

MINNESOTA • REVENUE

PROPERTY TAX LGA City Aid Distribution

April 9, 2003

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

Department of Revenue
Analysis of H.F. 552 (Eken)

	<u>Revenue Gain or (Loss)</u>			
	<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 taxes 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 be equal to the city formula aid. The proposal also eliminates the city aid base and base reduction percentage.

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. The distribution of aid among the cities would be changed. Cities with a lower aid base 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>