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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-FIFTH
SESSION**

HOUSE FILE No. 1381

February 26, 2007

Authored by Atkins, Brown, Lanning, Mullery and Simpson

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; providing an adjustment for inflation; amending
1.3 Minnesota Statutes 2006, section 477A.03.

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

1.5 Section 1. Minnesota Statutes 2006, section 477A.03, is amended to read:

1.6 **477A.03 APPROPRIATION.**

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

1.10 Subd. 2a. **Cities.** ~~For aids payable in 2004, the total aids paid under section~~
1.11 ~~477A.013, subdivision 9, are limited to \$429,000,000. For aids payable in 2005, the~~
1.12 ~~total aids paid under section 477A.013, subdivision 9, are limited to \$437,052,000. For~~
1.13 ~~aids payable in 2006 and thereafter 2007, the total aids paid under section 477A.013,~~
1.14 ~~subdivision 9, is limited to \$485,052,000. For aids payable in 2008 and thereafter, the~~
1.15 total aids paid under section 477A.013, subdivision 9, are the amounts certified to be paid
1.16 in the previous year, adjusted for inflation as provided under subdivision 5.

1.17 Subd. 2b. **Counties.** (a) For aids payable in calendar year ~~2005 and thereafter 2007,~~
1.18 the total aids paid to counties under section 477A.0124, subdivision 3, are limited to
1.19 \$100,500,000. For aids payable in 2008 and thereafter, the total aids paid under section
1.20 477A.0124, subdivision 3, are the amounts certified to be paid in the previous year,
1.21 adjusted for inflation as provided under subdivision 5. Each calendar year, \$500,000 shall
1.22 be retained by the commissioner of revenue to make reimbursements to the commissioner
1.23 of finance for payments made under section 611.27. ~~For calendar year 2004, the amount~~
1.24 ~~shall be in addition to the payments authorized under section 477A.0124, subdivision 1.~~

2.1 ~~For calendar year 2005 and subsequent years,~~ The amount shall be deducted from the
2.2 appropriation under this paragraph. The reimbursements shall be to defray the additional
2.3 costs associated with court-ordered counsel under section 611.27. Any retained amounts
2.4 not used for reimbursement in a year shall be included in the next distribution of county
2.5 need aid that is certified to the county auditors for the purpose of property tax reduction
2.6 for the next taxes payable year.

2.7 ~~(b) For aids payable in 2005, the total aids under section 477A.0124, subdivision~~
2.8 ~~4, are limited to \$105,000,000. For aids payable in 2006 and thereafter 2007, the total~~
2.9 ~~aid under section 477A.0124, subdivision 4, is limited to \$105,132,923. For aids payable~~
2.10 ~~in 2008 and thereafter, the total aids paid under section 477A.0124, subdivision 4, are~~
2.11 ~~the amounts certified to be paid in the previous year, adjusted for inflation as provided~~
2.12 ~~under subdivision 5. The commissioner of finance shall bill the commissioner of revenue~~
2.13 ~~for the cost of preparation of local impact notes as required by section 3.987, not to~~
2.14 ~~exceed \$207,000 in fiscal year 2004 and thereafter. The commissioner of education shall~~
2.15 ~~bill the commissioner of revenue for the cost of preparation of local impact notes for~~
2.16 ~~school districts as required by section 3.987, not to exceed \$7,000 in fiscal year 2004~~
2.17 ~~and thereafter. The commissioner of revenue shall deduct the amounts billed under~~
2.18 ~~this paragraph from the appropriation under this paragraph. The amounts deducted are~~
2.19 ~~appropriated to the commissioner of finance and the commissioner of education for the~~
2.20 ~~preparation of local impact notes.~~

2.21 Subd. 5. Inflation adjustment. In 2008 and thereafter, the amount paid under
2.22 subdivisions 2a and 2b shall each be increased by an amount equal to:

2.23 (1) the amount certified to be paid under that subdivision in the previous year,
2.24 multiplied by

2.25 (2) one plus the percentage increase in the implicit price deflator for state and
2.26 local government purchases of goods and services prepared by the Bureau of Economic
2.27 Analysis of the United States Department of Commerce for the 12-month period ending
2.28 March 31 of the previous year.