

This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 2928

02/01/2022 Authored by Marquart
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 local government aids; creating the stronger community aid program;
1.3 appropriating money; proposing coding for new law in Minnesota Statutes, chapter
1.4 477A; repealing Minnesota Statutes 2020, section 6.91.

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

1.6 Section 1. 477A.40 STRONGER COMMUNITY AID.

1.7 Subdivision 1. Purpose. The purpose of this section is to enhance the local performance
1.8 measurement program administered by the Office of the State Auditor by implementing a
1.9 permanent aid program set to compensate participating local units of government for
1.10 implementing a performance measurement program. Participation in this program is
1.11 voluntary. For purposes of this section, "local units of government" means all counties and
1.12 all statutory and home rule charter cities.

1.13 Subd. 2. Duties of the Office of the State Auditor. (a) To assist participating local units
1.14 of government, the Office of the State Auditor must provide on its website guidance for
1.15 compliance with the requirements of this section, including but not limited to:

- 1.16 (1) performance measures for counties;
1.17 (2) performance measures for cities;
1.18 (3) a sample resolution for counties and cities; and
1.19 (4) reporting requirements.

1.20 (b) Under subdivision 7, the state auditor must prescribe the form on which participating
1.21 local units of government certify their compliance with the requirements of this section.

2.1 (c) Under subdivision 9, the state auditor must certify to the commissioner of revenue  
2.2 by April 1 of each year the list of participating local units of government that are eligible  
2.3 to receive aid under this section.

2.4 Subd. 3. **Program performance measures.** (a) Each year, a local unit of government  
2.5 that elects to participate in this section must adopt and implement a set of ten performance  
2.6 measures prescribed by the Office of the State Auditor.

2.7 (b) A local unit of government that elects to participate in this section must adopt its  
2.8 performance measures by June 1 each year.

2.9 Subd. 4. **Citizen performance measure and budget workshop meetings.** (a) A local  
2.10 unit of government that elects to participate in this section must hold an annual citizen  
2.11 performance measure and budget workshop meeting. This meeting must be used to: (i)  
2.12 discuss performance measures selected for the upcoming year; (ii) review and report the  
2.13 performance measure results for the current year and compare these results to previous  
2.14 years, if applicable; (iii) discuss the budget process and budget priorities; and (iv) receive  
2.15 public input.

2.16 (b) The meeting described in this subdivision must be held between June 15 and August  
2.17 15 of each year, not before 6:00 p.m., with notice to the public provided at least 15 days  
2.18 before the meeting is held by posting on the local unit of government's official website or  
2.19 by direct mail.

2.20 Subd. 5. **Preliminary budget meeting.** At the meeting at which a local unit of  
2.21 government participating in this section sets its preliminary budget and levy pursuant to  
2.22 section 275.065, subdivision 1, the participating local unit of government must identify at  
2.23 least two performance measures needing improvement and determine a strategy and plan  
2.24 for improving these measures.

2.25 Subd. 6. **Final budget meeting; resolution.** At the meeting at which a local unit of  
2.26 government participating in this section sets its final budget and levy pursuant to section  
2.27 275.07, the participating local unit of government must approve a resolution declaring that:

2.28 (1) the participating local unit of government adopted and implemented the appropriate  
2.29 number of performance measures prescribed by the Office of the State Auditor;

2.30 (2) the participating local unit of government held a citizen performance measure and  
2.31 budget workshop meeting before the preliminary budget meeting in subdivision 5, during  
2.32 which the local unit of government discussed the budget process, reported the results of the  
2.33 performance measures from the previous year to the public, and allowed for public input;

3.1 (3) performance measure results from the previous year, if applicable, were made public  
3.2 through the local unit of government's official website or by direct mail; and

3.3 (4) the participating local unit of government identified at least two performance measures  
3.4 for improvement and developed a plan for improving these measures and a strategy for  
3.5 evaluating the improvements in the next year.

3.6 Subd. 7. **Certification to the Office of the State Auditor.** A participating local unit of  
3.7 government must certify to the Office of the State Auditor, on a form prescribed by the  
3.8 auditor, that it has met the requirements of subdivisions 3 to 6 by February 1 of the aid  
3.9 distribution year.

3.10 Subd. 8. **Aid calculation.** (a) Beginning in calendar year 2023 and thereafter, each local  
3.11 jurisdiction that has satisfied the requirements under this section is eligible for an aid  
3.12 payment.

3.13 (b) For eligible counties, the aid is calculated as follows:

3.14 (1) for a county with a population less than or equal to 10,000, the aid is equal to \$10  
3.15 per capita, except that a county's aid under this clause must not be less than \$50,000; and

3.16 (2) for a county with a population greater than 10,000, the aid is equal to (i) \$100,000  
3.17 plus (ii) \$2 times the county's population over 10,000, up to a maximum of \$250,000.

3.18 (c) For eligible cities, the aid is calculated as follows:

3.19 (1) for a city with a population less than or equal to 2,000, the aid is equal to \$20 per  
3.20 capita; and

3.21 (2) for a city with a population greater than 2,000, the aid is equal to (i) \$40,000 plus  
3.22 (ii) \$2 times the city's population over 2,000, up to a maximum of \$250,000.

3.23 (d) For purposes of this section, the population data used in calculating the aid to each  
3.24 participating local unit of government must be the most recently available data as of January  
3.25 1 of the year in which the aid is distributed.

3.26 Subd. 9. **Aid certification and payment.** (a) By April 1 of the aid distribution year, the  
3.27 Office of the State Auditor must certify to the commissioner of revenue a list of the local  
3.28 units of government that have certified, pursuant to subdivision 7, that they have met the  
3.29 requirements of this section and are eligible to receive aid.

3.30 (b) The commissioner of revenue must annually make all necessary calculations and  
3.31 make payments directly to the local units of government that are eligible to receive aid. In

4.1 addition, the commissioner must notify the local units of government of the aid amounts  
4.2 and statewide total figures before August 1 of the aid distribution year.

4.3 (c) The commissioner of revenue must make the payments to qualifying local units of  
4.4 government on December 26 annually.

4.5 Subd. 10. **Appropriation.** An amount sufficient to make the payments required by the  
4.6 commissioner of revenue under subdivision 9 is annually appropriated from the general  
4.7 fund to the commissioner of revenue.

4.8 **EFFECTIVE DATE.** This section is effective for aids payable in 2023 and thereafter.

4.9 Sec. 2. **REPEALER.**

4.10 Minnesota Statutes 2020, section 6.91, is repealed.

4.11 **EFFECTIVE DATE.** This section is effective January 1, 2023.

## 6.91 LOCAL PERFORMANCE MEASUREMENT AND REPORTING.

Subdivision 1. **Reports of local performance measures.** (a) A county or city that elects to participate in the standard measures program must report its results to its citizens annually through publication, direct mailing, posting on the jurisdiction's website, or through a public hearing at which the budget and levy will be discussed and public input allowed.

(b) Each year, jurisdictions participating in the local performance measurement and improvement program must file a report with the state auditor by July 1, in a form prescribed by the auditor. All reports must include a declaration that the jurisdiction has complied with, or will have complied with by the end of the year, the requirement in paragraph (a). For jurisdictions participating in the standard measures program, the report shall consist of the jurisdiction's results for the standard set of performance measures under section 6.90, subdivision 2, paragraph (a). In 2012, jurisdictions participating in the comprehensive performance measurement program must submit a resolution approved by its local governing body indicating that it either has implemented or is in the process of implementing a local performance measurement system that meets the minimum standards specified by the council under section 6.90, subdivision 2, paragraph (b). In 2013 and thereafter, jurisdictions participating in the comprehensive performance measurement program must submit a statement approved by its local governing body affirming that it has implemented a local performance measurement system that meets the minimum standards specified by the council under section 6.90, subdivision 2, paragraph (b).

Subd. 2. **Benefits of participation.** (a) A county or city that elects to participate in the standard measures program for 2011 is: (1) eligible for per capita reimbursement of \$0.14 per capita, but not to exceed \$25,000 for any government entity; and (2) exempt from levy limits under sections 275.70 to 275.74 for taxes payable in 2012, if levy limits are in effect.

(b) Any county or city that elects to participate in the standard measures program for 2012 is eligible for per capita reimbursement of \$0.14 per capita, but not to exceed \$25,000 for any government entity. Any jurisdiction participating in the comprehensive performance measurement program is exempt from levy limits under sections 275.70 to 275.74 for taxes payable in 2013 if levy limits are in effect.

(c) Any county or city that elects to participate in the standard measures program for 2013 or any year thereafter is eligible for per capita reimbursement of \$0.14 per capita, but not to exceed \$25,000 for any government entity. Any jurisdiction participating in the comprehensive performance measurement program for 2013 or any year thereafter is exempt from levy limits under sections 275.70 to 275.74 for taxes payable in the following year, if levy limits are in effect.

Subd. 3. **Certification of participation.** (a) The state auditor shall certify to the commissioner of revenue by August 1 of each year the counties and cities that are participating in the standard measures program and the comprehensive performance measurement program.

(b) The commissioner of revenue shall make per capita aid payments under this section on the second payment date specified in section 477A.015, in the same year that the measurements were reported.

(c) The commissioner of revenue shall notify each county and city that is entitled to exemption from levy limits by August 10 of each levy year.

Subd. 4. **Appropriation.** (a) The amount necessary to fund obligations under subdivision 2 is annually appropriated from the general fund to the commissioner of revenue.

(b) The sum of \$6,000 in fiscal year 2011 and \$2,000 in each fiscal year thereafter is annually appropriated from the general fund to the state auditor to carry out the auditor's responsibilities under sections 6.90 to 6.91.