

# MINNESOTA • REVENUE

## PROPERTY TAX Aid to Local Governments – Appropriation Inflation Adjustment

March 14, 2007

Department of Revenue  
Analysis of S.F. 520 (Sieben) / H.F. 1381 (Atkins)

	Yes	No
DOR Administrative Costs/Savings		X

	<u>Fund Impact</u>			
	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>	<u>F.Y. 2010</u>	<u>F.Y. 2011</u>
		(000's)		
Local Government Aid	\$0	(\$15,000)	(\$28,000)	(\$40,700)
County Program Aid	\$0	(\$6,300)	(\$11,900)	(\$17,200)
<b>General Fund Total</b>	\$0	(\$21,300)	(\$39,900)	(\$57,900)

Effective for aids payable in 2008 and thereafter.

### EXPLANATION OF THE BILL

**Current Law:** For payable years 2006 and thereafter, the total local government aid paid to cities is limited to \$485,052,000, and the total county program aid paid is limited to \$205,632,923.

**Proposed Law:** For aids payable in 2008 and thereafter, the appropriation amounts for local government aid and county program aid would be adjusted annually for inflation. The inflation adjustment applied to the amount certified in the previous year is equal to the annual growth of the implicit price deflator for state and local government purchases of goods and services.

### REVENUE ANALYSIS DETAIL

- The annual inflation adjustment would increase appropriations for local government aid and county program aid in fiscal year 2009 and thereafter.
- The estimated inflation adjustment is based on implicit price deflator projections from the February 2007 forecast.

**Number of Taxpayers:** 854 cities eligible to receive local government aid and 87 counties eligible to receive county program aid.

Source: Minnesota Department of Revenue  
Tax Research Division  
[http://www.taxes.state.mn.us/taxes/legal\\_policy](http://www.taxes.state.mn.us/taxes/legal_policy)

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