

MINNESOTA • REVENUE

PROPERTY TAX LGA City Aid Distribution

April 1, 2003

	Yes	No
Separate Official Fiscal Note Requested		
Fiscal Impact		
DOR Administrative Costs/Savings		

Department of Revenue
Analysis of H.F. 486 (Bernardy)

	Revenue Gain or (Loss)			
	<u>F.Y. 2004</u>	<u>F.Y. 2005</u>	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Effective for aids payable in 2004 and thereafter.

EXPLANATION OF THE BILL

Current Law: The local government aid distribution for each city is equal to the sum of 1) the city formula aid, and 2) its city aid base.

Proposed Law: The proposal changes the formula for calculating city aid distribution. The aid distribution formula for each city would equal the sum of 1) the city formula aid, and 2) \$50 multiplied by its population. The proposal also repeals special city aid base adjustments for certain cities.

REVENUE ANALYSIS DETAIL

- There is no state cost associated with this change in the city aid distribution formula because total aid is set to a fixed appropriation level. Cities with a lower aid base and higher population would benefit from the redistribution of aid resulting from the formula change.

Number of Taxpayers Affected: 853 cities eligible to receive local government aid.

Source: Minnesota Department of Revenue
Tax Research Division
<http://www.taxes.state.mn.us/polic.html#analyses>