

MINNESOTA • REVENUE

PROPERTY TAX Local Government Aid - Aid Base Formula Correction

January 14, 2005

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

Department of Revenue
Analysis of H.F. 47 (Abrams) SF 1087 (Moua)

	<u>Fund Impact</u>			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
		(000's)		
General Fund	\$0	\$0	\$0	\$0

Retroactive beginning with aids payable in 2004.

EXPLANATION OF THE BILL

The bill corrects a drafting error contained in Laws 2003 First Special Session, Chapter 21. The 2003 law change added new statutory language eliminating city grandfathered aid base amounts by setting them to zero but did not repeal existing statutory language that sets each city's aid base amount in 2004 and thereafter equal to the amount of its 2003 grandfathered aid base plus low-income housing aid.

REVENUE ANALYSIS DETAIL

- There is no state cost associated with this correction to the city aid base formula because total aid is set to a fixed appropriation level. A change in the aid base affects the distribution of aid among cities.
- The Department of Revenue certified 2004 and 2005 city local government aid amounts consistent with this bill.

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

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy

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