

1.1 A bill for an act

1.2 relating to state government; protecting credit reimbursements for cities that are
1.3 net contributors to fiscal disparities from unallotment and aid cuts; proposing
1.4 coding for new law in Minnesota Statutes, chapter 16A.

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

1.6 Section 1. **[16A.1524] PROTECTED STATE REIMBURSEMENT AMOUNT.**

1.7 Subdivision 1. **Determination of amount.** For any taxes payable year, a city's
1.8 protected state reimbursement amount is equal to (1) the amount by which its fiscal
1.9 disparities contribution net tax capacity exceeds its distribution net tax capacity for the
1.10 taxes payable year, times (2) its local net tax capacity tax rate for the taxes payable year. If
1.11 a city's contribution net tax capacity does not exceed its distribution net tax capacity, or
1.12 if the city does not lie within an area covered by a fiscal disparities program, the city's
1.13 protected state reimbursement amount is zero. For the purposes of this subdivision, "fiscal
1.14 disparities" and "fiscal disparities program" mean the programs created in chapters 276A
1.15 and 473F.

1.16 Subd. 2. **Protection of reimbursement amount.** A city's reimbursement under
1.17 section 273.1384, subdivision 4, up to the amount determined in subdivision 1, may not
1.18 be reduced through unallotment under section 16A.152, or under any enacted overall
1.19 reduction in state aids and credit reimbursements due to state budgetary concerns. If a
1.20 city's reimbursement under section 273.1384, subdivision 4, is less than the protection
1.21 amount determined under subdivision 1, the excess protection amount shall extend to any
1.22 state aid that the city is scheduled to receive under section 477A.013.

1.23 **EFFECTIVE DATE.** This section is effective for credit reimbursements and aids
1.24 payable in 2009 and thereafter.