

## CHAPTER 477A

### LOCAL GOVERNMENT AID

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#### 477A.011 DEFINITIONS.

*[For text of subs 1 to 2, see M.S.1990]*

**Subd. 2a. Special taxing district.** "Special taxing district" means a political subdivision with the authority to levy property taxes, other than a city, county, town, or school district.

**Subd. 3. Population.** "Population" means the population established 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. The term "per capita" refers to population as defined by this subdivision.

**Subd. 3a. Number of households.** "Number of households" means the number of households established by the most recent federal census, by a special census conducted under contract with the United States Bureau of the Census, by an estimate made by the metropolitan council, or by an 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.

*[For text of subs 15 to 26, see M.S.1990]*

**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 473F.08, subdivision 3, paragraph (a), and before reduction for the homestead and agricultural credit aid under section 273.1398, subdivision 2, equalization aid under section 477A.013, subdivision 5, and disparity reduction aid under section 273.1398, subdivision 3; plus the originally certified local government aid in the previous year under sections 477A.011, 477A.012, and 477A.013, except for 477A.013, subdivision 5; and the estimated taconite aids used to determine levy limits for taxes payable in the previous year under section 275.51, subdivision 3i.

**Subd. 28. Reduction percentage.** "Reduction percentage" means the equal percentage reduction in each affected local government's reduction base that is estimated to be necessary to reduce the aid payments to those local governments by the amounts specified under section 477A.0132.

**Subd. 29. Adjusted revenue base.** "Adjusted revenue base" means revenue base as defined in subdivision 27 less the special levy under section 275.50, subdivision 5, clause (a).

**History:** 1991 c 2 art 8 s 13; 1991 c 291 art 3 s 57; 1991 c 345 art 2 s 64,65

#### 477A.012 COUNTY GOVERNMENT DISTRIBUTIONS.

**Subdivision 1. Aid amount.** In calendar year 1991 and subsequent years, each county government shall receive a distribution equal to the aid amount it received under this subdivision in the previous year less any permanent reductions made under section 477A.0132.

*[For text of subs 2 to 4, see M.S.1990]*

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 [Repealed, 1991 c 291 art 3 s 15]

Subd. 6. **Aid offset for 1992 court and public defender costs.** (a) There shall be deducted from the payment to a county under this section an amount equal to the cost of jury fees and, in the case of a county located in the third or sixth judicial district, of public defense services in juvenile and misdemeanor cases, to the extent those costs are assumed by the state for the fiscal year beginning on July 1, 1992. The amount of the deduction is computed as provided in this subdivision.

(b) By June 30, 1991, the supreme court shall determine and certify to the department of revenue for each county, except counties located in the eighth judicial district, the cost for each county of jury fees during the fiscal year beginning on July 1, 1992.

(c) By June 30, 1991, the board of public defense shall determine and certify to the department of revenue the pro rata share for each county in the third or sixth judicial district of the cost of the state-financed public defense services in juvenile and misdemeanor cases in the third or sixth judicial district during the fiscal year beginning on July 1, 1992.

(d) One-half of the amount computed under paragraphs (b) and (c) for each county shall be deducted from each local government aid payment to the county under section 477A.015 in 1992 and each subsequent year. If the amount computed under paragraph (b) exceeds the amount payable to a county under subdivision 1, the excess shall be deducted from the aid payable to the county under section 273.1398, subdivision 2, and then, if necessary, from the disparity reduction aid under section 273.1398, subdivision 3.

**History:** 1991 c 2 art 8 s 4; 1991 c 291 art 3 s 8; art 4 s 10

**NOTE:** Subdivision 6 is added by Laws 1991, chapter 291, article 4, section 10. The portion of subdivision 6 relating to the cost of jury fees is effective for aids payable in 1992 and subsequent years. See Laws 1991, chapters 291, article 4, section 27, and 345, article 1, sections 105 and 118.

**NOTE:** This section is repealed by Laws 1991, chapter 291, article 2, section 17, if the legislature enacts the recommendations of the advisory commission on intergovernmental relations under section 3.862, subdivision 3. For the effective date of the repeal, see Laws 1991, chapter 291, article 2, section 18.

#### 477A.013 MUNICIPAL GOVERNMENT DISTRIBUTIONS.

Subdivision 1. **Towns.** In calendar year 1990, each town that had levied for taxes payable in the prior year a local tax rate of at least .008 shall receive a distribution equal to 106 percent of the amount received in 1989 under this subdivision. In calendar year 1991 and subsequent years, each town that had levied for taxes payable in the prior year a local tax rate of at least .008 shall receive a distribution equal to the amount it received in the previous year under this subdivision less any permanent reductions made under section 477A.0132.

*[For text of subd 2, see M.S.1990]*

Subd. 3. **City aid distribution.** In 1989, a city whose initial aid is greater than \$0 will receive the following aid increases in addition to an amount equal to the local government aid it received in 1988 under Minnesota Statutes 1987 Supplement, section 477A.013:

(1) for a city whose expenditure/unlimited aid ratio is at least 1.5, two percent of city revenue;

(2) for a city whose expenditure/unlimited aid ratio is at least 1.4 but less than 1.5, 2.5 percent of city revenue;

(3) for a city whose expenditure/unlimited aid ratio is at least 1.3 but less than 1.4, three percent of city revenue;

(4) for a city whose expenditure/unlimited aid ratio is at least 1.2 but less than 1.3, four percent of city revenue;

(5) for a city whose expenditure/unlimited aid ratio is at least 1.1 but less than 1.2, five percent of city revenue;

(6) for a city whose expenditure/unlimited aid ratio is at least 1.05 but less than 1.1, six percent of city revenue;

(7) for a city whose expenditure/unlimited aid ratio is at least 1.0 but less than 1.05, seven percent of city revenue;

(8) for a city whose expenditure/unlimited aid ratio is at least .95 but less than 1.0, 7.5 percent of city revenue;

(9) for a city whose expenditure/unlimited aid ratio is at least .75 but less than .95, 8.5 percent of city revenue; and

(10) for a city whose expenditure/unlimited aid ratio is less than .75, nine percent of city revenue.

In 1990, a city whose initial aid is greater than \$0 will receive an amount equal to the aid it received under this section in the year prior to that for which aids are being calculated plus an aid increase equal to 50 percent of the rates listed in clauses (1) to (10) multiplied by city revenue.

In 1991 and subsequent years, a city will receive an amount equal to the local government aid it received under this section in the previous year, less any permanent reductions made under section 477A.0132.

A city's aid increase under this subdivision is limited to the lesser of (1) 20 percent of its levy for taxes payable in the year prior to that for which aids are being calculated, or (2) its initial aid amount, or (3) 15 percent of the total local government aid amount received under this section in the previous year, provided that no city will receive an increase that is less than two percent of its 1989 local government aid for aids payable in 1990.

A city whose initial aid is \$0 will receive in 1990 an amount equal to 102 percent of the local government aid it received in 1989 under Minnesota Statutes 1988, section 477A.013. For purposes of this subdivision, the term "local government aid" does not include equalization aid amounts under subdivision 5.

*[For text of subs 5 and 6, see M.S.1990]*

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

**History:** 1991 c 2 art 8 s 6,7; 1991 c 291 art 3 s 9,10

**NOTE:** This section is repealed by Laws 1991, chapter 291, article 2, section 17, if the legislature enacts the recommendations of the advisory commission on intergovernmental relations under section 3.862, subdivision 3. For the effective date of the repeal, see Laws 1991, chapter 291, article 2, section 18.

#### **477A.0132 AID REDUCTIONS TO LOCAL GOVERNMENTS.**

**Subdivision 1. Affected local governments.** The following permanent and nonpermanent reductions shall be made in aids paid to the following local units of government:

(a) For aids payable in 1990, there shall be a permanent reduction in aids to counties and cities of \$28,000,000.

(b) For aids payable on July 20, 1991, there shall be a nonpermanent reduction in aid payments to counties, cities, towns, and special taxing districts of \$50,000,000.

(c) For aids payable on December 15, 1991, there shall be a nonpermanent reduction in aids to counties, cities, towns, and special taxing districts of \$35,000,000. For purposes of this reduction, hospital districts are not considered special taxing districts.

(d) For aids payable in 1992, there shall be a permanent reduction in aids to counties, cities, and special taxing districts of \$86,000,000. For purposes of this reduction, hospital districts are not considered special taxing districts.

(e) For aid reductions required under section 477A.014, subdivision 1a, there shall be a nonpermanent reduction in aids to counties, cities, towns, and special taxing districts equal to the difference between the aid amounts certified to be paid and the amount appropriated under Laws 1991, chapter 291, article 2, section 3, to pay the aids.

**Subd. 2. Calculation of aid reduction.** The aid reduction to each local government as provided under subdivision 1 will be equal to the product of the reduction percentage and its reduction base. The reduction base is defined as the following:

(a) For subdivision 1, clause (a), the reduction base is equal to the adjusted revenue base for 1991.

(b) For subdivision 1, clause (b), the reduction base is equal to the revenue base for 1992.

(c) For subdivision 1, clause (c), the reduction base is equal to the adjusted revenue base for 1992.

(d) For subdivision 1, clause (d), the reduction base is equal to the adjusted revenue base for 1992.

(e) For subdivision 1, clause (e), the reduction base is equal to the adjusted revenue base for the year in which the aid payment is to be made.

**Subd. 3. Order of aid reductions.** The aid reduction to a local government as calculated under subdivisions 1 and 2, is first applied to its local government aid under sections 477A.012 and 477A.013 excluding aid under section 477A.013, subdivision 5; then, if necessary, to its equalization aid under section 477A.013, subdivision 5; then if necessary, to its homestead and agricultural credit aid under section 273.1398, subdivision 2; and then, if necessary, to its disparity reduction aid under section 273.1398, subdivision 3; and then, if necessary, to its homestead and agricultural credit guarantee under section 273.1398, subdivision 5. No aid payment may be less than \$0. Aid reductions under this section in any given year shall be divided equally between the July 20 and December 15 aid payments unless specified otherwise in subdivision 1.

*History: 1991 c 291 art 3 s 11*

#### **477A.014 COMMISSIONER'S RESPONSIBILITIES.**

**Subdivision 1. Calculations and payments.** The commissioner of revenue shall make all necessary calculations and make payments pursuant to sections 477A.012, 477A.013, 477A.0132, and 477A.03 directly to the affected taxing authorities annually. In addition, the commissioner shall notify the authorities of their aid amounts, as well as the computational factors used in making the calculations for their authority, and those statewide total figures that are pertinent, before August 1 of the year preceding the aid distribution year.

**Subd. 1a. Adjustments for local government trust fund revenues.** For aids payable in 1991 and 1992 only, if the amount appropriated under Laws 1991, chapter 291, article 2, section 3, for homestead and agricultural credit aid and disparity reduction aid under section 273.1398, and local government aid and equalization aid under sections 477A.011 to 477A.013, and the additional homestead and agricultural credit guarantee under section 273.1398, subdivision 5, is less than or greater than the amounts certified to be paid by the commissioner of revenue, the aids will be reduced or increased in the following manner unless otherwise provided for in law.

In the case of an aid reduction, each city's, county's, town's, and special taxing district's aids will be reduced as provided for in section 477A.0132. In the case of an aid increase, each city's, county's, town's, and special taxing district's aid shall be increased proportionately. The aid reduction or increase will be split equally between the July 20 and December aid payments each year.

If the commissioner estimates an additional reduction or increase in appropriations for these programs after the July 20 aid payment but before the December payment, the December aid payments to local governments for these programs will be reduced or increased proportionately.

*[For text of subs 2 and 3, see M.S.1990]*

**Subd. 4.** The director of the office of strategic and long-range planning shall annually bill the commissioner of revenue for one-half of the costs incurred by the state demographer in the preparation of materials required by section 4A.02. The state auditor shall bill the commissioner of revenue for the costs of the services provided by the government information division and the parts of the constitutional office that are related to the government information function, not to exceed \$217,000 in fiscal year

1992 and \$217,000 in fiscal year 1993 and thereafter. The commissioner of administration shall bill the commissioner of revenue for the costs of the local government records program and the intergovernmental information systems activity, not to exceed \$201,100 in fiscal year 1992 and \$205,800 in fiscal year 1993 and thereafter. The commissioner of employee relations shall bill the commissioner of revenue for the costs of administering the local government pay equity function, not to exceed \$56,000 in fiscal year 1992 and \$55,000 in fiscal year 1993 and thereafter.

**Subd. 5. Deduction from aid payments.** The commissioner of revenue shall deduct the amounts certified under subdivision 4 from the aid payments to be made to appropriate local units of government in the next aid payment year. Amounts must be transferred from the local government trust fund to the general fund.

**History:** 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

**NOTE:** This section is repealed by Laws 1991, chapter 291, article 2, section 17, if the legislature enacts the recommendations of the advisory commission on intergovernmental relations under section 3.862, subdivision 3. For the effective date of the repeal, see Laws 1991, chapter 291, article 2, section 18.

#### **477A.03 APPROPRIATION.**

**Subdivision 1. Annual appropriation.** A sum sufficient to discharge the duties imposed by sections 477A.011 to 477A.014 is annually appropriated from the local government trust fund to the commissioner of revenue. For aids payable in 1991 and thereafter, the total amount of equalization aid paid under section 477A.013, subdivision 5, is limited to \$19,485,684.

**History:** 1991 c 291 art 3 s 14

**NOTE:** This section is repealed by Laws 1991, chapter 291, article 2, section 17, if the legislature enacts the recommendations of the advisory commission on intergovernmental relations under section 3.862, subdivision 3. For the effective date of the repeal, see Laws 1991, chapter 291, article 2, section 18.