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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. **2016**

03/18/2015 Authored by Backer, Swedzinski, Dill, Anzele, Schomacker and others
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; local government aid; modifying county program aid;
1.3 appropriating money; amending Minnesota Statutes 2014, sections 477A.0124,
1.4 subdivision 4; 477A.03, subdivision 2b.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2014, section 477A.0124, subdivision 4, is amended to
1.7 read:

1.8 Subd. 4. **County tax-base equalization aid.** (a) For 2006 and subsequent years,
1.9 the money appropriated to county tax-base equalization aid each calendar year, after the
1.10 payment under paragraph (f), shall be apportioned among the counties according to each
1.11 county's tax-base equalization aid factor.

1.12 (b) A county's tax-base equalization aid factor is equal to the amount by which (i)
1.13 ~~\$185~~ \$330 times the county's population, exceeds (ii) ~~9.45~~ 12 percent of the county's
1.14 net tax capacity.

1.15 (c) In the case of a county with a population less than 10,000, the factor determined
1.16 in paragraph (b) shall be multiplied by a factor of three.

1.17 (d) In the case of a county with a population greater than or equal to 10,000, but less
1.18 than 12,500, the factor determined in paragraph (b) shall be multiplied by a factor of two.

1.19 (e) In the case of a county with a population greater than or equal to 12,500 but less
1.20 than 16,500, the factor determined in paragraph (b) shall be multiplied by a factor of 1.25.

1.21 (e) (f) In the case of a county with a population greater than 500,000, the factor
1.22 determined in paragraph (b) shall be multiplied by a factor of 0.25.

1.23 (g) For distributions in 2016, the allocation to a county under paragraphs (a) to (f)
1.24 shall not be less than 95 percent of the sum of the tax base equalization aid in 2014 plus

2.1 any supplemental program aid that was distributed to the county under Laws 2014, chapter
 2.2 308, article 1, section 13. For distributions in 2017 and subsequent years, the allocation
 2.3 to a county under paragraphs (a) to (f) shall not be less than 95 percent of the tax base
 2.4 equalization aid of the county in the prior year.

2.5 ~~(f)~~ (h) Before the money appropriated to county base equalization aid is apportioned
 2.6 among the counties as provided in paragraph (a), an amount up to \$73,259 is allocated
 2.7 annually to Anoka County and up to \$59,664 is annually allocated to Washington County
 2.8 for the county to pay postretirement costs of health insurance premiums for court
 2.9 employees. The allocation under this paragraph is in addition to the allocations under
 2.10 paragraphs (a) to ~~(e)~~ (g).

2.11 **EFFECTIVE DATE.** This section is effective for aids payable in 2016 and thereafter.

2.12 Sec. 2. Minnesota Statutes 2014, section 477A.03, subdivision 2b, is amended to read:

2.13 Subd. 2b. **Counties.** (a) For aids payable in 2014 ~~and thereafter~~ through 2016, the
 2.14 total aid payable under section 477A.0124, subdivision 3, is \$100,795,000. For aids
 2.15 payable in 2017 and thereafter, the total aid under section 477A.0124, subdivision 3, shall
 2.16 be increased by multiplying the appropriation for the prior year by the sum of one plus
 2.17 the rate of increase, if any, in the implicit price deflator for government consumption
 2.18 expenditures and gross investment for state and local governments prepared by the Bureau
 2.19 of Economic Analysts of the United States Department of Commerce for the 12-month
 2.20 period ending March 31 of the year prior to the year the aid is payable. Each calendar
 2.21 year, \$500,000 of this appropriation shall be retained by the commissioner of revenue to
 2.22 make reimbursements to the commissioner of management and budget for payments
 2.23 made under section 611.27. The reimbursements shall be to defray the additional costs
 2.24 associated with court-ordered counsel under section 611.27. Any retained amounts not
 2.25 used for reimbursement in a year shall be included in the next distribution of county
 2.26 need aid that is certified to the county auditors for the purpose of property tax reduction
 2.27 for the next taxes payable year.

2.28 (b) For aids payable in ~~2014~~ 2016 and thereafter, the total aid under section
 2.29 477A.0124, subdivision 4, is ~~\$104,909,575~~ \$129,909,575. For aids payable in 2017
 2.30 and thereafter, the total aid under section 477A.0124, subdivision 4, shall be increased
 2.31 by multiplying the appropriation for the prior year by the sum of one plus the rate of
 2.32 increase, if any, in the implicit price deflator for government consumption expenditures
 2.33 and gross investment for state and local governments prepared by the Bureau of Economic
 2.34 Analysts of the United States Department of Commerce for the 12-month period ending
 2.35 March 31 of the year prior to the year the aid is payable. The commissioner of revenue

3.1 shall transfer to the commissioner of management and budget \$207,000 annually for the
3.2 cost of preparation of local impact notes as required by section 3.987, and other local
3.3 government activities. The commissioner of revenue shall transfer to the commissioner
3.4 of education \$7,000 annually for the cost of preparation of local impact notes for school
3.5 districts as required by section 3.987. The commissioner of revenue shall deduct the
3.6 amounts transferred under this paragraph from the appropriation under this paragraph.
3.7 The amounts transferred are appropriated to the commissioner of management and budget
3.8 and the commissioner of education respectively.

3.9 **EFFECTIVE DATE.** This section is effective for aids payable in 2016 and thereafter.