

This Document can be made available in alternative formats upon request

State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH  
SESSION

HOUSE FILE No. 1115

February 19, 2007

Authored by Norton, Marquart, Tschumper and Liebling

The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act  
1.2 relating to local government aid; amending the distribution mechanism to  
1.3 decrease volatility; amending Minnesota Statutes 2006, section 477A.013,  
1.4 subdivision 9.

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

1.6 Section 1. Minnesota Statutes 2006, section 477A.013, subdivision 9, is amended to  
1.7 read:

1.8 Subd. 9. **City aid distribution.** (a) In calendar year ~~2002 and thereafter~~ 2008, each  
1.9 city shall receive an aid distribution equal to the sum of (1) the city formula aid under  
1.10 subdivision 8, ~~and~~ (2) its city aid base, and (3) one-half of the difference between its total  
1.11 aid in the previous year under this section and its city aid base in the previous year. For aids  
1.12 payable in 2009 and thereafter, each city shall receive an aid distribution equal to the sum  
1.13 of (1) the city formula aid under subdivision 8, (2) its city aid base, and (3) its formula aid  
1.14 under subdivision 8 in the previous year, prior to any adjustments under this subdivision.

1.15 (b) For aids payable in 2005 and thereafter, the total aid for any city shall not exceed  
1.16 the sum of (1) ten percent of the city's net levy for the year prior to the aid distribution  
1.17 plus (2) its total aid in the previous year. For aids payable in ~~2005~~ 2008 and thereafter,  
1.18 the total aid for any city with a population of 2,500 or more may not ~~decrease from~~ be  
1.19 less than its total aid under this section in the previous year by an amount greater than  
1.20 minus the lesser of (1) \$15 multiplied by its population, or (2) ten percent of its net levy in  
1.21 the year prior to the aid distribution.

1.22 (c) ~~For aids payable in 2004 only, the total aid for a city with a population less than~~  
1.23 ~~2,500 may not be less than the amount it was certified to receive in 2003 minus the greater~~  
1.24 ~~of (1) the reduction to this aid payment in 2003 under Laws 2003, First Special Session~~

2.1 ~~chapter 21, article 5, or (2) five percent of its 2003 aid amount.~~ For aids payable in 2005  
 2.2 2008 and thereafter, the total aid for a city with a population less than 2,500 must not be  
 2.3 less than the amount it was certified to receive in the previous year minus the lesser of (1)  
 2.4 \$15 multiplied by its population, or (2) five percent of its 2003 certified aid amount.

2.5 (d) If a city's net tax capacity used in calculating aid under this section has decreased  
 2.6 in any year by more than 25 percent from its net tax capacity in the previous year due to  
 2.7 property becoming tax-exempt Indian land, the city's maximum allowed aid increase  
 2.8 under paragraph (b) shall be increased by an amount equal to (1) the city's tax rate in the  
 2.9 year of the aid calculation, multiplied by (2) the amount of its net tax capacity decrease  
 2.10 resulting from the property becoming tax exempt.

2.11 **EFFECTIVE DATE.** This section is effective for aids payable in 2008 and  
 2.12 thereafter.