

# MINNESOTA • REVENUE

## PROPERTY TAX

### Local government aid losses calculation modified

March 04, 2014

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of H.F. 2465 (Lien) / S.F. 1962 (Reinert) as introduced

### Fund Impact

	FY2014	FY2015	FY2016	FY2017
		(000's)		
General Fund	\$0	\$0	\$0	\$0

Effective beginning for aids payable in 2015.

### EXPLANATION OF THE BILL

The bill would modify the local government aid (LGA) formula distribution to cities with unmet need less than previous year aid by setting the city's formula aid equal to its unmet need amount.

### REVENUE ANALYSIS DETAIL

- There would be no state cost associated with this change in formula distribution because total aid is set to a fixed appropriation level. The formula change would shift aid among cities receiving local government aid.

### PROPERTY TAX BENCHMARKS (Minn. Stat. § 270C.991)

<i>Transparency, Understandability, Simplicity &amp; Accountability</i>	Neutral
<i>Efficiency &amp; Compliance</i>	Neutral
<i>Equity (Vertical &amp; Horizontal)</i>	Neutral
<i>Stability &amp; Predictability</i>	Neutral
<i>Competitiveness for Businesses</i>	Neutral
<i>Responsiveness to Economic Conditions</i>	Increase Compared to current law, more cities will receive their formula need amount.

The bill is scored on a three point scale (decrease, neutral, increase) for each principle in comparison to current law.

Source: Minnesota Department of Revenue  
Property Tax Division - Research Unit  
[www.revenue.state.mn.us/research\\_stats/pages/revenue-analyses.aspx](http://www.revenue.state.mn.us/research_stats/pages/revenue-analyses.aspx)

hf2465(sf1962)\_pt\_1/nrg