

**SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION**

S.F. No. 4227

(SENATE AUTHORS: BIGHAM, Putnam, McEwen, Klein and Eken)

DATE
03/23/2022

D-PG

Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; adjusting the calculation of local government aid and county
1.3 program aid in 2023 only; increasing the annual appropriation for local government
1.4 aid; increasing the annual appropriation for county program aid; amending
1.5 Minnesota Statutes 2020, sections 477A.013, subdivision 9; 477A.03, subdivision
1.6 2a; Minnesota Statutes 2021 Supplement, section 477A.03, subdivision 2b.

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

1.8 Section 1. Minnesota Statutes 2020, section 477A.013, subdivision 9, is amended to read:

1.9 Subd. 9. **City aid distribution.** (a) ~~In calendar year 2018 and thereafter,~~ If a city's
1.10 certified aid before any aid adjustment under subdivision 13 for the previous year is less
1.11 than its current unmet need, the city shall receive an aid distribution equal to the sum of (1)
1.12 its certified aid in the previous year before any aid adjustment under subdivision 13, (2) the
1.13 city formula aid under subdivision 8, and (3) its aid adjustment under subdivision 13.

1.14 (b) ~~For aids payable in 2020 only, no city's aid amount before any adjustment under~~
1.15 ~~subdivision 13 may be less than its pay 2019 certified aid amount, less any aid adjustment~~
1.16 ~~under subdivision 13 for that year. For aids payable in 2020 and thereafter,~~ If a city's certified
1.17 aid before any aid adjustment under subdivision 13 for the previous year is equal to or
1.18 greater than its current unmet need, the total aid for a city is equal to the greater of (1) its
1.19 unmet need plus any aid adjustment under subdivision 13, or (2) the amount it was certified
1.20 to receive in the previous year minus the sum of (i) any adjustment under subdivision 13
1.21 that was paid in the previous year but has expired, and (ii) the lesser of \$10 multiplied by
1.22 its population, or five percent of its net levy in the year prior to the aid distribution. No city
1.23 may have a total aid amount less than \$0.

2.1 (c) Notwithstanding paragraph (b), for aids payable in 2023 only, no city's aid amount
 2.2 before any adjustment under subdivision 13 may be less than the sum of (1) its pay 2022
 2.3 certified aid amount and (2) its pay 2022 supplemental aid amount under Laws 2021, First
 2.4 Special Session chapter 14, article 7, section 5, less any aid adjustment under subdivision
 2.5 13 for that year.

2.6 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023
 2.7 and thereafter.

2.8 Sec. 2. Minnesota Statutes 2020, section 477A.03, subdivision 2a, is amended to read:

2.9 Subd. 2a. **Cities.** ~~For aids payable in 2016 and 2017, the total aid paid under section~~
 2.10 ~~477A.013, subdivision 9, is \$519,398,012. For aids payable in 2018 and 2019, the total aid~~
 2.11 ~~paid under section 477A.013, subdivision 9, is \$534,398,012. For aids payable in 2020, the~~
 2.12 ~~total aid paid under section 477A.013, subdivision 9, is \$560,398,012. For aids payable in~~
 2.13 ~~2021 and thereafter 2022, the total aid payable under section 477A.013, subdivision 9, is~~
 2.14 ~~\$564,398,012. For aids payable in 2023 and thereafter, the total aid payable under section~~
 2.15 ~~477A.013, subdivision 9, is \$654,398,012.~~

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

2.17 Sec. 3. Minnesota Statutes 2021 Supplement, section 477A.03, subdivision 2b, is amended
 2.18 to read:

2.19 Subd. 2b. **Counties.** (a) ~~For aids payable in 2018 and 2019, the total aid payable under~~
 2.20 ~~section 477A.0124, subdivision 3, is \$103,795,000, of which \$3,000,000 shall be allocated~~
 2.21 ~~as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2020,~~
 2.22 ~~the total aid payable under section 477A.0124, subdivision 3, is \$116,795,000, of which~~
 2.23 ~~\$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section~~
 2.24 ~~6. For aids payable in 2021 through 2024 and 2022, the total aid payable under section~~
 2.25 ~~477A.0124, subdivision 3, is \$118,795,000, of which \$3,000,000 shall be allocated as~~
 2.26 ~~required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2023 and~~
 2.27 ~~2024, the total aid payable under section 477A.0124, subdivision 3, is \$....., of which~~
 2.28 ~~\$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section~~
 2.29 ~~6. For aids payable in 2025 and thereafter, the total aid payable under section 477A.0124,~~
 2.30 ~~subdivision 3, is \$115,795,000 \$..... On or before the first installment date provided in~~
 2.31 ~~section 477A.015, paragraph (a), \$500,000 of this appropriation shall be transferred each~~
 2.32 ~~year by the commissioner of revenue to the Board of Public Defense for the payment of~~
 2.33 ~~services under section 611.27. Any transferred amounts not expended or encumbered in a~~

3.1 fiscal year shall be certified by the Board of Public Defense to the commissioner of revenue
3.2 on or before October 1 and shall be included in the next certification of county need aid.

3.3 (b) ~~For aids payable in 2018 and 2019, the total aid under section 477A.0124, subdivision~~
3.4 ~~4, is \$130,873,444. For aids payable in 2020, the total aid under section 477A.0124,~~
3.5 ~~subdivision 4, is \$143,873,444. For aids payable in 2021 and thereafter 2022, the total aid~~
3.6 ~~under section 477A.0124, subdivision 4, is \$145,873,444. For aids payable in 2023 and~~
3.7 ~~thereafter, the total aid under section 477A.0124, subdivision 4, is \$.....~~ The commissioner
3.8 of revenue shall transfer to the Legislative Budget Office \$207,000 annually for the cost of
3.9 preparation of local impact notes as required by section 3.987, and other local government
3.10 activities. The commissioner of revenue shall transfer to the commissioner of education
3.11 \$7,000 annually for the cost of preparation of local impact notes for school districts as
3.12 required by section 3.987. The commissioner of revenue shall deduct the amounts transferred
3.13 under this paragraph from the appropriation under this paragraph. The amounts transferred
3.14 are appropriated to the Legislative Coordinating Commission and the commissioner of
3.15 education respectively.

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

3.17 Sec. 4. **PAY 2023 COUNTY PROGRAM AID ADJUSTMENT.**

3.18 **Subdivision 1. Pay 2023 aid amount.** Notwithstanding Minnesota Statutes, section
3.19 477A.0124, subdivision 3, the commissioner of revenue must increase the county need aid
3.20 payable to a county in 2023 by the amount necessary to ensure that the total county program
3.21 aid amount certified for a county for aids payable in 2023 is not less than the total county
3.22 program aid amount certified for a county for aids payable in 2022.

3.23 **Subd. 2. Appropriation.** An amount sufficient to pay the aid increases required under
3.24 this section is appropriated in fiscal year 2024 from the general fund to the commissioner
3.25 of revenue. This is a onetime appropriation.

3.26 **EFFECTIVE DATE.** This section is effective for aids payable in 2023 only.