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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 2562

03/29/2017 Authored by Marquart and Hortman 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 taxation; property; modifying county program aid; appropriating money;
1.3 amending Minnesota Statutes 2016, sections 477A.0124, subdivision 4; 477A.03,
1.4 subdivision 2b; repealing Minnesota Statutes 2016, section 477A.0124, subdivision
1.5 5.

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

1.7 Section 1. Minnesota Statutes 2016, section 477A.0124, subdivision 4, is amended to
1.8 read:

1.9 Subd. 4. County tax-base equalization aid. (a) For 2006 and subsequent years, the
1.10 money appropriated to county tax-base equalization aid each calendar year, after the payment
1.11 under paragraph (f), shall be apportioned among the counties according to each county's
1.12 tax-base equalization aid factor.

1.13 (b) A county's tax-base equalization aid factor is equal to the amount by which (i) \$185
1.14 \$190 times the county's population, exceeds (ii) 9.45 nine percent of the county's net tax
1.15 capacity.

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

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

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

1.22 (f) Before the money appropriated to county base equalization aid is apportioned among
1.23 the counties as provided in paragraph (a), an amount up to \$73,259 is allocated annually to

2.1 ~~Anoka County and up to \$59,664 is annually allocated to Washington County for the county~~
 2.2 ~~to pay postretirement costs of health insurance premiums for court employees. The allocation~~
 2.3 ~~under this paragraph is in addition to the allocations under paragraphs (a) to (e). Beginning~~
 2.4 ~~with aid payable in 2019, the amount under paragraph (b), item (i), shall be increased by~~
 2.5 ~~the ratio of the statewide net tax capacity per capita to the statewide net tax capacity per~~
 2.6 ~~capita in the 2017 assessment year, provided that in no case shall the ratio be less than one~~
 2.7 ~~or the ratio in the prior year, whichever is greater. The amount shall be rounded to the nearest~~
 2.8 ~~\$10. The statewide net tax capacity per capita shall be calculated using the most recent~~
 2.9 ~~population available for the relevant assessment year at the time of the calculation of the~~
 2.10 ~~aid by the commissioner under section 477A.014.~~

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

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

2.15 (2) 95 percent of the tax base equalization aid for the county in the prior year, whichever
 2.16 is greater.

2.17 If the sum of aids payable to counties under this subdivision exceeds the limit under section
 2.18 477A.03, subdivision 2b, paragraph (b), the distribution for those counties whose aid amounts
 2.19 exceed their minimum aid must be proportionately reduced so that the amount of aid
 2.20 distributed under this subdivision does not exceed the limit in section 477A.03, subdivision
 2.21 2b, paragraph (b).

2.22 **EFFECTIVE DATE.** This section is effective for aids payable in 2018 and thereafter.

2.23 Sec. 2. Minnesota Statutes 2016, section 477A.03, subdivision 2b, is amended to read:

2.24 Subd. 2b. **Counties.** (a) For aids payable in ~~2014 and thereafter~~ 2018 through 2024, the
 2.25 total aid payable under section 477A.0124, subdivision 3, is ~~\$100,795,000~~ \$116,465,260
 2.26 of which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article
 2.27 4, section 6. For aids payable in 2025 and thereafter, the total aid payable under section
 2.28 477A.0124, subdivision 3, is \$108,526,935. Each calendar year, \$500,000 of this
 2.29 appropriation shall be retained by the commissioner of revenue to make reimbursements to
 2.30 the commissioner of management and budget for payments made under section 611.27. The
 2.31 reimbursements shall be to defray the additional costs associated with court-ordered counsel
 2.32 under section 611.27. Any retained amounts not used for reimbursement in a year shall be

3.1 included in the next distribution of county need aid that is certified to the county auditors
3.2 for the purpose of property tax reduction for the next taxes payable year.

3.3 (b) For aids payable in ~~2014~~ 2018 and thereafter, the total aid under section 477A.0124,
3.4 subdivision 4, is ~~\$104,909,575~~ \$152,703,185. The commissioner of revenue shall transfer
3.5 to the commissioner of management and budget \$207,000 annually for the cost of preparation
3.6 of local impact notes as required by section 3.987, and other local government activities.
3.7 The commissioner of revenue shall transfer to the commissioner of education \$7,000 annually
3.8 for the cost of preparation of local impact notes for school districts as required by section
3.9 3.987. The commissioner of revenue shall deduct the amounts transferred under this
3.10 paragraph from the appropriation under this paragraph. The amounts transferred are
3.11 appropriated to the commissioner of management and budget and the commissioner of
3.12 education respectively.

3.13 **EFFECTIVE DATE.** This section is effective for aids payable in 2018 and thereafter.

3.14 Sec. 3. **REPEALER.**

3.15 Minnesota Statutes 2016, section 477A.0124, subdivision 5, is repealed.

3.16 **EFFECTIVE DATE.** This section is effective for aids payable in 2018 and thereafter.

APPENDIX
Repealed Minnesota Statutes: 17-4367

477A.0124 COUNTY PROGRAM AID.

Subd. 5. **County transition aid.** A county is eligible to receive the transition aid it received in 2007.