

SENATE  
STATE OF MINNESOTA  
NINETY-SECOND SESSION

S.F. No. 749

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DATE	D-PG	OFFICIAL STATUS
02/08/2021	282	Introduction and first reading Referred to Taxes
02/11/2021	305a	Comm report: To pass as amended Rule 21, referred to Rules and Administration
	349	Comm report: Adopt previous comm report Jt. rule 2.03 suspended
	349	Second reading

1.1 A bill for an act

1.2 relating to local government aid; authorizing the commissioner of revenue to adjust

1.3 local government aid amounts for cities and counties with unpaid local assistance

1.4 amounts; proposing coding for new law in Minnesota Statutes, chapter 477A.

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

1.6 Section 1. 477A.0177 **ADJUSTMENT FOR UNPAID LOCAL ASSISTANCE**

1.7 **AMOUNTS.**

1.8 Subdivision 1. Definitions. (a) For purposes of this section, the following terms have

1.9 the meanings given.

1.10 (b) "City" has the meaning given in section 477A.011.

1.11 (c) "Local government" means a county or a city.

1.12 (d) "Unpaid amount" means an amount that is owed to a local government by another

1.13 local government under section 12.331, subdivision 2, or an amount that is owed to a local

1.14 government by another local government under the terms of a written mutual aid agreement

1.15 under section 12.27. Unpaid amount does not include:

1.16 (1) an amount attributable to local assistance activities occurring before January 1, 2021;

1.17 (2) an amount under a written mutual aid agreement that specifies a schedule for payment

1.18 of amounts due; or

1.19 (3) an amount reimbursed by the state under section 12.33, subdivision 4.

1.20 Subd. 2. Application to state auditor; certification of unpaid amounts. (a) Beginning

1.21 with financial statements due to the state auditor in 2022 and annually thereafter, a local

2.1 government that is owed an unpaid amount attributable to activities occurring in the previous  
2.2 calendar year may submit with its financial statements an application for an adjustment to  
2.3 the aid calculated under sections 477A.011 to 477A.03.

2.4 (b) The application must be in the form and manner determined by the state auditor. The  
2.5 application must indicate the unpaid amount owed to the local government as of the date  
2.6 of the application, identify the local government that owes the amount, and include any  
2.7 other information required by the state auditor. If the unpaid amount is owed under the  
2.8 terms of a written mutual aid agreement, the application must include a copy of the written  
2.9 agreement. The state auditor may request information from a local government reported to  
2.10 owe an unpaid amount.

2.11 (c) Within 30 days of the application submission, the state auditor must determine the  
2.12 unpaid amount owed, if any, and certify that amount to the commissioner of revenue.

2.13 Subd. 3. **Certified aid adjustments.** (a) Notwithstanding any other law to the contrary,  
2.14 beginning with aids payable in 2022, the commissioner of revenue must adjust aid under  
2.15 sections 477A.011 to 477A.03 as provided in this subdivision. The adjustments must be  
2.16 made to the first aid payment made after certification of the unpaid amount from the state  
2.17 auditor.

2.18 (b) The commissioner must reduce the aid paid to a local government by the sum of the  
2.19 certified unpaid amounts owed by that local government for the previous calendar year. A  
2.20 local government's aid payment after adjustment under this paragraph may not be less than  
2.21 zero. If the local government's aid payment under sections 477A.011 to 477A.03 before  
2.22 adjustment is less than the full amount of the adjustment under this paragraph, the remaining  
2.23 balance of the adjustment must be applied to future aid payments until the total amount of  
2.24 the adjustment has been subtracted from aid payments to the local government.

2.25 (c) The commissioner must increase the aid paid to a local government by the sum of  
2.26 the aid reductions under paragraph (b) attributable to the certified unpaid amount owed to  
2.27 the local government.

2.28 Subd. 4. **Effect of adjustment on future aid.** The commissioner must not consider the  
2.29 adjustments under this section for the purpose of calculating aid payable in the year following  
2.30 the adjustments.