

# HOUSE RESEARCH

## Bill Summary

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**Subject:** Relating to local government finances; aid and credits reductions  
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### Overview

This bill provides for annual reductions in city, county, and town aids and credits equal to \$105 million/year beginning with Pay 2010. The Pay 2010 reductions to cities, and counties, are a percent of each jurisdiction's levy plus aid. Beginning in Pay 2011, the annual appropriations for LGA and CPA are permanently reduced by \$37.4 million, and market value credit reimbursement are permanently reduced by an amount equal to Pay 2010 MV credit reimbursements in the January 2010 unallotments. It also makes a complementary adjustment to Pay 2011 special levy authority.

#### Section

- 1** **Credit reductions.** Provides for a permanent annual reduction in each jurisdiction's market value credit reimbursements beginning in Pay 2011 equal to its total loss in market value credit reimbursements in Pay 2010 from the governor's January 2010 unallotment. This affects cities' and towns' reimbursements only.
- 2** **Special levies.** Expands the current special levy for aid and credit losses due to unallotment in the previous year, after levies are certified, to include losses due to legislative action as well. Makes a technical correction to a special levy for reductions in market value credit reimbursements.
- 3** **City aid distribution.** Defines 2010 "total aid," which is used to calculate maximum and minimum aid amounts in the following year to be the 2010 certified aid amount minus any aid loss under section 4.
- 4** **Additional 2010 aid and credit reductions.** Provides for Pay 2010 aid and credit reductions to cities and counties. The city reductions are equal to 3.4075% of each city's levy plus aid with a maximum loss of \$28 per capita. For counties it is 1.82767% of Pay 2010 levy plus aid. Cuts are first made from market value credit reimbursements, and then

if necessary from city LGA and county program aid.

- 5        **Cities.** Reduces the annual city LGA appropriation from \$558 million to \$520.7 million beginning with Pay 2011.
- 6        **Counties.** Reduces the total county program aid appropriation by \$37.4 million, to \$204 million beginning with Pay 2011. The reduction is divided evenly between the two parts of county program aid – county need aid and county tax-base equalization aid.
- 7        **Repealer.** Repeals the Pay 2011 increase in LGA and county program aid in current law.