

## 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 [Repealed, 1Sp1981 c 1 art 6 s 9]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 [Repealed, 1Sp1981 c 1 art 6 s 9]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 [Repealed, 1979 c 303 art 6 s 11; 1Sp1981 c 1 art 6 s 9]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 [Repealed, 1Sp1981 c 1 art 6 s 9]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 [Repealed, 1979 c 303 art 6 s 11; 1Sp1981 c 1 art 6 s 9]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 [Repealed, 1Sp1981 c 1 art 6 s 9]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 [Repealed, 1Sp1981 c 1 art 6 s 9]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 [Repealed, 1Sp1981 c 1 art 6 s 9]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 [Repealed, 1Sp1981 c 1 art 6 s 9]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 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]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 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]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 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]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 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]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 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]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 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]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 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]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 [Repealed, 1973 c 650 art 17 s 17; 1Sp 1981 c 1 art 6 s 9]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 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]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 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]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 [Repealed, 1973 c 650 art 17 s 17; 1Sp 1981 c 1 art 6 s 9]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 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]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 [Repealed, 1975 c 437 art 3 s 8; 1Sp1981 c 1 art 6 s 9]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 [Repealed, 1Sp1981 c 1 art 6 s 9]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 [Repealed, 1996 c 310 s 1]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. [Repealed, 2013 c 143 art 2 s 36]

Subd. 3. **Population.** "Population" means the population estimated or established as of July 15 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 pursuant to section 473.24, 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, and which has been certified to the commissioner of revenue on or before July 15 of the aid calculation year. The term "per capita" refers to population as defined by this subdivision. A revision of an estimate or count is effective for these purposes only if it is certified to the commissioner on or before July 15 of the aid calculation year. Clerical errors in the certification or use of the estimates and counts established as of July 15 in the aid calculation year are subject to correction within the time periods allowed under section 477A.014.

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. [Repealed, 2013 c 143 art 2 s 36]

Subd. 20. **City net tax capacity.** "City net tax capacity" means the city's adjusted net tax capacity under section 273.1325.

Subd. 21. [Repealed, 2013 c 143 art 14 s 111]

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, clause (1), or 473F.08, subdivision 3, paragraph (a); 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. [Repealed, 2007 c 13 art 2 s 13]

Subd. 29. [Repealed, 2013 c 143 art 2 s 36]

Subd. 30. **Pre-1940 housing percentage.** (a) Except as provided in paragraph (b), "pre-1940 housing percentage" for a city is 100 times the most recent count by the United States Bureau of the Census 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.

(b) For the city of East Grand Forks only, "pre-1940 housing percentage" is equal to 100 times the 1990 federal census count of all housing units in the city built before 1940, divided by the most recent count by the United States Bureau of the Census of all housing units in the city. Housing units includes both occupied and vacant housing units as defined by the federal census.

Subd. 30a. **Percent of housing built between 1940 and 1970.** "Percent of housing built between 1940 and 1970" is equal to 100 times the most recent count by the United States Bureau of the Census of all housing units in the city built after 1939 but before 1970, 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. [Repealed, 2013 c 143 art 2 s 36]

Subd. 32. [Repealed, 2013 c 143 art 2 s 36]

Subd. 33. [Repealed, 2013 c 143 art 2 s 36]

Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater than 10,000, "city revenue need" is 1.15 times the sum of (1) 4.59 times the pre-1940 housing percentage; plus (2) 0.622 times the percent of housing built between 1940 and 1970; plus (3) 169.415 times the jobs per capita; plus (4) the sparsity adjustment; plus (5) 307.664.

(b) For a city with a population equal to or greater than 2,500 and less than 10,000, "city revenue need" is 1.15 times the sum of (1) 572.62; plus (2) 5.026 times the pre-1940 housing percentage; minus (3) 53.768 times household size; plus (4) 14.022 times peak population decline; plus (5) the sparsity adjustment.

(c) For a city with a population less than 2,500, "city revenue need" is the sum of (1) 410; plus (2) 0.367 times the city's population over 100; plus (3) the sparsity adjustment. The city revenue need for a city under this paragraph shall not exceed 630 plus the city's sparsity adjustment.

(d) For a city with a population of at least 2,500 but less than 3,000, the "city revenue need" equals (1) the transition factor times the city's revenue need calculated in paragraph (b); plus (2) 630 times the difference between one and the transition factor. For a city with a population of at least 10,000 but less than 11,000, the "city revenue need" equals (1) the transition factor times the city's revenue need calculated in paragraph (a); plus (2) the city's revenue need calculated under the formula in paragraph (b) times the difference between one and the transition factor. For purposes of the first sentence of this paragraph "transition factor" is 0.2 percent times the amount that the city's population exceeds the minimum threshold. For purposes of the second sentence of this paragraph, "transition factor" is 0.1 percent times the amount that the city's population exceeds the minimum threshold.

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

(f) For calendar year 2015 and subsequent years, the city revenue need for a city, as determined in paragraphs (a) to (e), 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 2013 implicit price deflator for state and local government purchases.

Subd. 35. **Tax effort rate.** "Tax effort rate" means the net levy for all cities 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. [Repealed, 2013 c 143 art 2 s 36]

Subd. 37. [Repealed, 1Sp2003 c 21 art 5 s 14]

Subd. 38. **Household size.** "Household size" means the average number of persons per household in the jurisdiction as most recently estimated and reported by the state demographer and Metropolitan Council as of July 15 of the aid calculation year. A revision to an estimate or enumeration is effective for these purposes only if it is certified to the commissioner on or before July 15 of the aid calculation year. Clerical errors in the certification or use of estimates and counts established as of July 15 in the aid calculation year are subject to correction within the time periods allowed under section 477A.014.

Subd. 39. [Repealed, 2013 c 143 art 2 s 36]

Subd. 40. [Repealed, 2013 c 143 art 2 s 36]

Subd. 41. [Repealed, 2013 c 143 art 2 s 36]

Subd. 42. **Jobs per capita in the city.** "Jobs per capita in the city" means (1) the average annual number of employees in the city based on the data from the Quarterly Census of Employment and Wages, as reported by the Department of Employment and Economic Development, for the most recent calendar year available November 1 of every odd-numbered year, divided by (2) the city's population for the same calendar year as the employment data. The commissioner of the Department of Employment and Economic Development shall certify to the city the average annual number of employees for each city by January 1 of every even-numbered year beginning with January 1, 2014. A city may challenge an estimate under this paragraph by filing its specific objection, including the names of employers that it feels may have misreported data, in writing with the commissioner by December 1 of every odd-numbered year. The commissioner shall make every reasonable effort to address the specific objection and adjust the data as necessary. The commissioner shall certify the estimates of the annual employment to the commissioner of revenue by January 1 of all even-numbered years, including any estimates still under objection.

Subd. 43. **Unmet need.** "Unmet need" for a city is equal to the difference between (1) its city revenue need multiplied by its population, and (2) its city net tax capacity multiplied by the tax effort rate.

Subd. 44. **Peak population decline.** "Peak population decline" is equal to 100 times the difference between one and the ratio of the city's current population, to the highest city population reported in a federal census from the 1970 census or later. "Peak population decline" shall not be less than zero.

Subd. 45. **Sparsity adjustment.** For a city with a population of 10,000 or more, the sparsity adjustment is 100 for any city with an average population density less than 150 per square mile, according to the most recent federal census. For a city with a population less than 10,000, the sparsity adjustment is 200 for any city with an average population density less than 30 per square mile, according to the most recent federal census. The sparsity adjustment is zero for all other cities.

**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; 1Sp2003 c 21 art 5 s 2-6; 2004 c 228 art 3 s 14-16; 2005 c 38 s 1; 2005 c 151 art 4 s 6-9; 1Sp2005 c 3 art 2 s 1; 2006 c 259 art 11 s 1; 2008 c 154 art 1 s 1; 2008 c 366 art 2 s 1-5; 2009 c 88 art 2 s 38; art 10 s 17,18; 2010 c 215 art 13 s 4; 1Sp2011 c 7 art 6 s 14; 2012 c 294 art 1 s 1; 2013 c 143 art 2 s 7-12; art 14 s 105; 2015 c 21 art 1 s 79-81; 1Sp2017 c 1 art 4 s 10,11; 2018 c 182 art 1 s 97

**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** [Repealed, 1Sp2003 c 21 art 6 s 17]

**477A.0122** [Repealed, 1Sp2003 c 21 art 6 s 17]

**477A.0123** [Repealed, 1Sp2003 c 21 art 6 s 17]

**477A.0124 COUNTY PROGRAM AID.**

Subdivision 1. [Repealed, 2014 c 308 art 9 s 94]

Subd. 2. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given them.

(b) "County program aid" means the sum of "county need aid," "county tax base equalization aid," and "county transition aid."

(c) "Age-adjusted population" means a county's population multiplied by the county age index.

(d) "County age index" means the percentage of the population age 65 and over within the county divided by the percentage of the population age 65 and over within the state, except that the age index for any county may not be greater than 1.8 nor less than 0.8.

(e) "Population age 65 and over" means the population age 65 and over established as of July 15 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 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 and which has been certified to the commissioner of revenue on or before July 15 of the aid calculation year. A revision to an estimate or count is effective for these purposes only if certified to the commissioner on or before July 15 of the aid calculation year. Clerical errors in the certification or use of estimates and counts established as of July 15 in the aid calculation year are subject to correction within the time periods allowed under section 477A.014.

(f) "Part I crimes" means the three-year average annual number of Part I crimes reported for each county by the Department of Public Safety for the most recent years 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 for the three most recent calendar years available.

(g) "Households receiving Supplemental Nutrition Assistance Program (SNAP) benefits" means the average monthly number of households receiving SNAP benefits for the three most recent years for which data is available. By July 1 of each year, the commissioner of human services must certify to the commissioner of revenue the average monthly number of households in the state and in each county that receive SNAP benefits, for the three most recent calendar years available.

(h) "County net tax capacity" means the county's adjusted net tax capacity under section 273.1325.

Subd. 3. **County need aid.** For 2005 and subsequent years, the money appropriated to county need aid each calendar year shall be allocated as follows: 40 percent based on each county's share of age-adjusted population, 40 percent based on each county's share of the state total of households receiving SNAP benefits, and 20 percent based on each county's share of the state total of Part I crimes.

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

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

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

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

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

(f) Beginning with aid payable in 2019, the amount under paragraph (b), item (i), shall be increased by the ratio of the statewide net tax capacity per capita to the statewide net tax capacity per capita in the 2016 assessment year, provided that in no case shall the ratio be less than one or the ratio in the prior year, whichever is greater. The amount shall be rounded to the nearest \$10. The statewide net tax capacity per capita shall be calculated using the most recent population available for the relevant assessment year at the time of the calculation of the aid by the commissioner under section 477A.014.

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

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

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

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

Subd. 5. [Repealed, 1Sp2017 c 1 art 4 s 33]

Subd. 6. [Repealed, 2014 c 308 art 9 s 94]

Subd. 7. **County aid calculations.** Data used in calculating aids to counties under this section shall be the most recently available data as of January 1 in the year in which the aid is calculated.

**History:** 1Sp2003 c 21 art 6 s 5; 2005 c 151 art 4 s 10,11; 2008 c 366 art 2 s 6; 1Sp2011 c 7 art 6 s 15; 2013 c 143 art 14 s 106; 2014 c 308 art 9 s 89; 1Sp2017 c 1 art 4 s 12,13; art 18 s 4; 1Sp2019 c 9 art 1 s 42

**477A.0126 REIMBURSEMENT TO COUNTIES AND TRIBES FOR CERTAIN OUT-OF-HOME PLACEMENTS.**

Subdivision 1. **Definition.** For purposes of this section, "out-of-home placement" means 24-hour substitute care for an Indian child as defined by section 260C.007, subdivision 21, away from the child's parent or guardian and for whom the county or tribal social services agency has been assigned responsibility for the child's placement and care, which includes placement in foster care under section 260C.007, subdivision 18.

Subd. 2. **Determination of nonfederal share of costs.** (a) By July 1, 2017, and each June 1 thereafter, each county shall report the following information to the commissioner of human services:

(1) the amount paid out of the county's social service agency budget for out-of-home placement of Indian children in the calendar year immediately preceding the year in which the report was made; and

(2) the number of days foster care maintenance payments were made for each Indian child the calendar year immediately preceding the year in which the report was made.

(b) The commissioner of human services shall prescribe the format of the report. By July 15, 2017, and each July 1 thereafter, the commissioner of human services shall certify to the commissioner of revenue and to the legislative committees with jurisdiction over local government aids and out-of-home placement funding the data reported under this subdivision and whether it accurately reflects total expenditures by counties for out-of-home placement costs of Indian children. The commissioner of human services shall also certify to the commissioner of revenue the reimbursement amounts received from the federal government for out-of-home placement costs for the previous calendar year received by each initiative tribe under section 256.01, subdivision 14b.

(c) Until the commissioner of human services develops another mechanism for collecting and verifying data on out-of-home placements of Indian children, the data collected under this subdivision must be used to calculate payments under subdivision 3.

Subd. 3. **Aid for counties.** (a) For aids payable in calendar year 2018 and thereafter, the Department of Revenue shall reimburse each county the county's proportionate share of the appropriation in subdivision 7 that remains after the aid for tribes in subdivision 4 has been paid.

(b) Each county's proportionate share is based on the county's nonfederal share of the cost for out-of-home placement of Indian children for the calendar year that was certified by the commissioner of human services under subdivision 2, paragraph (b), provided that:

(1) the commissioner of human services certifies to the commissioner of revenue that accurate data are available to make the aid determination under this section; and

(2) the commissioner of human services certifies to the commissioner of revenue that the county is in substantial compliance with the compliance review system developed in accordance with subdivision 6.

(c) If the commissioner of human services determines that a county is substantially out of compliance with the Indian Child Welfare Act or the Minnesota Indian Family Preservation Act, as determined under subdivision 6, the commissioner of human services shall provide written notice to the county of its noncompliance, and what actions are necessary by the county to improve and maintain compliance.

(d) If the county remains substantially out of compliance with the Indian Child Welfare Act or the Minnesota Indian Family Preservation Act as determined by the commissioner of human services under

subdivision 6 for a second consecutive year, the county shall be eligible for 50 percent of the aid under this section beginning with the next certification and until the commissioner of human services certifies to the commissioner of revenue that the county is in substantial compliance and is eligible for the aid payment. The commissioner of human services shall certify to the commissioner of revenue by July 1 of each year which counties are eligible for an aid reduction in the following year.

Subd. 4. **Aid for tribes.** For aids payable in 2018 and thereafter, the amount of reimbursement to each initiative tribe under section 256.01, subdivision 14b, shall be the greater of:

(1) five percent of the reimbursement amount received from the federal government for out-of-home placement costs for the previous calendar year that was certified under subdivision 2, paragraph (b); or

(2) \$200,000.

Subd. 5. **Payments.** The commissioner of revenue must compute the amount of the reimbursement aid payable to each county and tribe under this section. On or before August 1 of each year, the commissioner shall certify the amount to be paid to each county and tribe in the following year. The commissioner shall pay reimbursement aid annually at the times provided in section 477A.015.

Subd. 6. **Indian Child Welfare Act compliance system review.** (a) By January 1, 2018, the commissioner of human services, in consultation with counties and tribes, shall develop a system to review county compliance with the Indian Child Welfare Act and the Minnesota Indian Family Preservation Act. The system may include, but is not limited to, the cases to be reviewed, the criteria to be reviewed to demonstrate compliance, the rate of noncompliance and the coordinating penalty, the program improvement plan, and training.

(b) The commissioner of human services shall provide continuous review of cases reported by counties for aid payments under this section for compliance with the Indian Child Welfare Act and the Minnesota Indian Family Preservation Act.

(c) The determination made by the commissioner of human services regarding a county's compliance or noncompliance with the Indian Child Welfare Act and the Minnesota Indian Family Preservation Act shall be final.

Subd. 7. **Appropriation.** (a) \$5,000,000 is annually appropriated to the commissioner of revenue from the general fund to pay aid under this section.

(b) \$390,000 is appropriated annually from the general fund to the commissioner of human services to implement subdivision 6.

**History:** *1Sp2017 c 1 art 4 s 14*

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

Subdivision 1. **Towns.** (a) In 2014 and thereafter, each town is eligible for a distribution under this subdivision equal to the product of (i) its agricultural property factor, (ii) its town area factor, (iii) its population factor, and (iv) 0.0045. As used in this subdivision, the following terms have the meanings given them:

(1) "agricultural property factor" means the ratio of the adjusted net tax capacity of agricultural property located in a town, to the adjusted net tax capacity of all other property located in the town. The agricultural property factor cannot exceed eight;

(2) "agricultural property" means property classified under section 273.13, as homestead and nonhomestead agricultural property, rural vacant land, and noncommercial seasonal recreational property;

(3) "town area factor" means the most recent estimate of total acreage, not to exceed 50,000 acres, located in the township available as of July 1 in the aid calculation year, estimated or established by:

- (i) the United States Bureau of the Census;
- (ii) the State Land Management Information Center; or
- (iii) the secretary of state; and

(4) "population factor" means the square root of the towns' population.

(b) If the sum of the aids payable to all towns under this subdivision exceeds the limit under section 477A.03, subdivision 2c, the distribution to each town must be reduced proportionately so that the total amount of aids distributed under this subdivision does not exceed the limit in section 477A.03, subdivision 2c.

(c) Data used in calculating aids to towns under this subdivision, other than acreage, shall be the most recently available data as of January 1 in the year in which the aid is calculated.

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.** (a) For aids payable in 2018 and thereafter, the formula aid for a city is equal to the product of (1) the difference between its unmet need and its certified aid in the previous year and before any aid adjustment under subdivision 13, and (2) the aid gap percentage.

(b) The applicable aid gap percentage 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. The aid gap percentage must be the same for all cities subject to paragraph (a). Data used in calculating aids to cities under sections 477A.011 to 477A.013 shall be the most recently available data as of January 1 in the year in which the aid is calculated.

Subd. 9. **City aid distribution.** (a) In calendar year 2018 and thereafter, if a city's certified aid before any aid adjustment under subdivision 13 for the previous year is less than its current unmet need, the city shall receive an aid distribution equal to the sum of (1) its certified aid in the previous year before any aid adjustment under subdivision 13, (2) the city formula aid under subdivision 8, and (3) its aid adjustment under subdivision 13.

(b) For aids payable in 2020 only, no city's aid amount before any adjustment under subdivision 13 may be less than its pay 2019 certified aid amount, less any aid adjustment under subdivision 13 for that year. For aids payable in 2020 and thereafter, if a city's certified aid before any aid adjustment under subdivision 13 for the previous year is equal to or greater than its current unmet need, the total aid for a city is equal to

the greater of (1) its unmet need plus any aid adjustment under subdivision 13, or (2) the amount it was certified to receive in the previous year minus the sum of (i) any adjustment under subdivision 13 that was paid in the previous year but has expired, and (ii) the lesser of \$10 multiplied by its population, or five percent of its net levy in the year prior to the aid distribution. No city may have a total aid amount less than \$0.

**Subd. 10. Levy adjustments for aid decreases.** Notwithstanding any local ordinance or charter provision, a city whose certified aid under subdivision 9 is less than the amount it received in the previous year under the same subdivision may increase its levy payable in the same year as the certified aid is paid by an amount equal to the aid decrease for that year.

**Subd. 11.** [Repealed, 2013 c 143 art 2 s 36]

**Subd. 12.** [Repealed, 2013 c 143 art 2 s 36]

**Subd. 13. Certified aid adjustments.** (a) A city that received an aid base increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (e), shall have its total aid under subdivision 9 increased by an amount equal to \$150,000 for aids payable in 2014 through 2018.

(b) A city that received an aid base increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (r), shall have its total aid under subdivision 9 increased by an amount equal to \$160,000 for aids payable in 2014 and thereafter.

(c) A city that received a temporary aid increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (o), shall have its total aid under subdivision 9 increased by an amount equal to \$1,000,000 for aids payable in 2014 only.

**Subd. 14. Communication by electronic mail.** Prior to receiving aid pursuant to this section, a city must register an official electronic mail address with the commissioner, which the commissioner may use as an exclusive means to communicate with the city.

**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; 1Sp2003 c 21 art 5 s 7,8; 2005 c 152 art 1 s 32; 1Sp2005 c 3 art 2 s 2; 2006 c 259 art 11 s 2; 2008 c 154 art 1 s 2,3; 2008 c 366 art 2 s 7,8; 2009 c 88 art 10 s 19; 2010 c 215 art 13 s 5; 2010 c 389 art 8 s 16; 1Sp2011 c 7 art 6 s 16,17; 2012 c 294 art 1 s 2,3; 2013 c 143 art 2 s 13-16; 2013 c 144 s 28; 2014 c 308 art 1 s 5; 2015 c 21 art 1 s 82,83; 1Sp2017 c 1 art 4 s 15,16; art 15 s 32; art 18 s 5; 2018 c 182 art 1 s 98,99; 1Sp2019 c 6 art 5 s 5*

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

**477A.0132** [Repealed, 1Sp2003 c 21 art 5 s 14; art 6 s 17]

**477A.0133** [Repealed, 2013 c 143 art 2 s 36]

**477A.0134** [Repealed, 2013 c 143 art 2 s 36]

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

Subdivision 1. **Calculations and payments.** (a) The commissioner of revenue shall make all necessary calculations and make payments pursuant to sections 477A.013 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.

(b) 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.

(c) Changes in boundaries or form of government will only be recognized for the purposes of this subdivision, to the extent that: (1) changes in market values are included in market values reported by assessors to the commissioner, and changes in population and household size are included in their respective certifications to the commissioner as referenced in section 477A.011, or (2) an annexation information report as provided in paragraph (d) is received by the commissioner on or before July 15 of the aid calculation year. Revisions to estimates or data for use in recognizing changes in boundaries or form of government are not effective for purposes of this subdivision unless received by the commissioner on or before July 15 of the aid calculation year. Clerical errors in the certification or use of estimates and data established as of July 15 in the aid calculation year are subject to correction within the time periods allowed under subdivision 3.

(d) In the case of an annexation, an annexation information report may be completed by the annexing jurisdiction and submitted to the commissioner for purposes of this subdivision if the net tax capacity of annexed area for the assessment year preceding the effective date of the annexation exceeds five percent of the city's net tax capacity for the same year. The form and contents of the annexation information report shall be prescribed by the commissioner. The commissioner shall change the net tax capacity, the population, the population decline, the commercial industrial percentage, and the transformed population for the annexing jurisdiction only if the annexation information report provides data the commissioner determines to be reliable for all of these factors used to compute city revenue need for the annexing jurisdiction. The commissioner shall adjust the pre-1940 housing percentage and household size only if the entire area of an existing city or town is annexed or consolidated and only if reliable data is available for all of these factors used to compute city revenue need for the annexing jurisdiction.

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. [Repealed, 2008 c 366 art 2 s 14]

Subd. 5. [Repealed, 2008 c 366 art 2 s 14]

**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; 1Sp2003 c 1 art 2 s 120; 2006 c 259 art 5 s 8; 2007 c 13 art 3 s 29; 2007 c 148 art 2 s 68; 2014 c 308 art 9 s 90*

#### **477A.015 PAYMENT DATES.**

(a) 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.

(b) Notwithstanding paragraph (a), for aids payable in 2019 only, the commissioner of revenue shall make payments of the aid payable under section 477A.013, subdivision 9, in three installments as follows: (1) 14.6 percent of the aid shall be paid on June 15, 2019; (2) 35.4 percent of the aid shall be paid on July 20, 2019; and (3) 50 percent of the aid shall be paid on December 26, 2019.

(c) 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 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.

(d) The commissioner may pay all or part of the payments of 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; 2004 c 228 art 3 s 17; 2013 c 143 art 2 s 17; 2015 c 21 art 1 s 84; 1Sp2017 c 1 art 4 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.0175 AID REDUCTIONS FOR OPERATING AN UNAUTHORIZED DIVERSION PROGRAM.**

Subdivision 1. **Penalty for operating an unauthorized diversion program.** Notwithstanding any other law to the contrary, a county or city that operated a pretrial diversion program that a court determines was not authorized under section 169.999 or another statute or law must have its aid under sections 477A.011 to 477A.03 reduced by the amount of fees paid by participants into the program for the years in which the program operated. A court shall report any order that enjoins a county or city from operating a pretrial diversion program to the state auditor as required under subdivision 2. The state auditor shall determine the amount of fees collected under the diversion program and notify the commissioner of the amount. The commissioner shall reduce the county program aid paid to a county or the local government aid paid to a city by this amount beginning with the first aid payment made after receiving notice of the reduction amount. No aid payment may be less than zero but the amount of the reduction that cannot be made out of that payment shall be applied to future payments until the total amount has been deducted.

Subd. 2. **Court challenge to authority to operate a pretrial diversion program.** Any taxpayer may challenge a city or county operation of a pretrial diversion program by filing a declaratory judgment action or seeking other appropriate relief in the district court for the county where the city is located or in any other court of competent jurisdiction. If the court finds that the county or city has exceeded its authority under law in operating the pretrial diversion program, the court must transmit a copy of the court order to the state auditor.

**History:** 1Sp2017 c 1 art 4 s 18

**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 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.

Subd. 2a. **Cities.** For aids payable in 2016 and 2017, the total aid paid under section 477A.013, subdivision 9, is \$519,398,012. For aids payable in 2018 and 2019, the total aid paid under section 477A.013, subdivision 9, is \$534,398,012. For aids payable in 2020, the total aid paid under section 477A.013, subdivision 9, is \$560,398,012. For aids payable in 2021 and thereafter, the total aid payable under section 477A.013, subdivision 9, is \$564,398,012.

Subd. 2b. **Counties.** (a) For aids payable in 2018 and 2019, the total aid payable under section 477A.0124, subdivision 3, is \$103,795,000, of which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2020, the total aid payable under section 477A.0124, subdivision

3, is \$116,795,000, of which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2021 through 2024, the total aid payable under section 477A.0124, subdivision 3, is \$118,795,000, of which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2025 and thereafter, the total aid payable under section 477A.0124, subdivision 3, is \$115,795,000. Each calendar year, \$500,000 of this appropriation shall be retained by the commissioner of revenue to make reimbursements to the commissioner of management and budget 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 need aid that is certified to the county auditors for the purpose of property tax reduction for the next taxes payable year.

(b) For aids payable in 2018 and 2019, the total aid under section 477A.0124, subdivision 4, is \$130,873,444. For aids payable in 2020, the total aid under section 477A.0124, subdivision 4, is \$143,873,444. For aids payable in 2021 and thereafter, the total aid under section 477A.0124, subdivision 4, is \$145,873,444. The commissioner of revenue shall transfer to the commissioner of management and budget \$207,000 annually for the cost of preparation of local impact notes as required by section 3.987, and other local government activities. The commissioner of revenue shall transfer to the commissioner of education \$7,000 annually for the cost of preparation of local impact notes for school districts as required by section 3.987. The commissioner of revenue shall deduct the amounts transferred under this paragraph from the appropriation under this paragraph. The amounts transferred are appropriated to the commissioner of management and budget and the commissioner of education respectively.

Subd. 2c. **Towns.** For aids payable in 2015 and thereafter, the total aids paid under section 477A.013, subdivision 1, is limited to \$10,000,000.

Subd. 3. [Repealed, 1Sp2003 c 21 art 5 s 14; art 6 s 17]

Subd. 4. [Repealed, 1Sp2003 c 21 art 5 s 14]

Subd. 5. [Repealed, 2010 c 215 art 13 s 10]

**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; 2003 c 130 s 12; 1Sp2003 c 21 art 5 s 9,10; art 6 s 6; 2005 c 151 art 4 s 12; 1Sp2005 c 3 art 2 s 3,4; 2008 c 366 art 2 s 9; 2009 c 101 art 2 s 109; 2010 c 215 art 13 s 7,8; 1Sp2011 c 7 art 6 s 18; 2013 c 134 s 28; 2013 c 143 art 2 s 18-20; 2014 c 308 art 1 s 6; 2015 c 21 art 1 s 85,86; 1Sp2017 c 1 art 4 s 19,20; 1Sp2019 c 6 art 5 s 6,7

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

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

**477A.06** [Repealed, 1Sp2003 c 21 art 5 s 14]

**477A.065** [Repealed, 2003 c 127 art 5 s 50]

**477A.07** [Repealed, 1Sp2003 c 21 art 5 s 14; art 6 s 17]

**477A.08** [Repealed, 1Sp2005 c 3 art 7 s 20]

**477A.085 DEBT SERVICE AID; CITY OF MINNEAPOLIS.**

On or before November 1, 2016, and the first day of each November thereafter, the commissioner shall pay to the city of Minneapolis an amount equal to 40 percent of the city's otherwise required levy to pay its general obligation library referendum bonds for the following calendar year. The levy excludes any amount to pay bonds, other than refunding bonds, issued after May 1, 2013. An amount sufficient to pay the aid under this section is appropriated from the general fund to the commissioner of revenue.

**History:** 2013 c 143 art 2 s 21

**477A.09 MAXIMUM EFFORT LOAN AID.**

(a) For fiscal years 2018 to 2022, each school district with a maximum effort loan under sections 126C.61 to 126C.72, outstanding as of June 30, 2016, is eligible for an aid payment equal to one-fifth of the amount of interest that was paid on the loan between December 1, 1990, and June 30, 2016. A school district with a maximum effort capital loan outstanding as of June 30, 2017, is eligible for an annual aid payment equal to one-fifth of the estimated amount of interest that will be paid by the district on the loan between June 30, 2017, and June 30, 2021. Aid payments under this section must be used to reduce current year property taxes levied on net tax capacity within the district or to reduce future years' tax levies by:

(1) retaining payments made under this section in the district's debt redemption fund for up to 20 years, notwithstanding the two-year limit under section 475.61, subdivision 3; or

(2) financing a defeasance of any future payments on outstanding bonded debt.

(b) Aid under this section must be paid in fiscal years 2018 to 2022. An amount sufficient to make aid payments under this section is annually appropriated from the general fund to the commissioner of education.

**History:** 1Sp2017 c 1 art 4 s 21

**NOTE:** This section, as added by Laws 2017, First Special Session chapter 1, article 4, section 21, is effective for fiscal years 2018 to 2022. Laws 2017, First Special Session chapter 1, article 4, section 21, the effective date.

**477A.10 NATURAL RESOURCES LAND PAYMENTS IN LIEU; PURPOSE.**

The purposes of sections 477A.11 to 477A.14 are:

(1) to compensate local units of government for the loss of tax base from state ownership of land and the need to provide services for state land;

(2) to address the disproportionate impact of state land ownership on local units of government with a large proportion of state land; and

(3) to address the need to manage state lands held in trust for the local taxing districts.

**History:** 2013 c 143 art 2 s 22

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

Subdivision 1. **Terms.** For the purpose of sections 477A.11 to 477A.14, 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) land, other than wildlife management 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 any land, other than acquired natural resource land or wildlife management 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.

Subd. 5. **Land utilization project land.** "Land utilization project land" means land that is leased by the state from the United States through the United States Secretary of Agriculture according to Title III of the Bankhead Jones Farm Tenant Act and that is administered by the commissioner.

Subd. 6. **Military game refuge.** "Military game refuge" means land owned in fee by another state agency for military purposes and designated as a state game refuge under section 97A.085.

Subd. 7. **Transportation wetland.** "Transportation wetland" means land administered by the Department of Transportation in which the state acquired, by purchase from a private owner, a fee title interest in over 500 acres of land within a county to replace wetland losses from transportation projects.

Subd. 8. **Wildlife management land.** "Wildlife management land" means land administered by the commissioner in which the state acquired, from a private owner by purchase, condemnation, or gift, a fee interest under the authority granted in chapter 94 or 97A for wildlife management purposes and actually used as a wildlife management area.

**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; 1Sp2005 c 3 art 1 s 31,32; 1Sp2011 c 7 art 6 s 19; 2013 c 143 art 2 s 23-27

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

Subdivision 1. **Types of land; payments.** 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.14. The amounts, based on the acreage as of July 1 of each year prior to the payment year, are:

(1) \$5.133 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) \$5.133, multiplied by the total number of acres of transportation wetland or, at the county's option, three-fourths of one percent of the appraised value of all transportation wetland in the county, whichever is greater;

(3) \$5.133, multiplied by the total number of acres of wildlife management land, or, at the county's option, three-fourths of one percent of the appraised value of all wildlife management land in the county, whichever is greater;

(4) 50 percent of the dollar amount as determined under clause (1), multiplied by the number of acres of military refuge land in the county;

(5) \$2, multiplied by the number of acres of county-administered other natural resources land in the county;

(6) \$5.133, multiplied by the total number of acres of land utilization project land in the county;

(7) \$2, multiplied by the number of acres of commissioner-administered other natural resources land in the county; and

(8) without regard to acreage, and notwithstanding the rules adopted under section 84A.55, \$300,000 for local assessments under section 84A.55, subdivision 9, that shall be divided and distributed to the counties containing state-owned lands within a conservation area in proportion to each county's percentage of the total annual ditch assessments.

**Subd. 2. Procedure.** (a) 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, wildlife management land, and military refuge land within each county;

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

(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; and

(4) the number of acres of land utilization project land within each county.

(b) 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 transportation wetland and the appraised value of the land, but only if it exceeds 500 acres in a county.

(c) Each auditor of a county that contains state-owned lands within a conservation area shall determine and certify to the commissioner of natural resources by May 31 of the payment year, the county's ditch assessments for state-owned lands subject to section 84A.55, subdivision 9. A joint certification for two or more counties may be submitted to the commissioner of natural resources through the Consolidated Conservation Counties Joint Powers Board. The commissioner of natural resources shall certify the ditch assessments to the commissioner of revenue by June 15 of the payment year.

(d) The commissioner of revenue shall determine the distributions provided for in this section using: (1) 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; and (2) ditch assessments under paragraph (c), by July 15 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 until the next six-year appraisal required under this subdivision. 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 six years. All reappraisals shall be done in the same year as county assessors are required to assess exempt land under section 273.18.

**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; 1Sp2005 c 3 art 1 s 33,34; 1Sp2011 c 7 art 6 s 20; 2013 c 143 art 2 s 28-30; 2013 c 144 s 17; 2014 c 308 art 1 s 7,8; 2015 c 21 art 1 s 87,88; 1Sp2017 c 1 art 4 s 22

#### **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 subdivisions 2 and 3, 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:

(1) 64.2 cents, 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;

(2) within 30 days of receipt of the payment to the county, the county treasurer shall pay a township with land that qualifies for payment under section 477A.12, subdivision 1, clauses (1), (2), and (5) to (7), ten percent of the payment the county received for such land within that township. 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; and

(3) 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.

Subd. 3. **Distribution for wildlife management lands and military refuge lands.** (a) The county treasurer shall allocate the payment for wildlife management land and military game refuge land among the county, towns, and school districts on the same basis as if the payments were taxes on the land received in the year. Payment of a town's or a school district's allocation must be made by the county treasurer to the

town or school district within 30 days of receipt of the payment to the county. The county's share of the payment shall be deposited in the county general revenue fund.

(b) The county treasurer of a county with a population over 39,000, but less than 42,000, in the 1950 federal census shall allocate the payment only among the towns and school districts on the same basis as if the payments were taxes on the lands received in the current year.

(c) If a town received a payment in calendar year 2006 or thereafter under this subdivision, and subsequently incorporated as a city, the city shall continue to receive any future year's allocations of wildlife land payments that would have been made to the town had it not incorporated, provided that the payments shall terminate if the governing body of the city passes an ordinance that prohibits hunting within the boundaries of the city.

**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; 1Sp2001 c 5 art 3 s 81; 2002 c 353 s 3; 1Sp2005 c 3 art 1 s 35; 1Sp2011 c 7 art 6 s 21; 2013 c 143 art 2 s 31,32; 2014 c 308 art 1 s 9

**477A.145** [Repealed, 1Sp2011 c 7 art 6 s 27]

#### **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

#### **477A.16 UTILITY VALUATION TRANSITION AID.**

Subdivision 1. **Definitions.** (a) When used in this section, the following terms have the meanings indicated in this subdivision.

(b) "Local unit" means a home rule charter or statutory city, or a town.

(c) "Old rule utility net tax capacity" means the net tax capacity of all public utility property within the local unit's taxing jurisdiction for assessment year 2007, calculated as if the property were valued under valuation rules in effect prior to assessment year 2007.

(d) "New rule utility net tax capacity" means the net tax capacity of all public utility property within the local unit's taxing jurisdiction for assessment year 2007, calculated as if the property were valued under valuation rules in effect for assessment year 2007, but without any phase-in provisions.

(e) "Modified net tax capacity" means the local unit's net tax capacity for taxes payable in 2008, modified by substituting the old rule utility net tax capacity for the actual net tax capacity of utility property. Modified net tax capacity must be determined by the commissioner of revenue based on information and data available to the commissioner as of July 1, 2008.

(f) "Net tax capacity differential" means the positive difference, if any, by which the local unit's old rule utility net tax capacity exceeds its new rule utility net tax capacity.

(g) "Current year net tax capacity differential" means the positive difference, if any, by which the local unit's old rule utility net tax capacity exceeds its total tax capacity of utility property for taxes payable in the current year.

Subd. 2. **Aid eligibility; payment.** (a) If the net tax capacity differential of the local unit exceeds four percent of its modified net tax capacity, the local unit is eligible for transition aid computed under paragraph (b).

(b) For aids payable in 2010 and thereafter, transition aid under this section for an eligible local unit equals (1) the current year net tax capacity differential for taxes payable in the year preceding the aid distribution year, times (2) the jurisdiction's tax rate for taxes payable in 2008.

(c) The commissioner of revenue shall compute the amount of transition aid payable to each local unit under this section. On or before August 1 of each year, the commissioner shall certify the amount of transition aid computed for aids payable in the following year for each recipient local unit. The commissioner shall pay transition aid to local units annually at the times provided in section 477A.015.

Subd. 3. **Appropriation.** An amount sufficient to pay transition aid under this section is annually appropriated to the commissioner of revenue from the general fund.

**History:** 2008 c 366 art 2 s 10; 2015 c 21 art 1 s 89,90

#### **477A.17 LAKE VERMILION-SOUDAN UNDERGROUND MINE STATE PARK; ANNUAL PAYMENTS.**

(a) In lieu of the payment amount provided under section 477A.12, subdivision 1, clause (1), the county shall receive an annual payment for state-owned land within the boundary of Lake Vermilion-Soudan Underground Mine State Park, established in section 85.012, subdivision 38a, equal to 1.5 percent of the appraised value of the state-owned land.

(b) For the purposes of this section, the appraised value of the land acquired for Lake Vermilion-Soudan Underground Mine State Park for the first five years after acquisition shall be the purchase price of the land, plus the value of any portion of the land that is acquired by donation. Thereafter, the appraised value of the state-owned land shall be as determined under section 477A.12, subdivision 3, except that the appraised value of the state-owned land within the park shall not be reduced below the 2010 appraised value of the land.

(c) The annual payments under this section shall be distributed to the taxing jurisdictions containing the property as follows: one-third to the school districts; one-third to the town; and one-third to the county. The payment to school districts is not a county apportionment under section 127A.34 and is not subject to aid recapture. Each of those taxing jurisdictions may use the payments for their general purposes.

(d) Except as provided in this section, the payments shall be made as provided in sections 477A.11 to 477A.13.

**History:** 2008 c 368 art 3 s 2; 2010 c 389 art 1 s 25; 2014 c 217 s 4; 1Sp2017 c 1 art 4 s 23

#### **477A.18 PRODUCTION PROPERTY TRANSITION AID.**

Subdivision 1. **Definitions.** (a) When used in this section, the following terms have the meanings indicated in this subdivision.

(b) "Local unit" means a home rule charter or statutory city, or a town.

(c) "Net tax capacity differential" means the positive difference, if any, by which the local unit's net tax capacity was reduced from assessment year 2014 to assessment year 2015 due to the change in the definition of real property in section 272.03, subdivision 1, enacted by Laws 2014, chapter 308, article 2, section 9. For purposes of determining the net tax capacity differential, any property in a job opportunity building zone under section 469.314 may not be included when calculating a local unit's net tax capacity.

Subd. 2. **Aid eligibility; payment.** (a) If the net tax capacity differential of the local unit exceeds five percent of its 2015 net tax capacity, the local unit is eligible for transition aid computed under paragraphs (b) to (f).

(b) For aids payable in 2016, transition aid under this section for an eligible local unit equals (1) the net tax capacity differential, times (2) the jurisdiction's tax rate for taxes payable in 2015.

(c) For aids payable in 2017, transition aid under this section for an eligible local unit equals 80 percent of (1) the net tax capacity differential, times (2) the jurisdiction's tax rate for taxes payable in 2016.

(d) For aids payable in 2018, transition aid under this section for an eligible local unit equals 60 percent of (1) the net tax capacity differential, times (2) the jurisdiction's tax rate for taxes payable in 2017.

(e) For aids payable in 2019, transition aid under this section for an eligible local unit equals 40 percent of (1) the net tax capacity differential, times (2) the jurisdiction's tax rate for taxes payable in 2018.

(f) For aids payable in 2020, transition aid under this section for an eligible local unit equals 20 percent of (1) the net tax capacity differential, times (2) the jurisdiction's tax rate for taxes payable in 2019.

(g) No aids shall be payable under this section in 2021 and thereafter.

(h) The commissioner of revenue shall compute the amount of transition aid payable to each local unit under this section. On or before August 1 of each year, the commissioner shall certify the amount of transition aid computed for aids payable in the following year for each recipient local unit. The commissioner shall pay transition aid to local units annually at the times provided in section 477A.015.

(i) The commissioner of revenue may require counties to provide any data that the commissioner deems necessary to administer this section.

Subd. 3. **Appropriation.** An amount sufficient to pay transition aid under this section is annually appropriated to the commissioner of revenue from the general fund.

**History:** 2014 c 308 art 1 s 10

#### 477A.19 AQUATIC INVASIVE SPECIES PREVENTION AID.

Subdivision 1. **Definitions.** (a) When used in this section, the following terms have the meanings given them in this subdivision.

(b) "Aquatic invasive species" means nonnative aquatic organisms that invade water beyond their natural and historic range.

(c) "Watercraft trailer launch" means any public water access site designed for launching watercraft.

(d) "Watercraft trailer parking space" means a parking space designated for a boat trailer at any public water access site designed for launching watercraft.

Subd. 2. **Distribution.** The money appropriated to aquatic invasive species prevention aid under this section shall be allocated to all counties in the state as follows: 50 percent based on each county's share of watercraft trailer launches and 50 percent based on each county's share of watercraft trailer parking spaces.

Subd. 3. **Use of proceeds.** A county that receives a distribution under this section must use the proceeds solely to prevent the introduction or limit the spread of aquatic invasive species at all access sites within the county. The county must establish, by resolution or through adoption of a plan, guidelines for the use of the proceeds. The guidelines set by the county board may include, but are not limited to, providing for site-level management, countywide awareness, and other procedures that the county finds necessary to achieve compliance. The county may appropriate the proceeds directly, or may use any portion of the proceeds to provide funding for a joint powers board or cooperative agreement with another political subdivision, a soil and water conservation district in the county, a watershed district in the county, or a lake association located in the county. Any money appropriated by the county to a different entity or political subdivision must be used as required under this section. Each county must submit a copy of its guidelines for use of the proceeds to the Department of Natural Resources by December 31 of the year the payments are received.

Subd. 3a. **Certification.** On or before June 1 of each year, the commissioner of natural resources shall certify to the commissioner of revenue the number of watercraft launches and the number of watercraft trailer parking spaces in each county.

Subd. 3b. **Certification.** On or before June 1 of each year, the commissioner of natural resources shall certify to the commissioner of revenue the counties that complied with the requirements of subdivision 3 the prior year and are eligible to receive aid under this section.

Subd. 4. **Payments.** The commissioner of revenue must compute the amount of aquatic invasive species prevention aid payable to each county under this section. On or before August 1 of each year, the commissioner shall certify the amount to be paid to each county in the following year. The commissioner shall pay aquatic invasive species prevention aid to counties annually at the times provided in section 477A.015.

Subd. 5. **Appropriation.** \$10,000,000 each year is appropriated from the general fund to the commissioner of revenue to make the payments required under this section.

**History:** 2014 c 308 art 1 s 11; 2015 c 21 art 1 s 91,92; 1Sp2017 c 1 art 15 s 33,34

**477A.20** [Repealed, 1Sp2017 c 1 art 4 s 33]

#### **477A.21 RIPARIAN PROTECTION AID.**

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given:

(1) "buffer protection map" has the meaning given under section 103F.48, subdivision 1; and

(2) "public watercourses" means public waters and public drainage systems subject to riparian protection requirements under section 103F.48.

Subd. 2. **Certifications to commissioner.** (a) The Board of Water and Soil Resources must certify to the commissioner of revenue, on or before July 1 each year, which counties and watershed districts have affirmed their jurisdiction under section 103F.48 and the proportion of centerline miles of public watercourses, and miles of public drainage system ditches on the buffer protection map, within each county and each watershed district within the county with affirmed jurisdiction.

(b) On or before July 1 each year, the commissioner of natural resources shall certify to the commissioner of revenue the statewide and countywide number of centerline miles of public watercourses and miles of public drainage system ditches on the buffer protection map.

**Subd. 3. Distribution.** (a) A county that is certified under subdivision 2, or that portion of a county containing a watershed district certified under subdivision 2, is eligible to receive aid under this section to enforce and implement the riparian protection and water quality practices under section 103F.48. Each county's preliminary aid amount is equal to the proportion calculated under paragraph (b) multiplied by the appropriation received each year by the commissioner for purposes of payments under this section.

(b) The commissioner must compute each county's proportion. A county's proportion is equal to the ratio of the sum in clause (1) to the sum in clause (2):

(1) the sum of the total number of acres in the county classified as class 2a under section 273.13, subdivision 23, the countywide number of centerline miles of public watercourses on the buffer protection map, and the countywide number of miles of public drainage system ditches on the buffer protection map; and

(2) the sum of the statewide total number of acres classified as class 2a under section 273.13, subdivision 23, the statewide total number of centerline miles of public watercourses on the buffer protection map, and the statewide total number of public drainage system miles on the buffer protection map.

(c) Aid to a county must not be greater than \$200,000 or less than \$50,000. If the sum of the preliminary aids payable to counties under paragraph (a) is greater or less than the appropriation received by the commissioner, the commissioner of revenue must calculate the percentage of adjustment necessary so that the total of the aid under paragraph (a) equals the total amount received by the commissioner, subject to the minimum and maximum amounts specified in this paragraph. The minimum and maximum amounts under this paragraph must be adjusted by the ratio of the actual amount appropriated to \$10,000,000.

(d) If only a portion of a county is certified as eligible to receive aid under subdivision 2, the aid otherwise payable to that county under this section must be multiplied by a fraction, the numerator of which is the buffer protection map miles of the certified watershed districts contained within the county and the denominator of which is the total buffer protection map miles of the county.

(e) Any aid that would otherwise be paid to a county or portion of a county that is not certified under subdivision 2 shall be paid to the Board of Water and Soil Resources for enforcing and implementing the riparian protection and water quality practices under section 103F.48.

**Subd. 4. Payments.** The commissioner of revenue must compute the amount of riparian protection aid payable to each eligible county and to the Board of Water and Soil Resources under this section. On or before August 1 each year, the commissioner must certify the amount to be paid to each county and the Board of Water and Soil Resources in the following year, except that the payments for 2017 must be certified by July 15, 2017. The commissioner must pay riparian protection aid to counties and to the Board of Water and Soil Resources in the same manner and at the same time as aid payments under section 477A.015.

**History:** 2017 c 93 art 2 s 146; 1Sp2017 c 1 art 4 s 24

#### **477A.22 APPROPRIATION; RIPARIAN PROTECTION AID.**

\$6,000,000 in fiscal year 2018 and \$8,000,000 in each fiscal year thereafter is appropriated from the general fund to the commissioner of revenue for riparian protection aid payments under section 477A.21.

These amounts may be in addition to other appropriations for the same purpose. Unexpended funds from fiscal year 2018 are available in fiscal year 2019.

**History:** *1Sp2017 c 1 art 4 s 25; 1Sp2017 c 7 s 11*