

CHAPTER 477A

LOCAL GOVERNMENT AID

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477A.01 Subdivision 1. [Repealed, 1Sp1981 c 1 art 6 s 9]

Subd. 2. [Repealed, 1Sp1981 c 1 art 6 s 9]

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 [Repealed, 1979 c 303 art 6 s 11; 1Sp1981 c 1 art 6 s 9]

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 [Repealed, 1Sp1981 c 1 art 6 s 9]

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 [Repealed, 1979 c 303 art 6 s 11; 1Sp1981 c 1 art 6 s 9]

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 [Repealed, 1Sp1981 c 1 art 6 s 9]

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 [Repealed, 1Sp1981 c 1 art 6 s 9]

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 [Repealed, 1Sp1981 c 1 art.6 s 9]

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 [Repealed, 1Sp1981 c 1 art 6 s 9]

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 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]

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 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]

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 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]

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 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]

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 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]

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 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]

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 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]

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 [Repealed, 1973 c 650 art 17 s 17; 1Sp 1981 c 1 art 6 s 9]

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 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]

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 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]

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 [Repealed, 1973 c 650 art 17 s 17; 1Sp 1981 c 1 art 6 s 9]

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 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]

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 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]

Subd. 18. [Repealed, 1Sp1981 c 1 art 6 s 9]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. [Repealed, 1996 c 310 s 1]

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 as of July 1 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 demogra-

pher 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. [Repealed, 1993 c 375 art 4 s 21]

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 [Repealed, 1988 c 719 art 5 s 81]

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 [Repealed, 1988 c 719 art 5 s 81]

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 [Repealed, 1988 c 719 art 5 s 81]

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 [Repealed, 1988 c 719 art 5 s 81]

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 [Repealed, 1988 c 719 art 5 s 81]

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 [Repealed, 1983 c 342 art 5 s 16]

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 [Repealed, 1983 c 342 art 5 s 16]

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 [Repealed, 1988 c 719 art 5 s 81]

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 [Repealed, 1988 c 719 art 5 s 81]

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 [Repealed, 1988 c 719 art 5 s 81]

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 [Repealed, 1988 c 719 art 5 s 81]

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 [Repealed, 1988 c 719 art 5 s 81]

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 [Repealed, 1993 c 375 art 4 s 21]

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 [Repealed, 1993 c 375 art 4 s 21]

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 [Repealed, 1993 c 375 art 4 s 21]

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 [Repealed, 1993 c 375 art 4 s 21]

Subd. 19. **Metropolitan area.** "Metropolitan area" is the metropolitan area as defined in section 473.121, subdivision 2.

Subd. 20. **City net tax capacity.** "City net tax capacity" means (1) the net tax capacity computed using the net tax capacity rates in section 273.13 for taxes payable in the year of the aid distribution, and the market values for taxes payable in the year prior to the aid distribution plus (2) a city's fiscal disparities distribution tax capacity under section 276A.06, subdivision 2, paragraph (b), or 473F.08, subdivision 2, paragraph (b), for taxes payable in the year prior to that for which aids are being calculated. The market value utilized in computing city net tax capacity shall be reduced by the sum of (1) a city's market value of commercial industrial property as defined in section 276A.01, subdivision 3, or 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 276A.06, subdivision 2, paragraph (a), or 473F.08, subdivision 2, paragraph (a), (2) the market value of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the market value of transmission lines deducted from a city's total net tax capacity under section 273.425. The city net tax capacity will be computed using equalized market values.

Subd. 21. **Equalized market values.** "Equalized market values" are equalized market values as defined in section 273.1398, subdivision 1.

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

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

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

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

Subd. 26. [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, paragraph (a), or 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 and 477A.013; and the taconite aids received in the previous year under sections 298.28 and 298.282.

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 levy reported under section 275.62, subdivision 1, clause (2).

Subd. 30. **Pre-1940 housing percentage.** "Pre-1940 housing percentage" for a city is 100 times the most recent federal census count 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.

Subd. 31. **Population decline percentage.** "Population decline percentage" for a city is the percent decline in a city's population for the last ten years, based on the most recently available population estimate from the state demographer or a federal census. A city's population decline percentage cannot be less than zero.

Subd. 32. **Commercial industrial percentage.** "Commercial industrial percentage" for a city is 100 times the sum of the estimated market values of all real property in the city classified as class 3 under section 273.13, subdivision 24, excluding public utility property, to 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.

Subd. 33. **Transformed population.** "Transformed population" for a city is the city population raised to the .3308 power, times 30.5485.

Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater than 2,500, "city revenue need" is the sum of (1) 3.462312 times the pre-1940 housing percentage; plus (2) 2.093826 times the commercial industrial percentage; plus (3) 6.862552 times the population decline percentage; plus (4) .00026 times the city population; plus (5) 152.0141.

(b) For a city with a population less than 2,500, "city revenue need" is the sum of (1) 1.795919 times the pre-1940 housing percentage; plus (2) 1.562138 times the commercial industrial percentage; plus (3) 4.177568 times the population decline percentage; plus (4) 1.04013 times the transformed population; minus (5) 107.475.

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

(d) For calendar year 1998 and subsequent years, the city revenue need for a city, as determined in paragraphs (a) to (c), 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 1993 implicit price deflator for state and local government purchases.

Subd. 35. **Tax effort rate.** "Tax effort rate" means the sum of (1) the net levy for all cities plus (2) for aid payable in 2002 only, the total aid payments to all cities under section 273.1398 in the previous year; 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. **City aid base.** (a) Except as otherwise provided in this subdivision, "city aid base" means, for each city, the sum of the local government aid and equalization aid it was originally certified to receive in calendar year 1993 under Minnesota Statutes 1992, section 477A.013, subdivisions 3 and 5, and the amount of disparity reduction aid it received in calendar year 1993 under Minnesota Statutes 1992, section 273.1398, subdivision 3.

(b) For aids payable in 1996 and thereafter, a city that in 1992 or 1993 transferred an amount from governmental funds to its sewer and water fund, which amount

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exceeded its net levy for taxes payable in the year in which the transfer occurred, has a "city aid base" equal to the sum of (i) its city aid base, as calculated under paragraph (a), and (ii) one-half of the difference between its city aid distribution under section 477A.013, subdivision 9, for aids payable in 1995 and its city aid base for aids payable in 1995.

(c) The city aid base for any city with a population less than 500 is increased by \$40,000 for aids payable in calendar year 1995 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$40,000 for aids payable in calendar year 1995 only, provided that:

(i) the average total tax capacity rate for taxes payable in 1995 exceeds 200 percent;

(ii) the city portion of the tax capacity rate exceeds 100 percent; and

(iii) its city aid base is less than \$60 per capita.

(d) The city aid base for a city is increased by \$20,000 in 1998 and thereafter and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$20,000 in calendar year 1998 only, provided that:

(i) the city has a population in 1994 of 2,500 or more;

(ii) the city is located in a county, outside of the metropolitan area, which contains a city of the first class;

(iii) the city's net tax capacity used in calculating its 1996 aid under section 477A.013 is less than \$400 per capita; and

(iv) at least four percent of the total net tax capacity, for taxes payable in 1996, of property located in the city is classified as railroad property.

(e) The city aid base for a city is increased by \$200,000 in 1999 and thereafter and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 1999 only, provided that:

(i) the city was incorporated as a statutory city after December 1, 1993;

(ii) its city aid base does not exceed \$5,600; and

(iii) the city had a population in 1996 of 5,000 or more.

(f) The city aid base for a city is increased by \$450,000 in 1999 to 2008 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$450,000 in calendar year 1999 only, provided that:

(i) the city had a population in 1996 of at least 50,000;

(ii) its population had increased by at least 40 percent in the ten-year period ending in 1996; and

(iii) its city's net tax capacity for aids payable in 1998 is less than \$700 per capita.

(g) Beginning in 2004, the city aid base for a city is equal to the sum of its city aid base in 2003 and the amount of additional aid it was certified to receive under section 477A.06 in 2003. For 2004 only, the maximum amount of total aid a city may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by the amount it was certified to receive under section 477A.06 in 2003.

(h) The city aid base for a city is increased by \$150,000 for aids payable in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$150,000 in calendar year 2000 only, provided that:

(1) the city has a population that is greater than 1,000 and less than 2,500;

(2) its commercial and industrial percentage for aids payable in 1999 is greater than 45 percent; and

(3) the total market value of all commercial and industrial property in the city for assessment year 1999 is at least 15 percent less than the total market value of all commercial and industrial property in the city for assessment year 1998.

(i) The city aid base for a city is increased by \$200,000 in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 2000 only, provided that:

- (1) the city had a population in 1997 of 2,500 or more;
- (2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than \$650 per capita;
- (3) the pre-1940 housing percentage of the city used in calculating 1999 aid under section 477A.013 is greater than 12 percent;
- (4) the 1999 local government aid of the city under section 477A.013 is less than 20 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent; and
- (5) the city aid base of the city used in calculating aid under section 477A.013 is less than \$7 per capita.

(j) The city aid base for a city is increased by \$225,000 in calendar years 2000 to 2002 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$225,000 in calendar year 2000 only, provided that:

- (1) the city had a population of at least 5,000;
- (2) its population had increased by at least 50 percent in the ten-year period ending in 1997;
- (3) the city is located outside of the Minneapolis-St. Paul metropolitan statistical area as defined by the United States Bureau of the Census; and
- (4) the city received less than \$30 per capita in aid under section 477A.013, subdivision 9, for aids payable in 1999.

(k) The city aid base for a city is increased by \$102,000 in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$102,000 in calendar year 2000 only, provided that:

- (1) the city has a population in 1997 of 2,000 or more;
- (2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than \$455 per capita;
- (3) the net levy of the city used in calculating 1999 aid under section 477A.013 is greater than \$195 per capita; and
- (4) the 1999 local government aid of the city under section 477A.013 is less than 38 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent.

(l) The city aid base for a city is increased by \$32,000 in 2001 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$32,000 in calendar year 2001 only, provided that:

- (1) the city has a population in 1998 that is greater than 200 but less than 500;
- (2) the city's revenue need used in calculating aids payable in 2000 was greater than \$200 per capita;
- (3) the city net tax capacity for the city used in calculating aids available in 2000 was equal to or less than \$200 per capita;
- (4) the city aid base of the city used in calculating aid under section 477A.013 is less than \$65 per capita; and
- (5) the city's formula aid for aids payable in 2000 was greater than zero.

(m) The city aid base for a city is increased by \$7,200 in 2001 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$7,200 in calendar year 2001 only, provided that:

- (1) the city had a population in 1998 that is greater than 200 but less than 500;
- (2) the city's commercial industrial percentage used in calculating aids payable in 2000 was less than ten percent;

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(3) more than 25 percent of the city's population was 60 years old or older according to the 1990 census;

(4) the city aid base of the city used in calculating aid under section 477A.013 is less than \$15 per capita; and

(5) the city's formula aid for aids payable in 2000 was greater than zero.

(n) The city aid base for a city is increased by \$45,000 in 2001 and thereafter and by an additional \$50,000 in calendar years 2002 to 2011, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$45,000 in calendar year 2001 only, and by \$50,000 in calendar year 2002 only, provided that:

(1) the net tax capacity of the city used in calculating its 2000 aid under section 477A.013 is less than \$810 per capita;

(2) the population of the city declined more than two percent between 1988 and 1998;

(3) the net levy of the city used in calculating 2000 aid under section 477A.013 is greater than \$240 per capita; and

(4) the city received less than \$36 per capita in aid under section 477A.013, subdivision 9, for aids payable in 2000.

(o) The city aid base for a city with a population of 10,000 or more which is located outside of the seven-county metropolitan area is increased in 2002 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (b) or (c), is also increased in calendar year 2002 only, by an amount equal to the lesser of:

(1)(i) the total population of the city, as determined by the United States Bureau of the Census, in the 2000 census, (ii) minus 5,000, (iii) times 60; or

(2) \$2,500,000.

(p) The city aid base is increased by \$50,000 in 2002 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$50,000 in calendar year 2002 only, provided that:

(1) the city is located in the seven-county metropolitan area;

(2) its population in 2000 is between 10,000 and 20,000; and

(3) its commercial industrial percentage, as calculated for city aid payable in 2001, was greater than 25 percent.

(q) The city aid base for a city is increased by \$150,000 in calendar years 2002 to 2011 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$150,000 in calendar year 2002 only, provided that:

(1) the city had a population of at least 3,000 but no more than 4,000 in 1999;

(2) its home county is located within the seven-county metropolitan area;

(3) its pre-1940 housing percentage is less than 15 percent; and

(4) its city net tax capacity per capita for taxes payable in 2000 is less than \$900 per capita.

(r) The city aid base for a city is increased by \$200,000 beginning in calendar year 2003 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 2003 only, provided that the city qualified for an increase in homestead and agricultural credit aid under Laws 1995, chapter 264, article 8, section 18.

Subd. 37. Base reduction percentage. "Base reduction percentage" is (1) the difference between the amount available for city aid under section 477A.03 for the year for which aid is being calculated and the amount available for city aid under section 477A.03 for calendar year 1994, (2) divided by the sum of the city aid base for all cities and (3) multiplied by 100. The reduction percentage for any year may not be less than the reduction percentage from the previous year. For aid paid in calendar year 1994,

the reduction percentage is zero. The reduction percentage may not be more than 100 percent.

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

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

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

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

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

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

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

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

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

477A.0121 COUNTY CRIMINAL JUSTICE AID.

Subdivision 1. **Purpose.** County criminal justice aid is intended to reduce the reliance of county criminal justice and corrections programs and associated costs on local property taxes.

County criminal justice aids must be used to pay expenses associated with criminal justice activities including law enforcement, criminal adjudication, and corrections.

Subd. 2. **Definitions.** For the purposes of this section, the following definitions apply:

(1) "population" means the population according to the most recent federal census, or according to the state demographer's most recent estimate if it has been issued subsequent to the most recent federal census; and

(2) "Part I crimes" means the total number of Part I crimes reported for each county by the department of public safety for the most recent year available. 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.

Subd. 3. **Formula.** Each calendar year, the commissioner of revenue shall distribute county criminal justice aid to each county in an amount determined according to the following formula:

(1) one-half shall be distributed to each county in the same proportion that the county's population is to the population of all counties in the state; and

(2) one-half shall be distributed to each county in the same proportion that the county's Part I crimes are to the total Part I crimes for all counties in the state.

Subd. 4. **Public defender costs.** Each calendar year, 1.5 percent of the total appropriation for this section shall be retained by the commissioner of revenue to make reimbursements to the commissioner of finance for payments made under section 611.27. The reimbursements shall be to defray the additional costs associated with court-ordered counsel under section 611.27. Any retained amounts not used for reimbursement in a year shall be included in the next distribution of county criminal justice aid that is certified to the county auditors for the purpose of property tax reduction for the next taxes payable year.

Subd. 5. **Payment dates.** The aid amounts for each calendar year shall be paid as provided in section 477A.015.

Subd. 6. **Report.** By March 15 of each year following the year in which criminal justice aids are received, each county must file a report with the commissioner of revenue describing how criminal justice aids were spent, and demonstrating that they were used for criminal justice purposes.

History: 1992 c 511 art 1 s 14; 1994 c 416 art 1 s 58; 1995 c 264 art 8 s 14; 1996 c 471 art 3 s 45

477A.0122 FAMILY PRESERVATION AID.

Subdivision 1. **Purpose.** The purpose of family preservation aid is to reduce the rate of increase in the costs of out-of-home placement of children and concomitant increases in county property taxes. Aids paid under this section must be used to fund family preservation programs.

Subd. 2. **Definitions.** For purposes of this section, the following definitions apply:

(a) "Children in out-of-home placement" means the total unduplicated number of children in out-of-home care as reported according to section 257.0725.

(b) "Family preservation programs" means family-based services as defined in section 256F.03, subdivision 5, families first services, parent and child education programs, and day treatment services provided in cooperation with a school district or other programs as defined by the commissioner of human services.

(c) "Income maintenance caseload" means average monthly number of Minnesota family investment program cases for the calendar year.

By July 1, 1994, the commissioner of human services shall certify to the commissioner of revenue the number of children in out-of-home placement in 1991 and 1992 for each county and the income maintenance caseload for each county for the most recent year available. By July 1 of each subsequent year, the commissioner of human services shall certify to the commissioner of revenue the income maintenance caseload for each county for the most recent calendar year available.

Subd. 3. **Aid distribution; calendar year 1995.** For aid paid in calendar year 1995 only, one-half of the aid amount shall be paid to each county in the same proportion that the county's number of children in out-of-home placement is to the number of children in out-of-home placement for all counties within the state for 1991 and 1992, and one-half of the aid amount shall be paid to each county in the same proportion that the county's income maintenance caseload is to the income maintenance caseload for all counties within the state.

Subd. 4. **Aid distribution; calendar year 1996 and thereafter.** For aid paid in calendar year 1996 and thereafter, each county shall receive the same proportion of the total aid it received in the prior year, multiplied by one plus the percentage change in the county's share of the statewide income maintenance caseload. If the amount appropriated does not equal the aid amounts calculated under this subdivision, the commissioner of revenue shall proportionately reduce or increase the aid amounts so that their sum equals the amount appropriated.

Subd. 5. **Payment.** The commissioner of revenue shall pay the amounts determined under this section as provided in section 477A.015.

Subd. 6. **Report.** (a) On or before March 15 of the year following the year in which the distributions under this section are received, each county shall file with the commissioner of revenue and commissioner of human services a report on prior year expenditures for out-of-home placement and family preservation, including expenditures under this section. For the human services programs specified in this section, the commissioner of revenue and commissioner of human services, in consultation with representatives of county governments, shall make a recommendation to the 1999 legislature as to which current reporting requirements imposed on county governments, if any, may be eliminated, replaced, or consolidated on the report established by this section. For aid payable in calendar year 2000 and thereafter, each county shall provide information on the amount of state aid, local property tax revenue, and federal aid expended by that county on the programs specified in this section using the consolidated financial report recommended by the commissioner of revenue and commissioner of human services under this subdivision.

(b) The commissioner of revenue and the commissioner of human services, in consultation with representatives of county governments and children's advocacy representatives, shall study the current formula used in distributing aid under this section and factors related to out-of-home placement and family preservation expenditures and make a report to the house and senate tax committees by February 1, 1999. The report shall include a recommendation for a new formula to be used in distributing the aid under this section, beginning with aids payable in 2000.

History: 1994 c 587 art 3 s 13; 1995 c 186 s 119; 1997 c 85 art 4 s 36; 1998 c 389 art 2 s 20; 1999 c 159 s 133

477A.0123 REIMBURSEMENT OF COUNTY FOR CERTAIN OUT-OF-HOME PLACEMENT.

Subdivision 1. **Aid payments.** (a) In calendar year 2004 and thereafter, the commissioner of revenue shall reimburse each county for a portion of the nonfederal share of the cost of out-of-home placement provided the commissioner of human services, in consultation with the commissioner of corrections, certifies to the commissioner of revenue that accurate data is available to make the aid determination under this section. The amount of reimbursement is a percent of the county's average nonfederal share of the cost for out-of-home placement for the most recent three calendar years for which data is available. The commissioner shall pay the aid under the schedule used for local government aid payments under section 477A.015.

(b) For aids payable in calendar year 2004, the percent of reimbursement in paragraph (a) shall be equal to the maximum percentage possible, up to 30 percent, that does not cause the payment to any county in the seven county metropolitan area to exceed the difference between (1) the amount of aid calculated for the county in calendar year 2004 under section 273.1398, subdivision 2, including any addition determined under section 477A.07, and (2) the amount of any aid reductions for the state takeover of courts contained in Laws 2001, First Special Session chapter 5, article 5. For aids payable in 2005 and thereafter, the percent of reimbursement under paragraph (a) shall be equal to the percent of reimbursement determined for calendar year 2004, adjusted so that the total payments under this section do not exceed the appropriation under section 477A.03, subdivision 2, paragraph (e).

(c) For purposes of this section, "out-of-home placement" means the placement of a child in a child caring institution or shelter licensed under Minnesota Rules, parts 9545.0905 to 9545.1125, in a group home licensed under Minnesota Rules, parts 9545.1400 to 9545.1480, in family foster care or group family foster care licensed under Minnesota Rules, parts 9545.0010 to 9545.0260, or a correctional facility pursuant to a court order under which a county social services agency or a county correctional agency has been assigned responsibility for the placement.

Subd. 2. **Determination of nonfederal share of costs.** (a) By January 1, 2002, each county shall report the following information to the commissioners of human services and corrections, the separate amounts paid out of its social service agency budget and its corrections budget for out-of-home placement in calendar years 1998, 1999, and 2000, along with the number of case days associated with the expenditures from each budget. By March 15, 2002, the commissioner of human services, in consultation with the commissioner of corrections, shall certify to the commissioner of revenue and to the legislative committees responsible for local government aids and out-of-home placement funding, whether the data reported under this subdivision accurately reflects total expenditures by counties for out-of-home placement costs.

(b) By January 1 of calendar year 2003 and thereafter, each county shall report to the commissioners of human services and corrections the separate amounts paid out of its social service agency budget and its corrections budget for out-of-home placement in the calendar year two years before the current calendar year along with the number of case days associated with the expenditures from each budget.

(c) Until either the commissioner of human services or corrections develops another mechanism for collecting and verifying data on out-of-home placements, and the legislature authorizes the use of that data, the data collected under this subdivision

shall be used to calculate payments under subdivision 1. The commissioner of human services shall certify the information to the commissioner of revenue by July 1 of the year prior to the aid payment.

History: *1Sp2001 c 5 art 5 s 11; 2002 c 377 art 6 s 10*

477A.013 MUNICIPAL GOVERNMENT DISTRIBUTIONS.

Subdivision 1. **Towns.** In 2002, no town is eligible for a distribution under this subdivision.

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

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

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

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

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

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

Subd. 8. **City formula aid.** In calendar year 1994 and subsequent years, the formula aid for a city is equal to the need increase percentage multiplied by the difference between (1) the city's revenue need multiplied by its population, and (2) the city's net tax capacity, multiplied by the tax effort rate. No city may have a formula aid amount less than zero. The need increase percentage must be the same for all cities.

Notwithstanding the prior sentence, in 1995 only, the need increase percentage for a city shall be twice the need increase percentage applicable to other cities if:

(1) the city, in 1992 or 1993, transferred an amount from governmental funds to their sewer and water fund, and

(2) the amount transferred exceeded their net levy for taxes payable in the year in which the transfer occurred.

The applicable need increase percentage or percentages 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.

Subd. 9. **City aid distribution.** (a) In calendar year 2002 and thereafter, each city shall receive an aid distribution equal to the sum of (1) the city formula aid under subdivision 8, and (2) its city aid base.

(b) The percentage increase for a first class city in calendar year 1995 and thereafter, except for 2002, shall not exceed the percentage increase in the sum of the aid to all cities under this section in the current calendar year compared to the sum of the aid to all cities in the previous year. For aids payable in 2002 only, the amount of the aid paid to a first class city shall not exceed the sum of its aid amount for calendar year 2001 under this section and its aid payment in calendar year 2001 under section 273.1398, subdivision 2, by more than 2.5 percent.

(c) For aids payable in all years except 2002, the total aid for any city, except a first class city, shall not exceed the sum of (1) ten percent of the city's net levy for the year prior to the aid distribution plus (2) its total aid in the previous year. For aids payable in 2002 only, the total aid for any city, except a first class city, shall not exceed the sum of (1) 40 percent of the city's net levy for taxes payable in the year prior to the aid distribution plus (2) 40 percent of its total aid in the previous year under section 273.1398, subdivision 2, plus (3) its total aid in the previous year under this section.

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*

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

477A.0132 AID REDUCTIONS TO LOCAL GOVERNMENTS.

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

(a) For aids payable in 1996, there shall be a nonpermanent reduction in aids to counties, cities, towns, and special taxing districts of \$16,000,000, provided that Laws 1995, chapter 264, article 8, section 25, subdivision 1, is enacted; otherwise the reduction is \$14,000,000.

(b) Aid reductions required under section 16A.711, subdivision 5, shall be nonpermanent reductions 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 of the appropriation to pay the aids.

(c) For aids payable in 1996 there shall be a permanent reduction in aids to counties of \$10,000,000, provided that Laws 1995, chapter 264, article 8, section 16, is enacted.

(d) For aids payable in 1997 there shall be a permanent reduction in aids to county regional rail authorities and counties of \$6,800,000, provided that Laws 1996, chapter 471, article 3, section 45, is enacted.

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, paragraph (a), the reduction base is equal to the adjusted revenue base for 1996.

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

(c) For subdivision 1, paragraph (c), the reduction base is a county's aid in calendar year 1996 under section 477A.0121.

(d) For subdivision 1, paragraph (d), the reduction base is a county's aid in calendar year 1997 under section 477A.0121.

Reductions under subdivisions 1, paragraph (a), and 2, paragraph (a), to any individual county, city, or town are limited to an amount equal to 0.45 percent of the unit's 1994 adjusted net tax capacity. For this subdivision, "adjusted net tax capacity" means the political subdivision's net tax capacity calculated using the method for calculating city net tax capacity under section 477A.011, subdivision 20.

Subd. 3. Order of aid reductions. (a) The aid reduction to a local government calculated under subdivisions 1, paragraphs (a) and (c), and 2, paragraphs (a) and (c), is applied to homestead and agricultural credit aid under section 273.1398 only.

(b) The aid reduction to a local government calculated under subdivisions 1, paragraph (d), and 2, paragraph (d), is applied to homestead and agricultural credit aid paid under section 273.1398 only; the amount is first subtracted from the amount paid to a county's regional rail authority, if there is one, and then from the county's general homestead and agricultural credit aid.

(c) The aid reduction to a local government as calculated under other paragraphs of subdivisions 1 and 2, is first applied to its local government aid under section 477A.013; 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. No aid payment may be less than \$0. Aid reductions under this section in any given year shall be divided equally between the July and December aid payments unless specified otherwise.

History: 1991 c 291 art 3 s 11; 1992 c 511 art 1 s 18; 1994 c 416 art 1 s 60; 1994 c 587 art 3 s 21; 1995 c 264 art 8 s 15,17; 1996 c 471 art 3 s 46; 1998 c 254 art 1 s 96

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.013,

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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. 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. [Repealed, 1996 c 310 s 1]

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. **Costs.** 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.

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

477A.015 PAYMENT DATES.

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.

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 homestead and agricultural credit aid under section 273.1398 and 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.

The commissioner may pay all or part of the payments of homestead and agricultural credit aid under section 273.1398 and 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*

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 after June 30, 1984.

History: *1983 c 342 art 5 s 14; 1992 c 592 s 15*

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

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

477A.02 [Expired]

477A.03 APPROPRIATION.

Subdivision 1. [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) 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.

(b) Aid payments to counties under section 477A.0121 are limited to \$20,265,000 in 1996. Aid payments to counties under section 477A.0121 are limited to \$27,571,625 in 1997. For aid payable in 1998 and thereafter, the total aids paid under section 477A.0121 are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3.

(c)(i) For aids payable in 1998 and thereafter, the total aids paid to counties under section 477A.0122 are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3.

(ii) Aid payments to counties under section 477A.0122 in 2000 are further increased by an additional \$20,000,000 in 2000.

(d) Aid payments to cities in 2002 under section 477A.013, subdivision 9, are limited to the amounts certified to be paid in the previous year, adjusted for inflation as provided in subdivision 3, and increased by \$140,000,000. For aids payable in 2003, the total aids paid under section 477A.013, subdivision 9, are the amounts certified to

be paid in the previous year, adjusted for inflation as provided under subdivision 3. For aids payable in 2004, the total aids paid under section 477A.013, subdivision 9, are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3, and increased by the amount certified to be paid in 2003 under section 477A.06. For aids payable in 2005 and thereafter, the total aids paid under section 477A.013, subdivision 9, are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3. The additional amount authorized under subdivision 4 is not included when calculating the appropriation limits under this paragraph.

(e) Reimbursements made to counties under section 477A.0123 in calendar year 2005 and thereafter are limited to an amount equal to the maximum allowed appropriation under this section in the previous year, multiplied by a percent to be established by law. If no percent is established by law, the appropriation is limited to the total amount appropriated for this purpose in the previous year.

Subd. 3. **Inflation adjustment.** In 1996 and thereafter, the amount paid under each section to be adjusted for inflation shall be increased by an amount equal to:

(a) the amount certified to be paid under that section in the previous year multiplied by

(b) one plus the percentage increase in the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysis of the United States Department of Commerce for the 12-month period ending March 31 of the previous year. The percentage increase used in this subdivision shall be no less than 2.5 percent and no greater than 5.0 percent.

Subd. 4. **Additional money for city aid.** For the calendar years 1999 to 2008, the limit on the annual appropriation for aids paid under section 477A.013, subdivision 9, as determined in subdivision 2, paragraph (d), is increased by \$450,000.

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

NOTE: The amendment to subdivision 2 by Laws 2002, chapter 377, article 6, section 11, is effective beginning with aids payable in 2004. Laws 2002, chapter 377, article 6, section 11, the effective date.

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

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

477A.06 EXISTING LOW-INCOME HOUSING AID.

Subdivision 1. **Eligibility.** (a) For assessment years 1999, 2000, 2001, and 2002, for all class 4d property on which construction was begun before January 1, 1999, the assessor shall determine the difference between the actual net tax capacity and the net tax capacity that would be determined for the property if the class rates for assessment year 1997 were in effect.

(b) In calendar years 2000, 2001, 2002, and 2003, each city shall be eligible for aid equal to (i) the amount by which the sum of the differences determined in clause (a) for the corresponding assessment year exceeds two percent of the city's total taxable net tax capacity for taxes payable in 1998, multiplied by (ii) the city government's average local tax rate for taxes payable in 1998.

Subd. 2. **Certification.** The county assessor shall notify the commissioner of revenue of the amount determined under subdivision 1, paragraph (b), clause (i), for any city which qualifies for aid under this section by June 30 of the assessment year, in a form prescribed by the commissioner. The commissioner shall notify each city of its qualifying aid amount by August 15 of the assessment year.

Subd. 3. **Appropriation; payment.** (a) The commissioner shall pay each city its qualifying aid amount on or before July 20 of each year. An amount sufficient to pay the aid authorized under this section is appropriated to the commissioner of revenue

from the property tax reform account in fiscal year 2000, and from the general fund in fiscal years 2001, 2002, 2003, and 2004.

(b) For fiscal years 2001 through 2004, the amount of aid appropriated under this section may not exceed \$1,500,000 each year.

(c) If the total amount of aid that would otherwise be payable under the formula in this section exceeds the maximum allowed under paragraph (b), the amount of aid for each city is reduced proportionately to equal the limit.

History: 1998 c 389 art 4 s 10; 1999 c 243 art 5 s 43; 2000 c 490 art 6 s 8,9; 2000 c 499 s 8,9

477A.065 NEW CONSTRUCTION LOW-INCOME HOUSING AID.

Subdivision 1. **Eligibility.** Each taxes payable year, each city containing class 4d property on which initial construction was begun after January 1, 1999, shall be eligible for aid equal to (1) 1.5 times the net tax capacity of the property for the assessment year corresponding to the taxes payable year, multiplied by (2) the city government's average local tax rate for the previous taxes payable year.

Subd. 2. **Certification.** The county assessor shall notify the commissioner of revenue of the amount determined under subdivision 1, clause (1), for any city which qualifies for aid under this section by June 30 of each assessment year, in a form prescribed by the commissioner. The commissioner shall notify each city of its qualifying aid amount by August 15 of the assessment year.

Subd. 3. **Appropriation; payment.** The commissioner shall pay each city its qualifying aid amount on or before July 20 of each year. An amount sufficient to pay the aid authorized under this section is appropriated to the commissioner of revenue from the general fund each year.

History: 1998 c 389 art 4 s 11

477A.07 RENTAL HOUSING TAX BASE REPLACEMENT AID.

Subdivision 1. **Aid amount.** (a) For aid payable in 2003, each county and city is eligible for aid equal to the amount by which (i) 0.3 percent of the assessment year 2001 taxable market value of class 4a property, plus 0.25 percent of the assessment year 2001 market value of class 4b property, as defined in section 273.13, subdivision 25, multiplied by the jurisdiction's average tax rate for taxes payable in 2002, exceeds (ii) 0.4 percent of the jurisdiction's total taxable net tax capacity for taxes payable in 2002.

(b) For aid payable in 2004, each county and city is eligible for aid equal to the amount by which (i) 0.25 percent of the assessment year 2002 taxable market value of class 4a property, as defined in section 273.13, subdivision 25, multiplied by the jurisdiction's average tax rate for taxes payable in 2003, exceeds (ii) 0.4 percent of the jurisdiction's total taxable net tax capacity for taxes payable in 2003.

Subd. 2. **County aid.** Each county's aid amount for 2003 determined under subdivision 1 must be added to the county's 2003 homestead and agricultural credit aid determined under section 273.1398, subdivision 2, and paid in 2003 as part of the county's homestead and agricultural credit aid. It then becomes a permanent part of the county's homestead and agricultural credit aid base for aid payable in 2004. Each county's aid amount for 2004 determined under subdivision 1 must be added to the county's 2004 homestead and agricultural credit aid determined under section 273.1398, subdivision 2, and paid in 2004 as part of the county's homestead and agricultural credit aid. It then becomes a permanent part of the county's homestead and agricultural credit aid base for aid payable in 2005.

Subd. 3. **City aid.** Each city's 2003 aid amount determined under subdivision 1 must be permanently added to its city aid base under section 477A.011, subdivision 36, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (b) or (c), is increased by the same amount for aid payable in 2003. Each city's 2004 aid amount determined under subdivision 1 must be permanently added to its city aid base under section 477A.011, subdivision 36, and the maximum

amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (b) or (c), is increased by the same amount for aid payable in 2004.

Subd. 4. **Appropriation increase.** For aid payable in 2003, the total aid amount payable to cities under section 477A.03, subdivision 2, paragraph (d), is permanently increased by the total amount payable to all cities under subdivision 3 for aid payable in 2003. For aid payable in 2004, the total aid amount payable to cities under section 477A.03, subdivision 2, paragraph (d), is permanently increased by the total amount payable to all cities under subdivision 3 for aid payable in 2004.

History: *1Sp2001 c 5 art 3 s 79; 2002 c 377 art 6 s 12; art 10 s 28,29*

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

Subdivision 1. **Terms.** For the purpose of sections 477A.11 to 477A.145, 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) any 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:

(1) any other 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; and

(2) land leased by the state from the United States of America through the United States Secretary of Agriculture pursuant to Title III of the Bankhead Jones Farm Tenant Act, which land is commonly referred to as land utilization project land that is administered by the commissioner.

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*

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

Subdivision 1. **Types of land; payments.** (a) As an offset for expenses incurred by counties and towns in support of natural resources lands, 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.145. The amounts are:

(1) for acquired natural resources land, \$3, as adjusted for inflation under section 477A.145, 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) 75 cents, as adjusted for inflation under section 477A.145, multiplied by the number of acres of county-administered other natural resources land; and

(3) 37.5 cents, as adjusted for inflation under section 477A.145, multiplied by the number of acres of commissioner-administered other natural resources land located in each county as of July 1 of each year prior to the payment year.

(b) The amount determined under paragraph (a), clause (1), is payable for land that is acquired from a private owner and owned by the department of transportation for the purpose of replacing wetland losses caused by transportation projects, but only

if the county contains more than 500 acres of such land at the time the certification is made under subdivision 2.

Subd. 2. **Procedure.** Lands for which payments in lieu are made pursuant to section 97A.061, subdivision 3, and Laws 1973, chapter 567, shall not be eligible for payments under this section. 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 within each county;

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

(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.

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 land and the appraised value of the land described in subdivision 1, paragraph (b), but only if it exceeds 500 acres.

The commissioner of revenue shall determine the distributions provided for in this section using 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.

Subd. 3. **Determination of appraised value.** For the purposes of this section, the appraised value of acquired natural resources land is the purchase price for the first five years after acquisition. 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 five years after the land is acquired.

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

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 subdivision 2 or in section 97A.061, subdivision 5, 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:

(a) 37.5 cents, as adjusted for inflation under section 477A.145, 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;

(b) From the funds remaining, within 30 days of receipt of the payment to the county, the county treasurer shall pay each organized township 30 cents, as adjusted for inflation under section 477A.145, for each acre of acquired natural resources land and each acre of land described in section 477A.12, subdivision 1, paragraph (b), and 7.5 cents, as adjusted for inflation under section 477A.145, for each acre of other natural resources land located within its boundaries. 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. Provided that, if the total payment to the county pursuant to section 477A.12 is not sufficient to fully fund the distribution provided for in this clause, the amount available shall be distributed to each township and the county general revenue fund on a pro rata basis; and

(c) 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.

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; ISp2001 c 5 art 3 s 81; 2002 c 353 s 3

477A.145 INFLATION ADJUSTMENT.

In 2001 and each year thereafter, the amounts required to be adjusted for inflation in sections 477A.12 and 477A.14 shall be increased to an amount equal to: (1) the amount before the inflation adjustment multiplied by (2) one plus the percentage increase in the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysis of the United States Department of Commerce for the period indicated below:

(i) the period starting with the first quarter of 1994 and ending with the third quarter of the calendar year prior to the year in which aid is paid, provided that 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 are included in the definition of acquired natural resource land under section 477A.11 for calculating payments in calendar year 2001 and thereafter;

(ii) otherwise the period starting with the first quarter of 1987 and ending with the third quarter of the calendar year prior to the year in which the aid is paid.

These adjusted amounts must be rounded to the nearest one-tenth of a cent.

History: 2000 c 490 art 6 s 14

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