and water conservation district aid in the same manner and at the same times as aid payments provided under section 477A.015.

Subd. 6. **Appropriation.** For aids payable in 2023 and 2024, \$15,000,000 is appropriated in each year from the general fund to the commissioner of revenue to make the payments required under this section. For aids payable in 2025 and thereafter, \$12,000,000 is annually appropriated from the general fund to the commissioner of revenue to make the payments required under this section.

Subd. 7. **Aid amount corrections.** If, due to a clerical error, the amount certified by the Board of Water and Soil Resources to the commissioner of revenue is less than the amount to which the district is entitled under this section, the Board of Water and Soil Resources shall recertify the correct amount to the commissioner of revenue and communicate the error and the corrected amount to the affected soil and water conservation district as soon as practical after the error is discovered.

History: 2023 c 64 art 4 s 20

477A.24 ELECTRIC GENERATION TRANSITION AID.

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Electric generating unit" means a single generating unit at an electric generating plant powered by coal, nuclear, or natural gas.

(c) "Electric generation property" means taxable property of an electric generating plant owned by a public utility, as defined in section 216B.02, subdivision 4, that is powered by coal, nuclear, or natural gas and located in an eligible taxing jurisdiction.

(d) "Eligible taxing jurisdiction" means a county, home rule charter or statutory city, town, or school district.

(e) "Unit base year" means the assessment year in which the assessed value of electric generation property is reduced due to the retirement of the electric generating unit.

(f) "Unit differential" means (1) the tax capacity of electric generation property in the assessment year preceding the unit base year, minus (2) the tax capacity of electric generation property in the unit base year. The unit differential may not be less than zero. The unit differential equals zero if the tax capacity of electric generation property in the eligible taxing jurisdiction in the assessment year preceding the unit base year is less than four percent of the total net tax capacity of the eligible taxing jurisdiction in that year, as adjusted under section 473F.08, subdivision 2, or 276A.06, subdivision 2, as applicable, except that, in an eligible taxing jurisdiction with multiple electric generating units, only the unit differential calculated upon the first retirement of an electric generating unit in that jurisdiction following the effective date of this section is subject to the reduction under this sentence.

Subd. 2. **Required notification.** Notwithstanding the requirements of Minnesota Rules, chapter 8100, a public utility must notify the commissioner when the public utility expects to retire an electric generating unit and remove that unit from the property tax base. The notification must be in the form and manner determined by the commissioner, include information required by the commissioner to calculate transition aid under this section, and be filed together with the reports required under section 273.371.

Subd. 3. **Unit transition amount.** (a) The initial unit transition amount equals the product of (1) the unit differential, times (2) the jurisdiction's tax rate for taxes payable in the unit base year.

(b) The unit transition amount for the year following the unit base year, or in the year as provided under subdivision 7, equals the initial unit transition amount. Unit transition amounts in subsequent years must be reduced each year by an amount equal to five percent of the initial unit transition amount. If the unit transition amount attributable to any unit is less than \$5,000 in any year, the unit transition amount for that unit equals zero.

Subd. 4. **Electric generation transition aid.** Electric generation transition aid for an eligible taxing jurisdiction equals the sum of the unit transition amounts for that jurisdiction.

Subd. 5. **Aid elimination.** (a) Notwithstanding subdivision 4, beginning for aid in the year after the year in which the jurisdiction first qualified for aid, aid for an eligible taxing jurisdiction equals zero if the commissioner determines that the eligible taxing jurisdiction's total net tax capacity in the assessment year preceding the aid calculation year is greater than the product of:

(1) 90 percent of the jurisdiction's total net tax capacity in the assessment year preceding the aid calculation year in which the jurisdiction first qualified for aid under this section; times

(2) the greater of one or the ratio of (i) the statewide total net tax capacity of real and personal property in the assessment year preceding the aid calculation year to (ii) the statewide total net tax capacity of real and personal property in the assessment year preceding the aid calculation year in which the jurisdiction first qualified for aid under this section.

(b) For the purposes of this subdivision, "net tax capacity" means net tax capacity as adjusted under section 473F.08, subdivision 2, or 276A.06, subdivision 2, as applicable.

(c) If aid to a jurisdiction attributable to a previous unit retirement has been eliminated under this subdivision, the jurisdiction may qualify for aid under this section for subsequent unit retirements.

Subd. 6. Commissioner's duties; payment schedule. (a) The commissioner of revenue shall compute the amount of electric generation transition aid payable to each jurisdiction under this section. The portion of aid to an eligible taxing jurisdiction that consists of the initial unit transition amount under subdivision 3, paragraph (a), must be certified on or before May 1 in the year the aid is payable. The portion of aid to an eligible taxing jurisdiction that consists of the unit transition amount under subdivision 3, paragraph (b), must be certified by August 1 of each year for aids payable in the following calendar year. The commissioner shall pay aid to each jurisdiction other than school districts annually at the times provided in section 477A.015. Aids to school districts must be certified to the commissioner of education and paid under section 273.1392.

(b) The commissioner of revenue may require counties to provide any data that the commissioner deems necessary to administer this section.

Subd. 7. Aid for prior unit retirements. An electric generating unit with a unit base year after 2016 but before 2023 must be counted for the purpose of calculating aid under this section. For a unit eligible to be counted under this subdivision and for the purpose of the schedule of amounts under subdivision 3, paragraph (b), the unit base year is 2023.

Subd. 8. Appropriation. An amount sufficient to make the aid payments required by this section to eligible taxing jurisdictions other than school districts is annually appropriated from the general fund to the commissioner of revenue. An amount sufficient to make the aid payments required by this section for school districts is annually appropriated from the general fund to the commissioner of education.

History: 2023 c 64 art 4 s 21

477A.30 LOCAL HOMELESS PREVENTION AID.

Subdivision 1. Definitions. For purposes of this section, the following terms have the meanings given:

(1) "city" means a statutory or home rule charter city;

(2) "distribution factor" means the total number of students experiencing homelessness in a county in the current school year and the previous two school years divided by the total number of students experiencing homelessness in all counties in the current school year and the previous two school years;

(3) "families" means families and persons 24 years of age or younger; and

(4) "Tribal government" means any of the 11 federally recognized Indian Tribes located in Minnesota.

Subd. 2. **Purpose.** The purpose of this section is to help local governments and Tribal governments ensure no child is homeless within a local jurisdiction by keeping families from losing housing and helping those experiencing homelessness find housing.

Subd. 3. **County distribution.** (a) A county's initial local homeless prevention aid amount equals the greater of: (1) \$5,000; or (2)(i) five percent of the money appropriated under subdivision 6, paragraph (a), times (ii) the ratio of the population of the county to the population of all counties. For the purpose of this paragraph, "population" means the population estimate used to calculate aid under section 477A.0124 for the same aid payable year.

(b) The amount of the appropriation in subdivision 6, paragraph (a), remaining after the allocation under paragraph (a) must be allocated to counties by multiplying each county's distribution factor by the total distribution available under this paragraph. Distribution factors must be based on the most recent counts of students experiencing homelessness in each county, as certified by the commissioner of education to the commissioner of revenue by July 1 of the year the aid is certified to the counties under subdivision 5.

(c) A county's total local homeless prevention aid equals the sum of the amounts under paragraphs (a) and (b).

Subd. 3a. **Tribal governments distribution.** (a) A Tribal government may choose to receive an aid distribution under this section by submitting an application under this subdivision. The application must be in the manner and form prescribed by the commissioner of revenue and must be annually submitted by July 1 in the year prior to the year the aid is paid. For aid payable in 2023 only, the application must be submitted by July 15, 2023.

(b) The total local homeless prevention aid distributed to Tribal governments equals the amount appropriated under subdivision 6, paragraph (b). Each Tribal government which, pursuant to this subdivision, chooses to receive a distribution under this section must receive an equal share of the amount available under subdivision 6, paragraph (b).

Subd. 4. **Use of proceeds.** (a) Counties and Tribal governments that receive a distribution under this section must use the proceeds to fund new or existing family homeless prevention and assistance projects or programs. These projects or programs may be administered by a county, a group of contiguous counties jointly acting together, a city, a group of contiguous cities jointly acting together, a Tribal government, a group of Tribal governments, or a community-based nonprofit organization. Each project or program must include plans for:

(1) targeting families with children who are eligible for a prekindergarten through grade 12 academic program and are:

- (i) living in overcrowded conditions in their current housing;
- (ii) paying more than 50 percent of their income for rent; or
- (iii) lacking a fixed, regular, and adequate nighttime residence;

(2) targeting unaccompanied youth in need of an alternative residential setting;

(3) connecting families with the social services necessary to maintain the families' stability in their homes, including but not limited to housing navigation, legal representation, and family outreach; and

(4) one or more of the following:

(i) providing rental assistance for a specified period of time which may exceed 24 months; or

(ii) providing support and case management services to improve housing stability, including but not limited to housing navigation and family outreach.

(b) Counties may choose not to spend all or a portion of the distribution under this section. Any unspent funds must be returned to the commissioner of revenue by December 31 of the year following the year that the aid was received. Any funds returned to the commissioner under this paragraph must be added to the overall distribution of aids certified under this section in the following year. Any unspent funds returned to the commissioner after the expiration under subdivision 8 are canceled to the general fund.

Subd. 5. Payments. The commissioner of revenue must compute the amount of local homeless prevention aid payable to each county and Tribal government under this section. On or before August 1 of each year, the commissioner shall certify the amount to be paid to each county and Tribal government in the following year. The commissioner shall pay local homeless prevention aid annually at the times provided in section 477A.015. For aids payable in 2023 only, the commissioner must recalculate and recertify the aid under this section by July 15, 2023.

Subd. 6. Appropriation. (a) \$17,600,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to counties required under this section.

(b) \$2,400,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to Tribal governments required under this section.

Subd. 7. Report. (a) No later than January 15, 2025, the commissioner of revenue must produce a report on projects and programs funded by counties and Tribal governments under this section. The report must include a list of the projects and programs, the number of people served by each, and an assessment of how each project and program impacts people who are currently experiencing homelessness or who are at risk of experiencing homelessness, as reported by the counties and Tribal governments to the commissioner by December 31 each year on a form prescribed by the commissioner. The commissioner must provide a copy of the report to the chairs and ranking minority members of the legislative committees with jurisdiction over property taxes and services for persons experiencing homelessness.

(b) The report in paragraph (a) must be updated every two years and the commissioner of revenue must provide copies of the updated reports to the chairs and ranking minority members of the legislative committees with jurisdiction over property taxes and services for persons experiencing homelessness by January 15 of the year the report is due. Report requirements under this subdivision expire following the report which includes the final distribution preceding the expiration in subdivision 8.

Subd. 8. Expiration. Distributions under this section expire after aids payable in 2028 have been distributed.

History: *1Sp2021 c 14 art 7 s 3; 2023 c 64 art 4 s 22*

477A.31 MAHNOMEN PROPERTY TAX REIMBURSEMENT AID.

Subdivision 1. Aid amounts. (a) The commissioner of revenue shall make reimbursement aid payments to compensate for the loss of property tax revenue related to the trust conversion application of the Shooting Star Casino. The commissioner shall pay the county of Mahnomen, \$1,010,000; the city of Mahnomen, \$210,000; and Independent School District No. 432, Mahnomen, \$140,000.

(b) The payments shall be made annually on July 20.

Subd. 2. **Appropriation.** An amount sufficient to pay reimbursement aid under this section is annually appropriated from the general fund to the commissioner of revenue.

History: 2023 c 64 art 4 s 23

477A.32 LOCAL GOVERNMENT CANNABIS AID.

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given:

- (1) "city" means a statutory or home rule charter city; and
- (2) "director" means the director of the Office of Cannabis Management under section 342.02.

Subd. 2. **Certification to commissioner of revenue.** (a) By July 15, 2024, and annually thereafter, the commissioner of management and budget must certify to the commissioner of revenue the balance of the local government cannabis aid account in the special revenue fund as of the immediately preceding June 30.

(b) By June 1, 2024, and annually thereafter, the director must certify to the commissioner of revenue the number of cannabis businesses, as defined under section 342.01, subdivision 14, licensed under chapter 342 as of the previous January 1, disaggregated by county and city.

Subd. 3. **Aid to counties.** (a) Beginning for aid payable in 2024, the amount available for aid to counties under this subdivision equals 50 percent of the amount certified in that year to the commissioner under subdivision 2, paragraph (a).

(b) Twenty percent of the amount under paragraph (a) must be distributed equally among all counties.

(c) Eighty percent of the amount under paragraph (a) must be distributed proportionally to each county according to the number of cannabis businesses located in the county as compared to the number of cannabis businesses in all counties as of the most recent certification under subdivision 2, paragraph (b).

Subd. 4. **Aid to cities.** (a) Beginning for aid payable in 2024, the amount available for aid to cities under this subdivision equals 50 percent of the amount certified in that year to the commissioner under subdivision 2, paragraph (a).

(b) The amount under paragraph (a) must be distributed proportionally to each city according to the number of cannabis businesses located in the city as compared to the number of cannabis businesses in all cities as of the most recent certification under subdivision 2, paragraph (b).

Subd. 5. **Payment.** The commissioner of revenue must compute the amount of aid payable to each county and city under this section. On or before September 1 of each year, the commissioner must certify the amount to be paid to each county and city in that year. The commissioner must pay the full amount of the aid on December 26 annually.

Subd. 6. **Appropriation.** Beginning in fiscal year 2025 and annually thereafter, the amount in the local government cannabis aid account in the special revenue fund is annually appropriated to the commissioner of revenue to make the aid payments required under this section.

History: 2023 c 63 art 2 s 28

477A.35 LOCAL AFFORDABLE HOUSING AID.

Subdivision 1. MS 2023 Supp [Repealed, 2024 c 127 art 15 s 54]

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

(b) "City distribution factor" means the number of households in a tier I city that are cost-burdened divided by the total number of households that are cost-burdened in tier I cities. The number of cost-burdened households shall be determined using the most recent estimates or experimental estimates provided by the American Community Survey of the United States Census Bureau as of May 1 of the aid calculation year.

(c) "Cost-burdened household" means a household in which gross rent is 30 percent or more of household income or in which homeownership costs are 30 percent or more of household income.

(d) "County distribution factor" means the number of households in a county that are cost-burdened divided by the total number of households in metropolitan counties that are cost-burdened. The number of cost-burdened households shall be determined using the most recent estimates or experimental estimates provided by the American Community Survey of the United States Census Bureau as of May 1 of the aid calculation year.

(e) "Locally funded housing expenditures" means expenditures of the aid recipient, including expenditures by a public corporation or legal entity created by the aid recipient, that are:

(1) funded from the recipient's general fund, a property tax levy of the recipient or its housing and redevelopment authority, or unrestricted money available to the recipient, but not including tax increments; and

(2) expended on one of the following qualifying activities:

(i) financial assistance to residents in arrears on rent, mortgage, utilities, or property tax payments;

(ii) support services, case management services, and legal services for residents in arrears on rent, mortgage, utilities, or property tax payments;

(iii) down payment assistance or homeownership education, counseling, and training;

(iv) acquisition, construction, rehabilitation, adaptive reuse, improvement, financing, and infrastructure of residential dwellings;

(v) costs of operating emergency shelter, transitional housing, supportive housing, or publicly owned housing, including costs of providing case management services and support services; and

(vi) rental assistance.

(f) "Metropolitan area" has the meaning given in section 473.121, subdivision 2;

(g) "Metropolitan county" has the meaning given in section 473.121, subdivision 4;

(h) "Population" has the meaning given in section 477A.011, subdivision 3; and

(i) "Tier I city" means a statutory or home rule charter city that is a city of the first, second, or third class and is located in a metropolitan county.

Subd. 3. **Distribution.** (a) The commissioner of revenue shall calculate the amount of aid to distribute to each county under this section as the sum of:

(1) three percent of the total amount available to counties under this section; plus

(2) 79 percent of the total amount available to counties under this section, multiplied by the county distribution factor.

(b) The commissioner of revenue shall calculate the amount of aid to distribute to each tier I city under this section as:

- (1) the tier I city's city distribution factor; multiplied by
- (2) the total amount available to cities under this section.

Subd. 4. **Qualifying projects.** (a) Qualifying projects include:

(1) emergency rental assistance for households earning less than 80 percent of area median income as determined by the United States Department of Housing and Urban Development;

(2) financial support to nonprofit affordable housing providers in their mission to provide safe, dignified, affordable and supportive housing;

(3) projects designed for the purpose of construction, acquisition, rehabilitation, demolition or removal of existing structures, construction financing, permanent financing, interest rate reduction, refinancing, and gap financing of housing to provide affordable housing to households that have incomes which do not exceed, for homeownership projects, 115 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development, and for rental housing projects, 80 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development, except that the housing developed or rehabilitated with funds under this section must be affordable to the local work force;

(4) financing the operations and management of financially distressed residential properties;

(5) funding of supportive services or staff of supportive services providers for supportive housing as defined by section 462A.37, subdivision 1. Financial support to nonprofit housing providers to finance supportive housing operations may be awarded as a capitalized reserve or as an award of ongoing funding; and

(6) costs of operating emergency shelter facilities, including the costs of providing services.

(b) Recipients must prioritize projects that provide affordable housing to households that have incomes which do not exceed, for homeownership projects, 80 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development, and for rental housing projects, 50 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development. Priority may be given to projects that: reduce disparities in home ownership; reduce housing cost burden, housing instability, or homelessness; improve the habitability of homes; create accessible housing; or create more energy- or water-efficient homes.

(c) Gap financing is either:

(1) the difference between the costs of the property, including acquisition, demolition, rehabilitation, and construction, and the market value of the property upon sale; or

(2) the difference between the cost of the property and the amount the targeted household can afford for housing, based on industry standards and practices.

(d) If aid under this section is used for demolition or removal of existing structures, the cleared land must be used for the construction of housing to be owned or rented by persons who meet the income limits of paragraph (a).

(e) If an aid recipient uses the aid on new construction of a building containing more than four units, the loan recipient must construct, convert, or otherwise adapt the building to include:

(1) the greater of: (i) at least one unit; or (ii) at least five percent of units that are accessible units, and each accessible unit includes at least one roll-in shower, water closet, and kitchen work surface meeting the requirements of section 1002 of the current State Building Code Accessibility Provisions for Dwelling Units in Minnesota; and

(2) the greater of: (i) at least one unit; or (ii) at least five percent of units that are sensory-accessible units that include:

(A) soundproofing between shared walls for first and second floor units;

(B) no florescent lighting in units and common areas;

(C) low-fume paint;

(D) low-chemical carpet; and

(E) low-chemical carpet glue in units and common areas.

Nothing in this paragraph relieves a project funded by this section from meeting other applicable accessibility requirements.

Subd. 5. Use of proceeds. (a) Any funds distributed under this section must be spent on a qualifying project. Funds are considered spent on a qualifying project if:

(1) a tier I city or county demonstrates to the Minnesota Housing Finance Agency that the city or county cannot expend funds on a qualifying project by the deadline imposed by paragraph (b) due to factors outside the control of the city or county; and

(2) the funds are transferred to a local housing trust fund.

Funds transferred to a local housing trust fund under this paragraph must be spent on a project or household that meets the affordability requirements of subdivision 4, paragraph (a).

(b) Funds must be spent by December 31 in the third year following the year after the aid was received. The requirements of this paragraph are satisfied if funds are:

(1) committed to a qualifying project by December 31 in the third year following the year after the aid was received; and

(2) expended by December 31 in the fourth year following the year after the aid was received.

(c) An aid recipient may not use aid money to reimburse itself for prior expenditures.

Subd. 5a. Conditions for receipt. (a) As a condition of receiving aid under this section, a recipient must commit to using funds to supplement, not supplant, existing locally funded housing expenditures, so that the recipient is using the funds to create new or to expand existing housing programs.

(b) In the annual report required under subdivision 6, a recipient must certify its compliance with this subdivision, including an accounting of locally funded housing expenditures in the prior fiscal year. In a tier I city's or county's first report to the Minnesota Housing Finance Agency, it must document its locally funded housing expenditures in the two prior fiscal years. If a recipient reduces one of its locally funded housing expenditures, the recipient must detail the expenditure, the amount of the reduction, and the reason for the reduction. The certification required under this paragraph must be made available publicly on the website of the recipient.

Subd. 6. **Administration.** (a) The commissioner of revenue must compute the amount of aid payable to each tier I city and county under this section. By August 1 of each year, the commissioner must certify the distribution factors of each tier I city and county to be used in the following year. The commissioner must pay local affordable housing aid annually at the times provided in section 477A.015, distributing the amounts available on the immediately preceding June 1 under the accounts established in section 477A.37, subdivisions 2 and 3.

(b) Beginning in 2025, tier I cities and counties shall submit a report annually, no later than December 1 of each year, to the Minnesota Housing Finance Agency. The report must include documentation of the location of any unspent funds distributed under this section and of qualifying projects completed or planned with funds under this section. If a tier I city or county fails to submit a report, if a tier I city or county fails to spend funds within the timeline imposed under subdivision 5, paragraph (b), if a tier I city or county uses funds for a project that does not qualify under this section, or if a tier I city or county fails to meet its requirements of subdivision 5a, the Minnesota Housing Finance Agency shall notify the Department of Revenue and the cities and counties that must repay funds under paragraph (c) by February 15 of the following year.

(c) By May 15, after receiving notice from the Minnesota Housing Finance Agency, a tier I city or county must pay to the Minnesota Housing Finance Agency funds the city or county received under this section if the city or county:

- (1) fails to spend the funds within the time allowed under subdivision 5, paragraph (b);
- (2) spends the funds on anything other than a qualifying project;
- (3) fails to submit a report documenting use of the funds; or
- (4) fails to meet the requirements of subdivision 5a.

(d) The commissioner of revenue must stop distributing funds to a tier I city or county that requests in writing that the commissioner stop payment or that, in three consecutive years, the Minnesota Housing Finance Agency has reported, pursuant to paragraph (b), to have failed to use funds, misused funds, or failed to report on its use of funds. A request to stop payment under this paragraph must be submitted to the commissioner in the form and manner prescribed by the commissioner on or before May 1 of the aids payable year the aid recipient wants the commissioner to stop payment of aid. The commissioner shall not stop payment based on a request received after May 1 until the next aids payable year.

(e) The commissioner may resume distributing funds to a tier I city or county to which the commissioner has stopped payments in the year following the August 1 after the Minnesota Housing Finance Agency certifies that the city or county has submitted documentation of plans for a qualifying project. The commissioner may resume distributing funds to a tier I city or county to which the commissioner has stopped payments at the request of the city or county in the year following the August 1 after the Minnesota Housing

Finance Agency certifies that the city or county has submitted documentation of plans for a qualifying project.

(f) By June 1, any funds paid to the Minnesota Housing Finance Agency under paragraph (c) must be deposited in the housing development fund. Funds deposited under this paragraph are appropriated to the commissioner of the Minnesota Housing Finance Agency for use on the family homeless prevention and assistance program under section 462A.204, the economic development and housing challenge program under section 462A.33, and the workforce and affordable homeownership development program under section 462A.38.

[See Note.]

Subd. 7. **County consultation with local governments.** A county that receives funding under this section shall regularly consult with the local governments in the jurisdictions of which its qualifying projects are planned or located.

History: 2023 c 37 art 5 s 3; 2024 c 127 art 15 s 27-31

NOTE: The amendment to subdivision 6 by Laws 2024, chapter 127, article 15, section 31, is effective beginning with aids payable in 2025. Laws 2024, chapter 127, article 15, section 31, the effective date.

477A.36 STATEWIDE LOCAL HOUSING AID.

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "City distribution factor" means the number of households in a tier I city that are cost-burdened divided by the total number of households that are cost-burdened in Minnesota tier I cities. The number of cost-burdened households shall be determined using the most recent estimates or experimental estimates provided by the American Community Survey of the United States Census Bureau as of May 1 of the aid calculation year.

(c) "Cost-burdened household" means a household in which gross rent is 30 percent or more of household income or in which homeownership costs are 30 percent or more of household income.

(d) "County distribution factor" means the number of households in a county that are cost-burdened divided by the total number of households in Minnesota that are cost-burdened. The number of cost-burdened households shall be determined using the most recent estimates or experimental estimates provided by the American Community Survey of the United States Census Bureau as of May 1 of the aid calculation year.

(e) "Eligible Tribal Nation" means any of the 11 federally recognized Indian Tribes located in Minnesota which submit an application under subdivision 6, paragraph (g).

(f) "Locally funded housing expenditures" means expenditures of the aid recipient, including expenditures by a public corporation or legal entity created by the aid recipient, that are:

(1) funded from the recipient's general fund, a property tax levy of the recipient or its housing and redevelopment authority, or unrestricted money available to the recipient, but not including tax increments; and

(2) expended on one of the following qualifying activities:

(i) financial assistance to residents in arrears on rent, mortgage, utilities, or property tax payments;

(ii) support services, case management services, and legal services for residents in arrears on rent, mortgage, utilities, or property tax payments;

(iii) down payment assistance or homeownership education, counseling, and training;

(iv) acquisition, construction, rehabilitation, adaptive reuse, improvement, financing, and infrastructure of residential dwellings;

(v) costs of operating emergency shelter, transitional housing, supportive housing, or publicly owned housing, including costs of providing case management services and support services; and

(vi) rental assistance.

(g) "Population" has the meaning given in section 477A.011, subdivision 3.

(h) "Tier I city" means a statutory or home rule charter city that is a city of the first, second, or third class and is not located in a metropolitan county, as defined by section 473.121, subdivision 4.

(i) "Tier II city" means a statutory or home rule charter city that is a city of the fourth class and is not located in a metropolitan county, as defined by section 473.121, subdivision 4.

Subd. 2. Distribution. (a) Each county shall receive the sum of:

(1) 0.6 percent of the total amount available to counties under this section; plus

(2) the product of:

(i) the county distribution factor; multiplied by

(ii) the total amount available to counties under this section minus the product of clause (1) multiplied by the number of Minnesota counties.

(b) The commissioner of revenue shall determine the amount of funding available to a tier I city under this section by multiplying the city's city distribution factor and the amount of funding available to tier I cities under this section.

(c) The commissioner of revenue shall determine the amount of funding available to an eligible Tribal Nation by dividing the amount of money available for aid to Tribal Nations under this section by the number of eligible Tribal Nations that have applied to receive an aid distribution under this section.

Subd. 3. Grants to tier II cities. (a) The commissioner of the Minnesota Housing Finance Agency shall establish a program to award grants of at least \$25,000 to tier II cities. The agency shall develop program guidelines and criteria in consultation with the League of Minnesota Cities. Notwithstanding section 16C.06, the commissioner may use a formula to determine the amounts of awards to tier II cities applying for funding under this section. Awards may be made in conjunction with funding awards under other agency programs that serve tier II cities.

(b) Among comparable proposals, the agency shall prioritize grants to tier II cities that have a higher proportion of cost-burdened households.

(c) A grantee must use its grant on a qualifying project.

(d) In making grants, the agency shall determine the circumstances, terms, and conditions under which all or any portion thereof will be repaid and shall determine the appropriate security should repayment be

required. Any repaid funds shall be returned to the account or accounts established pursuant to paragraph (e).

(e) The agency shall establish a bookkeeping account or accounts in the housing development fund for money distributed to the agency for grants under this subdivision. By May 1 of each year, the Minnesota Housing Finance Agency shall report to the Department of Revenue on the amount in the account or accounts.

Subd. 4. **Qualifying projects.** (a) Qualifying projects shall include:

(1) emergency rental assistance for households earning less than 80 percent of area median income as determined by the United States Department of Housing and Urban Development;

(2) financial support to nonprofit affordable housing providers in their mission to provide safe, dignified, affordable and supportive housing;

(3) outside the metropolitan counties as defined in section 473.121, subdivision 4, development of market rate residential rental properties, as defined in section 462A.39, subdivision 2, paragraph (d), if the relevant unit of government submits with the report required under subdivision 6 a resolution and supporting documentation showing that the area meets the requirements of section 462A.39, subdivision 4, paragraph (a);

(4) projects designed for the purpose of construction, acquisition, rehabilitation, demolition or removal of existing structures, construction financing, permanent financing, interest rate reduction, refinancing, and gap financing of housing to provide affordable housing to households that have incomes which do not exceed, for homeownership projects, 115 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development and, for rental housing projects, 80 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development, except that the housing developed or rehabilitated with funds under this section must be affordable to the local work force;

(5) financing the operations and management of financially distressed residential properties;

(6) funding of supportive services or staff of supportive services providers for supportive housing as defined in section 462A.37, subdivision 1. Financial support to nonprofit housing providers to finance supportive housing operations may be awarded as a capitalized reserve or as an award of ongoing funding; and

(7) costs of operating emergency shelter facilities, including the costs of providing services.

(b) Recipients must prioritize projects that provide affordable housing to households that have incomes that do not exceed, for homeownership projects, 80 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development, and for rental housing projects, 50 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development. Priority may be given to projects that: reduce disparities in home ownership; reduce housing cost burden, housing instability, or homelessness; improve the habitability of homes; create accessible housing; or create more energy- or water-efficient homes.

(c) Gap financing is either:

(1) the difference between the costs of the property, including acquisition, demolition, rehabilitation, and construction, and the market value of the property upon sale; or

(2) the difference between the cost of the property and the amount the targeted household can afford for housing, based on industry standards and practices.

(d) If aid under this section is used for demolition or removal of existing structures, the cleared land must be used for the construction of housing to be owned or rented by persons who meet the income limits of paragraph (a).

(e) If an aid recipient uses the aid on new construction of a building containing more than four units, the loan recipient must construct, convert, or otherwise adapt the building to include:

(1) the greater of: (i) at least one unit; or (ii) at least five percent of units that are accessible units, and each accessible unit includes at least one roll-in shower, water closet, and kitchen work surface meeting the requirements of section 1002 of the current State Building Code Accessibility Provisions for Dwelling Units in Minnesota; and

(2) the greater of: (i) at least one unit; or (ii) at least five percent of units that are sensory-accessible units that include:

(A) soundproofing between shared walls for first and second floor units;

(B) no florescent lighting in units and common areas;

(C) low-fume paint;

(D) low-chemical carpet; and

(E) low-chemical carpet glue in units and common areas.

Nothing in this paragraph relieves a project funded by this section from meeting other applicable accessibility requirements.

Subd. 5. Use of proceeds. (a) Any funds distributed under this section must be spent on a qualifying project. If a tier I city or county demonstrates to the Minnesota Housing Finance Agency that the tier I city or county cannot expend funds on a qualifying project by the deadline imposed by paragraph (b) due to factors outside the control of the tier I city or county, funds shall be considered spent on a qualifying project if the funds are transferred to a local housing trust fund. Funds transferred to a local housing trust fund must be spent on a project or household that meets the affordability requirements of subdivision 4, paragraph (a).

(b) Funds must be spent by December 31 in the third year following the year after the aid was received. The requirements of this paragraph are satisfied if funds are:

(1) committed to a qualifying project by December 31 in the third year following the year after the aid was received; and

(2) expended by December 31 in the fourth year following the year after the aid was received.

(c) An aid recipient may not use aid funds to reimburse itself for prior expenditures.

Subd. 5a. Conditions for receipt. (a) As a condition of receiving aid under this section, a recipient must commit to using money to supplement, not supplant, existing locally funded housing expenditures, so that the recipient is using the funds to create new or to expand existing housing programs.

(b) In the annual report required under subdivision 6, a recipient must certify compliance with this subdivision, including an accounting of locally funded housing expenditures in the prior fiscal year. In an

aid recipient's first report to the Minnesota Housing Finance Agency, the aid recipient must document its locally funded housing expenditures in the two prior fiscal years. If a recipient reduces one of its locally funded housing expenditures, the recipient must detail the expenditure, the amount of the reduction, and the reason for the reduction. The certification required under this paragraph must be made available publicly on the recipient's website.

Subd. 6. **Administration.** (a) The commissioner of revenue must compute the amount of aid payable to each aid recipient under this section. Beginning with aids payable in calendar year 2024, before computing the amount of aid for counties and after receiving the report required by subdivision 3, paragraph (e), the commissioner shall compute the amount necessary to increase the amount in the account or accounts established under that paragraph to \$1,250,000. The amount calculated under the preceding sentence shall be deducted from the amount available to counties for the purposes of certifying the amount of aid to be paid to counties in the following year. By August 1 of each year, the commissioner must certify the amount to be paid to each tier I city and county in the following year. The commissioner must pay statewide local housing aid to tier I cities and counties annually at the times provided in section 477A.015. Before paying the first installment of aid annually, the commissioner of revenue shall transfer to the Minnesota Housing Finance Agency from the funds available for counties, for deposit in the account or accounts established under subdivision 3, paragraph (e), the amount computed in the prior year to be necessary to increase the amount in the account or accounts established under that paragraph to \$1,250,000.

(b) Beginning in 2025, aid recipients shall submit a report annually, no later than December 1 of each year, to the Minnesota Housing Finance Agency. The report shall include documentation of the location of any unspent funds distributed under this section and of qualifying projects completed or planned with funds under this section. If an aid recipient fails to submit a report, fails to spend funds within the timeline imposed under subdivision 5, paragraph (b), uses funds for a project that does not qualify under this section, or if an aid recipient fails to meet the requirements of subdivision 5a, the Minnesota Housing Finance Agency shall notify the Department of Revenue and the aid recipient must repay funds under paragraph (c) by February 15 of the following year.

(c) By May 15, after receiving notice from the Minnesota Housing Finance Agency, an aid recipient must pay to the Minnesota Housing Finance Agency funds the aid recipient received under this section if the aid recipient:

- (1) fails to spend the funds within the time allowed under subdivision 5, paragraph (b);
- (2) spends the funds on anything other than a qualifying project;
- (3) fails to submit a report documenting use of the funds; or
- (4) fails to meet the requirements of subdivision 5a.

(d) The commissioner of revenue must stop distributing funds to an aid recipient that requests in writing that the commissioner stop payment or that the Minnesota Housing Finance Agency reports to have, in three consecutive years, failed to use funds, misused funds, or failed to report on its use of funds. A request to stop payment under this paragraph must be submitted to the commissioner in the form and manner prescribed by the commissioner on or before May 1 of the year prior to the aids payable year in which the aid recipient wants the commissioner to stop payment of aid. The commissioner shall not stop payment based on a request received after May 1 until aids payable based on certification in the following calendar year.

(e) The commissioner may resume distributing funds to an aid recipient to which the commissioner has stopped payments in the year following the August 1 after the Minnesota Housing Finance Agency certifies

that the city or county has submitted documentation of plans for a qualifying project. The commissioner may resume distributing funds to an aid recipient to which the commissioner has stopped payments at the request of the recipient in the year following the August 1 after the Minnesota Housing Finance Agency certifies that the recipient has submitted documentation of plans for a qualifying project.

(f) By June 1, any funds paid to the Minnesota Housing Finance Agency under paragraph (c) must be deposited in the housing development fund. Funds deposited under this paragraph are appropriated to the commissioner of the Minnesota Housing Finance Agency for use on the family homeless prevention and assistance program under section 462A.204, the economic development and housing challenge program under section 462A.33, and the workforce and affordable homeownership development program under section 462A.38.

(g) An eligible Tribal Nation may choose to receive an aid distribution under this section by submitting an application under this subdivision. An eligible Tribal Nation which has not received a distribution in a prior aids payable year may elect to begin participation in the program by submitting an application in the manner and form prescribed by the commissioner of revenue by January 15 of the aids payable year. In order to receive a distribution, an eligible Tribal Nation must certify to the commissioner of revenue the most recent estimate of the total number of enrolled members of the eligible Tribal Nation. The information must be annually certified by March 1 in the form prescribed by the commissioner of revenue. The commissioner of revenue must annually calculate and certify the amount of aid payable to each eligible Tribal Nation on or before August 1 of the aids payable year. The commissioner of revenue must pay statewide local housing aid to eligible Tribal Nations annually by December 27 of the year the aid is certified.

[See Note.]

Subd. 7. **County consultation with cities.** A county that receives funding under this section shall regularly consult with the cities in the jurisdictions of which its qualifying projects are planned or located.

Subd. 8. **Appropriations.** (a) \$6,800,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to counties as required under this section.

(b) \$2,000,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to tier I cities as required under this section.

(c) \$1,200,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to eligible Tribal Nations as required under this section.

(d) In fiscal years 2024 and 2025 only, an additional \$8,500,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to counties as required under this section. In fiscal years 2024 and 2025 only, an additional \$2,500,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to tier I cities as required under this section. In fiscal years 2024 and 2025 only, an additional \$1,500,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to eligible Tribal Nations as required under this section. In fiscal years 2024 and 2025 only, the commissioner shall transfer from the funds available to counties to the Minnesota Housing Finance Agency a sum sufficient to increase the amount in the account or accounts established under subdivision 3, paragraph (e), to \$2,250,000. For aids payable in 2023 only, the commissioner may compute the amount of aid to be paid to aid recipients as late as August 1, 2023, and may make payments of aid under this section in one installment on December 26.

History: 2023 c 64 art 4 s 24; 2024 c 76 s 4,5; 2024 c 127 art 15 s 32-36

NOTE: The amendment to subdivision 6 by Laws 2024, chapter 127, article 15, section 36, is effective beginning with aids payable in 2025. Laws 2024, chapter 127, article 15, section 36, the effective date.

477A.37 HOUSING ASSISTANCE FUND.

Subdivision 1. **Fund established.** A housing assistance fund is established in the state treasury. The fund consists of money as provided under section 297A.9925, and any other money donated, allotted, transferred, or otherwise provided to the fund.

Subd. 2. **Metropolitan county aid account; appropriation.** (a) A metropolitan county aid account is established in the housing assistance fund. The account consists of money as provided under section 297A.9925, and any other money donated, allotted, transferred, or otherwise provided to the account.

(b) Money in the metropolitan county aid account is annually appropriated to the commissioner of revenue for payments to counties as provided under section 477A.35.

Subd. 3. **Metropolitan city aid account; appropriation.** (a) A metropolitan city aid account is established in the housing assistance fund. The account consists of money as provided under section 297A.9925, and any other money donated, allotted, transferred, or otherwise provided to the account.

(b) Money in the metropolitan city aid account is annually appropriated to the commissioner of revenue for payments to cities as provided under section 477A.35.

History: 2023 c 37 art 5 s 4

477A.40 TRIBAL NATION AID.

Subdivision 1. **Aid not to be considered reparations.** Aid distributions under this section are not a substitute for reparations to eligible Tribal Nations, their members, or their members' descendants.

Subd. 2. **Definitions.** For the purposes of this section, the following terms have the meanings given:

(1) "distribution share" means the number of enrolled members in an eligible Tribal Nation divided by the total number of enrolled members for all eligible Tribal Nations certified under this section; and

(2) "eligible Tribal Nation" means any of the 11 federally recognized Indian Tribes located in Minnesota which submit an application under subdivision 4.

Subd. 3. **Distribution.** An eligible Tribal Nation's annual aid amount is equal to the sum of:

(1) the quotient of:

(i) 0.5 times the amount appropriated under this section; divided by

(ii) the number of eligible Tribal Nations; plus

(2) the product of:

(i) the eligible Tribal Nation's distribution share; multiplied by

(ii) 0.5 times the amount appropriated under this section.

Subd. 4. **Application.** An eligible Tribal Nation may choose to receive an aid distribution under this section by submitting an application under this subdivision. An eligible Tribal Nation which has not received a distribution in a prior aids payable year may elect to begin participation in the program by submitting an

application in the manner and form prescribed by the commissioner of revenue by January 15 of the aids payable year. In order to receive a distribution, an eligible Tribal Nation must certify to the commissioner of revenue the most recent estimate of the total number of enrolled members of the eligible Tribal Nation. The information must be annually certified by March 1 in the form prescribed by the commissioner of revenue. The commissioner of revenue must annually calculate and certify the amount of aid payable to each eligible Tribal Nation on or before August 1.

Subd. 5. **Payments.** The commissioner of revenue must pay Tribal Nation aid annually by December 27 of the year the aid is certified.

Subd. 6. **Appropriation.** \$35,000,000 is annually appropriated from the general fund to the commissioner of revenue to make payments under this section.

History: 2023 c 64 art 4 s 25