



Catalog of Budget Activities

Tax Aids & Credits

January 15, 2013

**Fiscal Analysis Department
Minnesota House of Representatives**

The House Fiscal Analysis Department is a team of twelve analysts who provide professional, non-partisan, and confidential services for all members of the House of Representatives, as well as providing legislative support services to the House finance and tax committees on fiscal issues. The Department researches, prepares and distributes publications providing information on state budget issues and government finance.

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Purpose This catalog seeks to provide a quick reference for specific budget activity—past expenditures, current appropriations and projected spending—in the area of Tax Aids & Credits, under the purview of the Tax Committee. Bills that seek to make changes in spending or changes to related tax program parameters would be referred to the Tax Committee.

Format and Definitions

Each budget activity entry includes the following information

- Title and Legal citation
- An eight-year fiscal summary (dollars in thousands) for FYs 2010-2017, updated from the November 2012 Forecast Consolidated Fund report
- Annual percentage change in spending
- Appropriation type, Fund type
- Brief description of how the budget activity functions

Example:

Title of Budget Activity [*Minnesota Statutes or Session Law citation*]

Dollars in Thousands

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$194,500	\$164,417	\$160,642	\$160,642	\$165,820	\$165,747	\$165,704	\$165,704
3.9%	-15.4%	-2.3%	0.0%	3.2%	0.0%	0.0%	0.0%

Appropriation Type: Statutory, Direct, Open or Standing **Fund:** General or Special

Description: The description includes one or more of the following bits of information: what the activity does, which agency administers it, who receives it, how the program or activity is managed, or program statistics (when available).

Types of Appropriations

The following definitions are commonly used in the Governor's Biennial Budget documents and in current accounting practices.

A. **"Statutory Appropriation"** refers to the spending authority that is codified in state statute, rather than session laws. This authority to spend state resources is ongoing and independent from the passage of an appropriations bill each biennium. Typically, statutory appropriations are made in dedicated receipt activities, but they are also applicable to situations where state resources are perpetually made available for spending.

The Governor's biennial budget document specifically highlights a section for "Statutory Appropriations" and the figures contained within are generally based upon anticipated receipts within an agency's budget. These codified appropriations are processed in the accounting system annually based on agency estimates -- without legislative action.

B. **"Direct Appropriation"** is an appropriation made in biennial or annual budget bills and is valid for a limited period of time, usually within the biennium.

C. **"Open Appropriation"** refers to the authority to spend an unspecified amount of resources to meet a program's objective or a constitutional requirement. These resources are typically made available when an agency provides a forecast of the estimated need. (An example would be the Property Tax Refund for Homeowners, page 10.)

The Governor's biennial budget document specifically identifies "Open Appropriations". Approved funding uses agency estimates and documentation that establishes the funds in the accounting system. Rather than canceling at year-end, any excess dollars are processed as a reduction in the appropriation.

D. **"Standing Appropriation"** is the authority to spend a pre-determined dollar annual amount for an activity for a specific period of time or indefinitely. (Example: MS 477A.03, Subd. 2b., " For aids payable in 2013 and thereafter, the total aid payable under section [477A.0124, subdivision 3](#), is \$80,795,000.")

TAX EXPENDITURE TYPES

Tax refunds are direct payments from the state to taxpayers to lessen their personal tax burden. **Property tax refunds** are direct payments from the state to certain homeowners and renters to offset their property tax liabilities.

Local aids are state payments to local jurisdictions, including school districts, intended to replace tax levy income. **Property tax aids** are state payments to local taxing jurisdictions intended to replace property tax levy income.

Tax credits directly reduce a taxpayer's tax liability. ***Property tax credits*** reduce property tax liabilities for individual taxpayers; local taxing jurisdictions receive state payment for these credits.

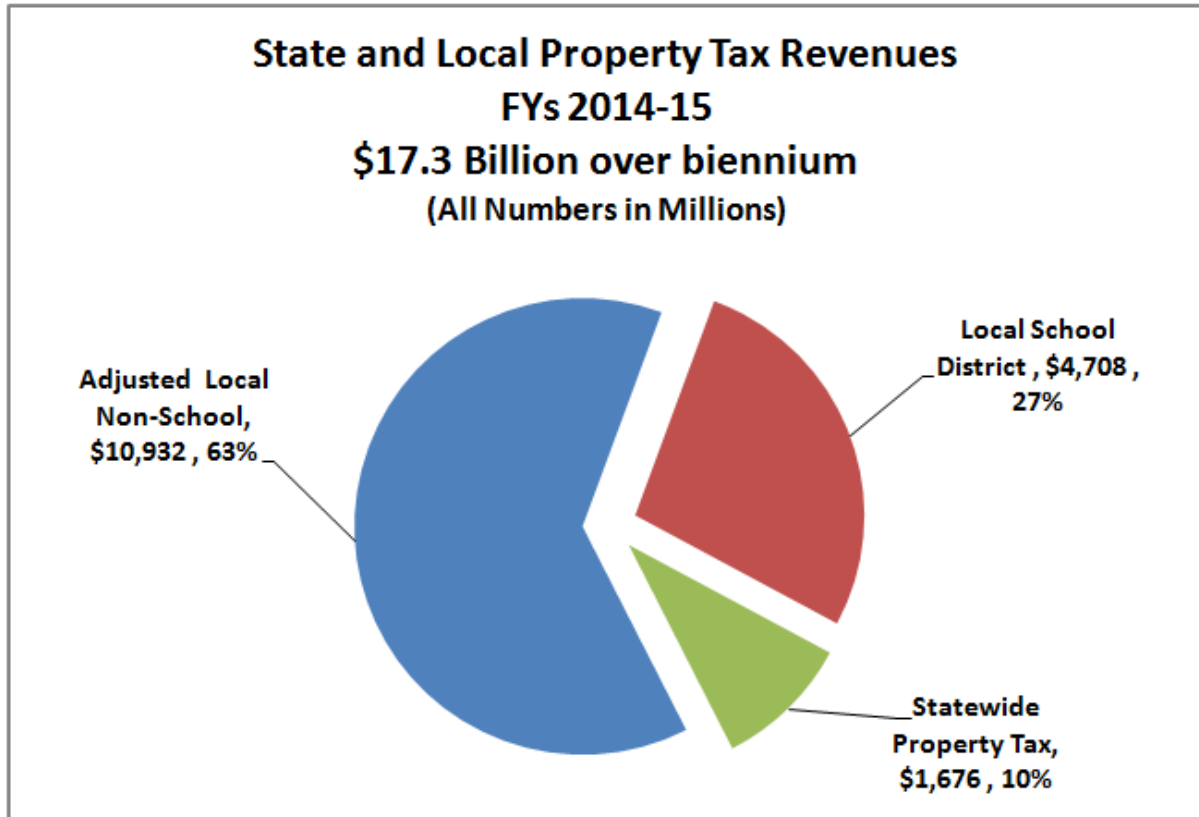
In all cases, whether using a tax refund, a tax aid or a tax credit, the effect is that property taxpayers pay less than what the taxes would be otherwise, and the state makes up the difference.

Other expenditures are direct appropriations with a tax-related purpose, usually to a state agency or local government, and usually administrative in nature.

Overview: House Committee on Taxes

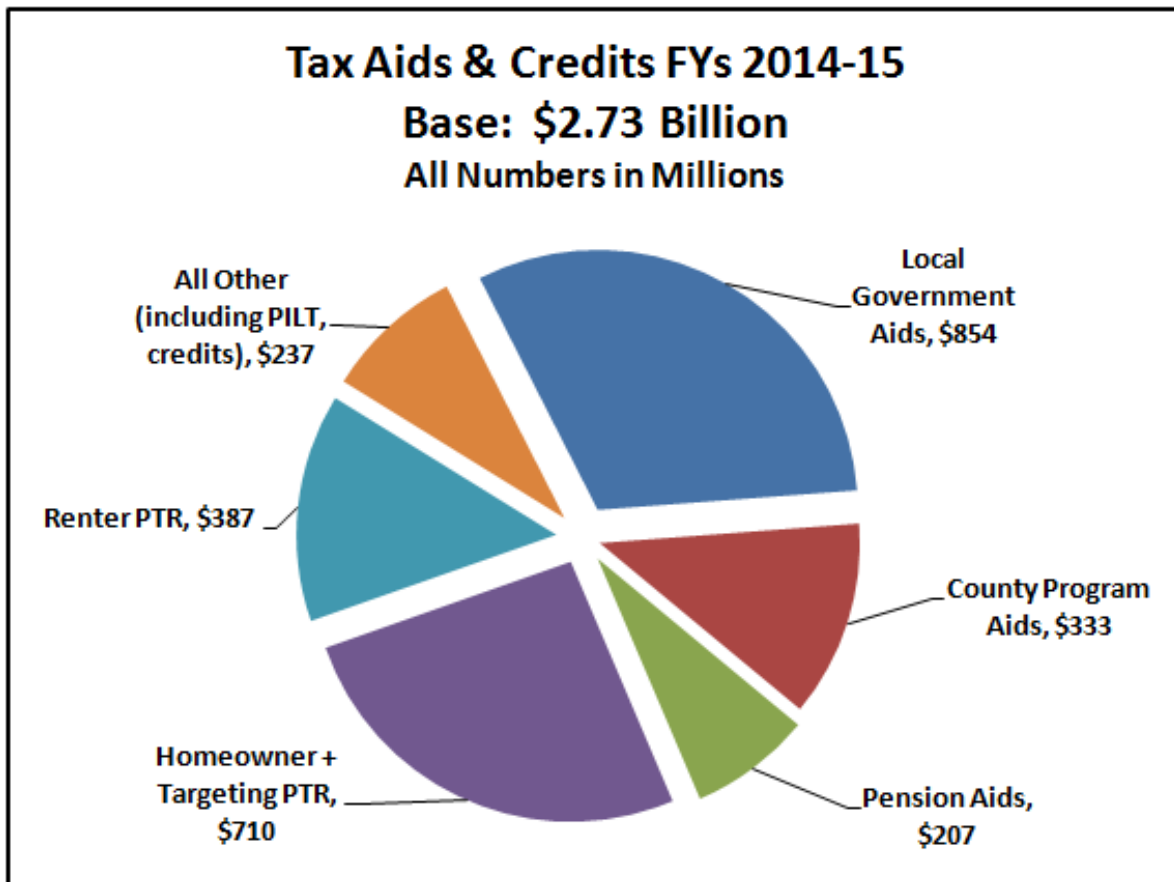
The House Committee on Taxes has the dual responsibility of overseeing state revenues and certain state appropriations from the general fund that support state aids and credits. Because most of these expenditures seek to mitigate the impact of local property taxes, a review of all property tax revenue is helpful.

For the FY 2014-2015 biennium, Minnesota's state and local property tax revenues are projected to be \$17.32 billion. Of this amount, local government revenues (counties, cities, towns, special districts) are estimated at \$10.93 billion or 63.1%, school district revenues at \$4.71 billion or 27.2%, and statewide property tax revenues at \$1.68 billion or 9.7%.



November 2012 Forecast

Likewise, projected FY 2014-2015 expenditures for Tax Aids and Credits total \$2.73 billion, with \$1.27 billion in major property tax aids, \$1.11 billion in property tax refunds, \$258 million in other property tax aids/credits and \$95 million in other appropriations.



November 2012 Forecast

<i>Property tax aids represent</i>	43.5%
<i>Property tax refunds (PTR) represent</i>	40.2%
<i>Pension aids represent</i>	7.6%
<i>All Other (including PILT) represent</i>	<u>8.7%</u>
<i>Total</i>	100.0%

List of House Tax Committee Budget Items

Currently, thirty-three budget activities are reflected as general fund items on the expenditures portion of the House Taxes Aids and Credits spreadsheet. These programs are administered in whole or in part by the Department of Revenue. Other programs are funded with special revenues or administered locally as noted. Additional detail for each program can be found beginning on page 10 of this catalog.

Refunds

Homeowners Property Tax Refund
Renters Property Tax Refund
Targeting Refund
Sustainable Forest Land Credits
Political Contribution Refund
Tax Refund Interest

Taconite Tax Relief

Aids & Credits

Taconite Reimbursement
Supplemental Homestead Aid
Taconite Replacement Aids

Property Tax Credits

Agricultural Market Value Credit
Border City Disparity Credit
Disaster Credit
Wetlands Reimbursement Credit
Senior Deferral Reimbursement
*Minnesota Conservation Credit (SR)
Bovine TB Property Tax Credit

Local Aids

Local Government Aid (LGA)
County Program Aid
County Transition Aid
Utility Transition Aid
Public Defender /Local Impact Notes
Disparity Reduction Aid
Tribal Casino Aid

Mahnomen Reimbursement Aid

Council on Results-Performance Aid
Flood or Disaster reimbursements

Local Pension Aids

Aid to Police & Fire
Police/Fire Amortization Aid
Redistributed Amortization Aid (TRFA)
Police/Fire Suppl'tl Amortization
Firefighters Relief Reimbursements
Public Employees Retirement Assoc.

Other Tax Expenditures

Payment-in-Lieu of Taxes (PILT) for
Dept. of Transportation (DOT)
& Dept. of Natural Resources
(DNR) Owned Lands

Local Revenue Sharing - *Fiscal Disparities

* Minnesota Conservation Credit is funded with special fund, not general fund, revenues. Fiscal Disparities revenue sharing is enabled by state statute (MS 473F), but revenue distributions are administered locally.

TAX REFUNDS *******Property Tax - Regular Homeowners Refund** [*Minnesota Statutes*, section 290A.04, subd. 2 and 290A.23]

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$290,230	\$297,617	\$290,256	\$336,400	\$347,100	\$353,900	\$360,500	\$367,900
% Chg	2.5%	(2.5%)	15.9%	3.2%	2.0%	1.9%	2.1%

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity provides property tax relief (in the form of direct payments) to homeowners based on their net property taxes relative to income. Claimants household income may not exceed \$100,780 for filers with no dependents, up to \$121,140 for households with five or more dependents, or \$124,790 for senior or disabled homeowners with five or more dependents. The maximum refund amount is \$2,460. Known as the “circuit breaker” program, in income year 2011, over 410,000 homeowners received an average refund of \$743. Of this group, 157,200 or 38.3% were senior or disabled filers with an average refund of \$753.

Property Tax - Regular Renters Refund [*Minnesota Statutes*, section 290A.04, subd. 2(a), and and 290A.23]

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$185,799	\$145,563	\$202,744	\$185,200	\$189,700	\$197,500	\$204,400	\$211,800
% Chg	(21.7%)	39.3%	(8.7%)	2.4%	4.1%	3.5%	3.6%

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity provides property tax relief (in the form of direct payments) to renters whose rent and “implicit property taxes” are high relative to their incomes. Claimants’ household income may not exceed \$54,620 for filers with no dependents, or up to \$75,440 for households with five or more dependents. The maximum refund amount is \$1,550. Known as the “renter's credit” program, in income year 2011 (which reflects property tax as a percentage of rent at a 17% threshold), approximately 310,000 renters received an average refund of \$563.

Property Tax - Targeting Refund [*Minnesota Statutes*, section 290A.04, subd. 2(h) and 290A.23]

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$4,211	\$2,855	\$2,217	\$3,249	\$4,400	\$5,060	\$5,060	\$5,060
% Chg	(32.2%)	(22.3%)	46.5%	35.4%	15.0%	0.0%	0.0%

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity provides property tax relief to owners of residential homestead property when there is a relatively large, one-year increase (greater than 12 percent and over \$100) in property taxes. Unlike the regular property tax refund program, eligibility for this additional refund is independent of income. The refund equals 60% of the property tax increase in excess of 12%, up to a maximum of \$1,000. In calendar year 2010, over 48,000 homeowners received an average refund of \$60.

Political Contribution Refund [Minnesota Statutes § 290.06, subd. 23(c)]

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$1,720	\$6	\$0	\$0	\$5,500	\$6,500	\$5,500	\$6,500
% Chg	(99.7%)	(100.0%)	--	--	18.2%	(15.4%)	18.2%

Appropriation Type: Statutory, Open

Fund: General

Description: This state program allows a taxpayer to claim a refund equal to the amount of the taxpayer's contributions made in the calendar year to candidates and to a political party. The maximum refund for an individual must not exceed \$50 and for a married couple, filing jointly, must not exceed \$100. In calendar year 2009, over 114,000 individuals received an average political contribution refund of \$50. Due to budget constraints, these refunds were temporarily suspended for fiscal years 2010 through 2013, and are forecasted to resume beginning in FY 2014. (Note: FY 2010 contains payments for claims filed prior to the deadline of June 30, 2009.)

Tax Refund Interest [Minnesota Statutes, 289A.56, subd. 2]

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$20,437	\$16,146	\$24,047	\$15,900	\$14,600	\$14,800	\$15,200	\$15,400
% Chg	(21.0%)	48.9%	(33.9%)	(8.2%)	1.4%	2.7%	1.3%

Appropriation Type: Statutory, Open

Fund: General

Description: This account contains interest expenses that must be paid on an overpayment refunded or credited to taxpayers, from the date of payment of the tax until the date the refund is paid or credited. When the amount of tax exceeds the tax shown on the original return by \$10, the amount refunded bears 3% interest (CY 2013) from 90 days after (1) the due date of the return of the taxpayer, or (2) the date on which the original return is filed, whichever is later, until the date the refund is paid to the taxpayer. When the amount to be refunded is less than \$10, no interest is paid. In FY 2011, budget constraints caused in a 6-month delay of payments, shifting a total of \$236 million in refunds plus interest from FY 2011 to FY 2012.

LOCAL AIDS *******Local Government Aid, LGA** [Minnesota Statutes, 477A.03, subd. 2 & 2a, 477A.013, subd. 9]

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$481,479	\$426,345	\$425,329	\$425,250	\$427,495	\$426,438	\$426,438	\$426,438
% Chg	(11.5%)	(0.2%)	0.0%	0.5%	(0.2%)	0.0%	0.0%

Appropriation Type: Statutory, Open & Standing **Fund:** General

Description: This budget activity provides state property tax relief aid to cities that is distributed according to “need factors” – measured differently for small cities (with populations of under 2,500 residents) versus large cities (with populations of 2,500 or more)- minus the “ability to pay” measured by cities’ tax base. Local Government Aid (LGA) provides general-purpose funding annually to 763 of Minnesota’s 855 cities; 608 of these LGA-receiving cities have a population less than 2,500. The program underwent significant changes in calendar year 2003 including a reduction in funding and the elimination of most "grandfathered" aid components. In FY 2009, the Governor unallotted \$53.5 million in LGA funds to remedy a projected deficit in the General Fund. In the FY 2010-2011 biennium, budget constraints triggered another reduction of \$147 million, followed by second action that permanently cut an additional \$7.8 million in FY 2011 and then \$31 million each year thereafter. Inflation adjustments were also removed from the law. Thus, formula driven LGA distributions have not occurred since FY 2008.

County Program Aid, CPA [Minnesota Statutes, 477A.03, subd. 2 & 2b, 477A.0124, subd. 3-4]

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$194,419	\$164,471	\$160,642	\$160,642	\$165,820	\$165,747	\$165,704	\$165,704
% Chg	(15.4%)	(2.3%)	0.0%	0.0%	0.0%	0.0%	0.0%

Appropriation Type: Statutory, Open & Standing **Fund:** General

Description: This budget activity provides general purpose aid to Minnesota's 87 counties to reduce property tax levies, based on the needs of the populations they serve relative to the size of their tax bases. County Program Aid (CPA) is distributed through two main formulas, roughly equal in size. The need aid formula is based on each county’s relative share of needy populations; the tax base equalization is based on the size of each county’s tax base relative to its population. Appropriations payable for CY 2013 and annually thereafter are limited to \$80.795 million for need aid and \$84.909 million for equalization aid for a total of \$165.7 million. In the FY 2010-2011 biennium, budget constraints temporarily reduced the CPA appropriation by \$100 million. Beginning in FY 2012, the 2010 legislature permanently cut CPA by \$43.8 million and eliminated inflation adjustments from the law. Of the total annual appropriation, up to \$714,000 is retained by the Commissioner of Revenue to pay for public defender costs pursuant to Minnesota Statutes 611.27 and to pay for the cost of local impact notes as required by section 3.987.

County Transition Aid [Minnesota Statutes, 477A.03, subd. 2, 477A.0124, subd. 5.]

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$464	\$464	\$464	\$464	\$464	\$464	\$464	\$464
% Chg	0%	0%	0%	0%	0%	0%	0%

Appropriation Type: Statutory, Standing**Fund:** General

Description: This budget activity provides state aid to certain counties that suffered extreme reductions in aid attributable to the 2003 consolidation of five aid programs into County Program Aid. Seven counties (Aitkin, Chippewa, Cook, Kanabec, Kittson, Traverse, and Wilkin) qualified for a total of \$1.3 million of transition aid in CY 2005, which was then reduced by one-third in each CY 2006 and CY 2007. This provision was due to sunset in calendar year 2007 (FY 2008), but it was reinstated and made permanent by the 2008 Legislature (Ch 366).

Public Defender Cost [Minnesota Statutes, section 477A.03, subd. 2b, and 611.27.]

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$279	\$178	\$245	286	\$0	\$0	\$0	\$0
% Chg	(36.2%)	37.6%	16.7%	(100.0%)	--	--	--

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity represents set-aside moneys to pay for public defense services for correctional facility inmates. Under prior law, 1.5 percent of the criminal justice aid was designated for this purpose. However, since the CY 2005 consolidation of county aids, these funds (up to \$500,000 per year) are now deducted from the need aid portion of the County Program Aid appropriation.

Local Impact Note Cost [Minnesota Statutes, 477A.03, subd. 2b, 477A.0124, subd. 4]

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$214	\$214	\$214	\$214	\$214	\$214	\$214	\$214
% Chg	0%	0%	0%	0%	0%	0%	0%

Appropriation Type: Statutory, Standing**Fund:** General

Description: This budget activity provides annual funding of up to \$207,000 for the Commissioner of Finance and up to \$7,000 for the Commissioner of Education to pay for administrative costs incurred from completing local fiscal impact notes on legislation considered by the Minnesota Legislature. As was done previously with county Homestead Agriculture Credit Aid (HACA) distributions, these funds are subtracted from the equalization aid portion of the County Program Aid formula.

Disparity Reduction Aid [Minnesota Statutes, 273.1398, subd. 3, 6 & 8]**Disparity Reduction Aid – School**

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$6,567	\$7,693	\$7,575	\$9,543	\$8,127	\$8,139	\$8,139	\$8,139
% Chg	17.1%	(1.5%)	26.0%	(14.8%)	0.1%	0.0%	0.0%

Disparity Reduction Aid – Non-School

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$10,162	\$10,090	\$10,138	\$10,300	\$10,259	\$10,259	\$10,259	\$10,259
% Chg	(0.7%)	0.5%	1.6%	(0.4%)	0.0%	0.0%	0.0%

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity reflects state aid paid to more than 1300 local governments, including counties, townships and school districts, to provide relief to high tax rate areas. The program was created in 1988 and unlike other aids that provide non-property tax revenues to local governments, disparity reduction aid is applied directly to local tax rates. A local tax rate is determined by subtracting the disparity reduction aid (DRA) from the initial tax rate, up to the amount that the total local tax rate does not fall below 90 percent.

Tribal Casino Aid [Minnesota Statutes, 270C.19, subd. 4]

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$764	\$1,002	\$704	\$844	\$861	\$878	\$896	\$914
% Chg	31.2%	(29.7%)	19.9%	2.0%	2.0%	2.1%	2.0%

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity reflects state aid payments to counties with a tribal casino. Through this program, the state pays ten percent of the state's share of excise taxes (tobacco, alcoholic beverage, and motor fuels) collected under the tribal tax agreement. Because the tribal government receives one-half of the taxes collected, the county, in effect, receives 5 percent of these shared taxes. Currently, 17 casinos representing 11 tribes are operating in Minnesota.

Utility Transition Aid [Minnesota Statutes, 477A.16]

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$2,102	\$3,024	\$1,508	\$980	\$779	\$94	\$0	\$0
% Chg	43.9%	(50.1%)	(35.1%)	(20.5%)	(87.9%)	(100.0%)	--

Appropriation Type: Statutory, Open**Fund:** General

Description: Created in 2008, this budget activity provides partial relief to 14 cities and 29 towns where changes in Minnesota Rules Ch. 8100 (governing utility property valuation) resulted in a reduction in tax capacity that was greater than 4 percent. The aid continues for each eligible government until the valuation of public utility property exceeds its assessment year 2007 valuation under the old system.

Mahnomen Aid [Minnesota Laws, Chapter 151, Article 1]

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600
% Chg	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Appropriation Type: Statutory, Open**Fund:** General

Description: Created in 2006 and made permanent in 2008, this budget activity provides partial replacement aid to local governments in Mahnomen. In 2006, the United States Department of the Interior, Bureau of Indian Affairs, placed revenue producing land (a tribal casino) in Mahnomen into trust, thus removing it from the property tax rolls and causing a void of over \$932,000 in tax revenues. Of the \$600,000 payment, \$450,000 is for Mahnomen County, \$80,000 for the City of Mahnomen, and \$70,000 for Mahnomen Independent School District No. 432.

Performance Measurement Reimbursement [Minnesota Laws, Chapter 389, Article 2]

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$0	\$250	\$613	\$479	\$483	\$487	\$492	\$496
% Chg	-	145.2%	(21.9%)	0.8%	0.8%	1.0%	0.8%

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity was created in 2010 as part of property tax reform, accountability, value and efficiencies. Counties and cities that participate in establishing and monitoring standards for a comprehensive performance measurement system of their public services are eligible for reimbursement of 14 cents per capita, up to a maximum of \$25,000. Payments are scheduled to begin in FY 2012.

PROPERTY TAX CREDITS *******Homestead Market Value Credit** [Minnesota Statutes, 273.1384, subd. 1, 4 & 5]**Homestead Market Value Credit – School**

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$45,175	\$55,061	\$56,750	\$21,867	\$0	\$0	\$0	\$0
% Chg	21.9%	3.1%	(61.5%)	(100.0%)	--	--	--

Homestead Market Value Credit – Non-School

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$193,313	\$96,108	\$97,282	\$0	\$0	\$0	\$0	\$0
% Chg	(50.3%)	1.2%	(100.0%)	--	--	--	--

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity reflects reimbursements made to taxing districts for property tax credits issued to residential homeowners. Under this program, homeowners received tax credits equal to 0.4 percent of the market value of the parcel up to a maximum of \$304, subject to a phase-out of the credit beginning at \$76,000 in market value. The phase-out rate is equal to .09 percent of market value above \$76,000 with no credit for homes valued at \$414,000 and above.

For School Districts, reimbursement was provided for the amount of the Homestead Market Value Credit deducted from each school district's tax revenues in proportion to each district's share of the gross tax, excluding school referendums. Minnesota's 337 independent school districts—no charter schools—received this reimbursement.

For Non-School entities (local governments), reimbursement was provided for the amount of the Homestead Market Value Credit deducted from each local government's tax revenues in proportion to the local government's share of the gross tax. Over the CY 2003 to 2010 period (save 2007), budget constraints prevented a full reimbursement of the credit to local governments.

In CY 2010, over 1.34 million homesteads participated with an average credit of \$218 for homes in greater Minnesota and \$181 for homes in the metro area. For FY 2011 the Legislature significantly reduced the Homestead Market Value Credit to local governments, from \$203.4 million to \$95 million. The entire program was eliminated in FY 2013, with the credit for homeowners converted into a homestead market value exclusion.

Agricultural Market Value Credit [Minnesota Statutes, 273.1384, subd. 2, 4 & 5]**Agricultural Market Value Credit – School**

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$4,683	\$5,347	\$5,078	\$6,264	\$5,280	\$5,280	\$5,280	\$5,280
% Chg	14.2%	(5.0%)	23.4%	(15.7%)	0.0%	0.0%	0.0%

Agricultural Market Value Credit – Non School

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$19,103	\$18,097	\$18,068	\$18,103	\$18,103	\$18,103	\$18,103	\$18,103
% Chg	(5.3%)	(0.2%)	0.2%	0.0%	0.0%	0.0%	0.0%

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity reflects reimbursements to taxing jurisdictions for property tax credits issued to owners of agricultural property minus the value of the house, garage and 1 acre of land. Applicants receive tax credits equal to 0.3 percent of the market value of the parcel up to a maximum of \$345 subject to a phase-back of the credit beginning at \$115,000 in market value. The phase-back rate, equal to .05 percent of market value above \$115,000, reduces the credit amount to a maximum of \$230 for farms valued at \$345,000 and above.

For School Districts, reimbursement is provided for the amount of the Agricultural Market Value Credit deducted from each school district's tax revenues in proportion to each district's share of the gross tax, excluding school referendums.

For Non-School entities (local governments), reimbursement is provided for the amount of the Agricultural Market Value Credit deducted from each local government's tax revenues in proportion to the local government's share of the gross tax.

In CY 2011, there were over 88,300 agricultural homesteads in Minnesota.

Border City Disparity Reduction Credit – [Minnesota Statutes, section 273.1398, subd 3,4, 8.]**Border City Disparity Reduction Credit – School**

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$811	\$933	\$1,064	\$1,536	\$1,388	\$1,399	\$1,399	\$1,399
% Chg	15.0%	14.0%	44.4%	(9.6%)	0.8%	0.0%	0.0%

Border City Disparity Reduction Credit – Non School

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$4,685	\$4,203	\$5,067	\$5,586	\$5,845	\$5,845	\$5,845	\$5,845
% Chg	(10.3%)	20.0%	10.2%	4.6%	0.0%	0.0%	0.0%

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity provides reimbursement for property tax credits issued to qualified commercial/industrial properties located in an enterprise zone of one of five designated border cities: Breckenridge, Dilworth, East Grand Forks, Moorhead, and Ortonville. This property tax credit does not apply to the debt service levy or school district taxes, other than the state equalized levies.

For School Districts, reimbursement is provided for the amount of the Border City Disparity Credit deducted from each school district's tax revenues in proportion to each district's share of the gross tax, excluding school referendums.

For Non-School entities (local governments), reimbursement is provided for the amount of the Border City Disparity Credit deducted from each local government's tax revenues in proportion to the local government's share of the gross tax.

Senior Deferral Reimbursement [Minnesota Statutes, section 290B.09, subd 2]

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$647	\$904	\$1,202	\$1,370	\$1,660	\$2,170	\$2,850	\$3,730
% Chg	39.7%	33.0%	140%	21.2%	30.7%	31.3%	30.9%

Appropriation Type: Statutory, Open

Fund: General

Description: This budget activity allows certain seniors, age 65 years and over and who have a total household income of \$60,000 or less, to defer the amount of their homestead property taxes that exceeds three percent of their household income to a later time. The state pays the amount of the deferred tax, including special assessments and other charges that appear on the property tax statement, to the county where the property is located. In 2011, 288 homes owned by seniors were enrolled in this program with an average deferred amount of about \$3,800. Deferred payments to the seven metropolitan counties accounted for 90 percent of the total in that year.

Wetlands Reimbursement Credit [Minnesota Statutes, section 275.295, subd 2 & 3]

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$6	\$96	\$5	\$0	\$0	\$0	\$0	\$0
% Chg	50.0%	(44.4%)	(100.0%)	0.0%	0.0%	0.0%	0.0%

Appropriation Type: Statutory, Open

Fund: General

Description: This budget activity reflects payments made to counties for lost revenue resulting from the exemption of land in a wetland preservation area. Payments were based on tax revenue that would have been received if the wetlands had a net tax capacity of 50 cents per acre. In CY 2011, three counties (Cass Dodge and Traverse) participated in the program. The 2011 Legislature repealed this credit beginning in FY 2013.

Sustainable Forest Land Credits [Minnesota Statutes, section 290C.07 & 290C.08]

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$6,972	\$5,710	\$3,200	\$3,380	\$3,570	\$3,850	\$4,140	\$4,450
% Chg	(18.1%)	(44.0%)	5.6%	5.6%	7.8%	7.5%	7.5%

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity provides reimbursement to counties for property tax relief to private landowners who practice long-term forest management investment in accordance with the Sustainable Forest Incentive Act (2001). In CY 2009/FY 2010, approved claimants enrolled just under 800,000 acres in the program and received a credit of \$8.74 per acre. Then, in CY 2010/FY 2011, about 1,700 property owners enrolled over 869,000 acres and received a credit of \$15.67 per acre: a 79% per acre rate increase (unintended) due to a change in law from class 2b, timberland, to higher-valued class 2c, managed forest land. The 2011 Legislature reduced the CY 2011 per-acre payment to \$7.00 (a pre- FY 2008 level) and capped the annual payment at a maximum of \$100,000 per taxpayer.

Minnesota Conservation Tax Credit [Minnesota Statutes, 40A.151, subd. 2, and 40A.152]

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$199	\$199	\$199	\$199	\$199	\$199	\$199	\$199
% Chg	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Appropriation Type: Statutory, Open**Fund:** Special Revenue

Description: This budget activity reflects state aid payments to counties to reimburse tax revenues forgone due to taxpayer participation in the Minnesota Conservation Tax Credit program. Under this program, a property tax credit of \$1.50 per acre is awarded to certain landowners who enter their property into an agricultural preserve restrictive covenant under chapter 40A. The origin of these funds is a \$5 fee on mortgage and deed registrations for the metropolitan counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott or Washington.

Disaster Credit [Minnesota Statutes, section 273.123, subd 4, 5 & 6.]**Disaster Credit – School**

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$73	\$90	\$145	\$155	\$103	\$45	\$32	\$32
% Chg	(16.1%)	23.3%	6.9%	(33.5%)	(56.3%)	(28.9%)	0.0%

Disaster Credit – Non School

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$264	\$63	\$506	\$293	\$306	\$93	\$93	\$93
% Chg	(76.1%)	703.2%	(42.1%)	4.4%	(69.6%)	0.0%	0.0%

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity reflects reimbursement for property tax credits to counties within a disaster or an emergency area. Specifically, counties must re-adjust property valuations to reflect damages and subsequent losses in market value caused by the event, creating a void in anticipated property tax revenues for the year. The commissioner of revenue is required to reimburse affected taxing jurisdictions when ad valorem taxes or other aids are distributed.

Bovine Tuberculosis Property Tax Credit [Minnesota Statutes, section 273.113]

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$337	\$410	\$419	\$35	\$0	\$0	\$0	\$0
% Chg	21.7%	2.2%	(91.6%)	(100.0%)	--	--	--

Appropriation Type: Statutory, Open**Fund:** General

Description: Created in 2008, this budget activity provided a property tax credit to livestock owners who suffered productivity losses of their land due to bovine tuberculosis eradication procedures. The credit was calculated as the greater of \$5 per acre on the first 160 acres of the property, or \$25 times the highest number of animals tested on the property for whole-herd bovine tuberculosis tests. The credit could exceed the property tax payable on the land.

This credit expired in CY 2012 after the state was certified tuberculosis-free by the state Board of Animal Health.

Prior Year Credits [Minnesota Statutes, section 273 various parts]**Prior Year Credits – School**

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$24	\$13	(\$20)	\$187	\$30	\$0	\$0	\$0
% Chg	(45.8%)	(100.0%)	--	(84.0%)	(100.0%)	--	--

Prior Year Credits – Non School

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$847	\$586	\$646	\$561	\$18	\$18	\$18	\$18
% Chg	(30.8%)	10.2%	(13.2%)	(96.8%)	0.0%	0.0%	0.0%

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity accounts for reimbursements for a variety of property tax credits (mostly market value credits) that are attributable to previous year tax liabilities.

TACONITE TAX RELIEF AREA AIDS & CREDITS *****

Taconite Reimbursement Aid - [Minnesota Statutes, section 273.136, subd 2.]

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$561	\$561	\$561	\$561	\$561	\$561	\$561	\$561
% Chg	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity provides reimbursements to school districts in the Iron Range for tax aids issued under the homestead property tax relief program.

Supplemental Taconite Homestead Aid – Non-School [Minnesota Statutes, sec. 273.136, subd 2.]

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$5,178	\$5,215	\$5,765	\$5,322	\$5,375	\$5,428	\$5,482	\$5,537
% Chg	0.7%	10.5%	(7.7%)	1.0%	1.0%	1.0%	1.0%

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity provides reimbursements to local governments in the Iron Range for tax aids issued under the homestead property tax relief program.

Taconite Replacement Aid – [Minnesota Statutes, section 298.285.]

Taconite Replacement Aid – IRRR and Economic Development (Non-School)

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$3,604	\$2,306	\$2,285	\$2,882	\$3,599	\$3,842	\$4,054	\$4,179
% Chg	(1.7%)	10.1%	26.1%	24.9%	6.8%	5.5%	3.1%

Taconite Replacement Production Tax

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$4,409	\$4,498	\$4,406	\$4,659	\$4,966	\$5,020	\$5,084	\$5,105
% Chg	2.0%	(2.0%)	5.7%	6.6%	1.1%	1.3%	0.4%

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity provides state aid (an amount equal to 22 cents per taxable ton of iron ore concentrates per production year) to local governments in the Iron Range to replenish their taconite municipal aid accounts. For fiscal years 2010 and 2011 only, \$1.5 million of the net interest, dividends, and other earnings is transferred to a special account for loans or grants to businesses, with priority given to businesses with 25 or fewer employees. Funds were used for wage subsidies, up to \$5 per hour for no more than 52 weeks, or for other activities that will create additional jobs, including but not limited to short-term operating expenses and purchases of equipment and materials by businesses under financial duress.

LOCAL PENSION AIDS *****

Aid to Police & Fire [*Minnesota Statutes*, section 69.021, and section 297L.10.]

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$80,500	\$82,005	\$82,338	\$80,108	\$82,353	\$84,685	\$87,103	\$89,610
% Chg	1.9%	0.4%	(2.7%)	2.8%	2.8%	2.9%	2.9%

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity is a combination of three pension aid provisions that provide payments to certain counties, municipalities, independent nonprofit firefighting corporations, and other entities to supplement their budgets. The commissioner of revenue determines which local governments are qualified to receive state aid based upon personnel and equipment certifications, financial compliance reports and other relevant information. Funding for Fire State Aid comes from the dedicated proceeds of the state insurance premium tax (generally 2%) on fire insurance. Police State Aid is financed by the dedicated proceeds of a 2% automobile insurance premium tax. Funding for the First Class City Fire Insurance Surcharge comes from a tax on insurance written on property located in a first class city and allocated to the applicable city.

Table 1 of this document (on page 27) provides additional detail regarding these aid distributions.

Local Police/Fire Amortization Aid [*Minnesota Statutes*, section 423A.02, subd 1-5.]

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$0	\$0	\$731	\$1,753	\$1,753	\$1,753	\$1,753	\$1,753
% Chg	-	--	139.8%	0.0%	0.0%	0.0%	0.0%

Appropriation Type: Statutory, Open**Fund:** General

Description: Established in 1980, this budget activity provides payments to local governments to help amortize the unfunded liability of local police and salaried firefighters' relief associations. Aid eligibility terminates when a local relief association or consolidated account becomes fully funded (assets equal to actuarial liability).

Redistributed Amortization Aid – TRFA [*Minnesota Statutes*, section 423A.02, subd 3.]

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$5,890	\$4,886	\$2,077	\$2,077	\$2,077	\$2,077	\$2,077	\$2,077
% Chg	(17.0%)	(57.5%)	0.0%	0.0%	0.0%	0.0%	0.0%

Appropriation Type: Statutory, Open

Fund: General

Description: This budget activity reflects a redistribution of residual amortization aid to the Minneapolis Teachers Retirement Fund Association and to the St. Paul Teachers Retirement Fund Association to help pay for the unfunded actuarial accrued liabilities of the respective funds.

Local Police/Fire Supplemental Amortization Aid [*Minnesota Statutes*, section 423A.02, subd 1a.]

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$829	\$1,000	\$524	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
% Chg	20.6%	(47.6%)	90.8%	0.0%	0.0%	0.0%	0.0%

Appropriation Type: Statutory, Open

Fund: General

Description: Established in 1984, this budget activity provides supplemental state aid to amortize the unfunded liability of local police and salaried firefighters relief associations. Equal to amortization aid, the supplemental amortization aid terminates when a relief association or consolidation account becomes fully funded.

Firefighters Relief Reimbursements [*Minnesota Statutes*, section 423A.02, subd 3e.]

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$722	\$627	\$671	\$670	\$670	\$670	\$670	\$670
% Chg	(13.2%)	7.0%	(0.1%)	0.0%	0.0%	0.0%	0.0%

Appropriation Type: Statutory, Open

Fund: General

Description: Established in 1988, this budget activity reimburses volunteer firefighter relief associations for prior calendar year payments of state-mandated supplemental benefits (10% of service pension, up to \$1,000 and 20 % of survivor benefit , up to \$2,000).

PERA Pension Aid [*Minnesota Statutes*, section 273.1385.]

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$14,390	\$14,384	\$14,328	\$14,317	\$14,317	\$14,317	\$14,317	\$14,317
% Chg	0.0%	(0.4%)	(0.1%)	-0.0%	0.0%	0.0%	0.0%

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity reflects payments to each city, county, town, and other non-school jurisdictions in an amount equal to 0.35 percent of the fiscal year 1997 payroll for employees who were members of the general plan of the Public Employees Retirement Association. The aid provided under this section terminates on June 30, 2020.

OTHER EXPENDITURES *******Payments in Lieu of Taxes (PILT) for Lands Owned by the Department of Natural Resources**[*Minnesota Statutes*, section 477A.11 (DNR).]

Dollars in Thousands							
FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Forecast	FY 2014 Projected	FY 2015 Projected	FY 2016 Planning	FY 2017 Planning
\$21,824	\$21,777	\$25,863	\$25,626	\$25,851	\$26,076	\$26,301	\$28,457
% Chg	(0.2%)	18.8%	(0.9%)	0.9%	0.9%	0.9%	8.2%

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity reimburses counties and towns for lost revenues attributable to the removal of tax-generating properties from their property tax inventories to support preservation of natural resources lands. The commissioner of revenue provides payment in-lieu of tax (PILT) payments to local governments for this land. Previously included in the House Tax Committee's budget, this item returns to the purview of the Department of Natural Resources' budget for the FY 2014-15 biennium.

LOCAL REVENUE - TAX RELIEF AREA REVENUE DISTRIBUTION

NOTE: No state dollars contribute to this activity.

Fiscal Disparities Distribution Levy [*Minnesota Statutes*, section 473F]

Dollars in Thousands							
CY 2010 Actual	CY 2011 Actual	CY 2012 Actual	CY 2013 TNT proj	CY 2014 Projected	CY 2015 Projected	CY 2016 Planning	CY 2017 Planning
\$523,498	\$551,752	\$562,394	579,020	NA	NA	NA	NA
% Chg	5.4%	1.9%	3.0%	-	-	-	-

Source: House Research Simulations Final Pay 2010- Final Pay 2012

The fiscal disparities program is a system that shares a portion of the revenues generated by the commercial-industrial property tax base among all local governments within a defined geographic area. Minnesota has two fiscal disparities programs currently operating in the state: one in the seven-county area of the Twin Cities and the other in the Iron Range of northern Minnesota.

Fiscal disparities distribution levies are disbursed on a formula primarily based on real property market value and population. The contribution to the “pool” is 40% of the growth since 1971 in commercial and industrial tax capacity.

2010 Minnesota Laws, Chapter 389, Article 1, sections 28 and 32, required the Commissioner of Revenue to conduct a study of the metropolitan fiscal disparities program. Topics analyzed included how the benefits of economic growth are shared within the region, program impacts on tax rates, program impacts on homestead property tax burdens, and impacts on properties with regional benefits. The report was issued February 15, 2012 and is available at <http://www.revenue.state.mn.us/propertytax/Pages/fiscal-disparities-study.aspx>.

BUDGET ACTIVITIES REPORTED IN PREVIOUS YEARS

Additional P&F Amortization Aid [*Minnesota Statutes*, section 423A.02, subd 1b.]

Description: This budget activity provided payments to municipalities to help reduce unfunded accrued liabilities for their police and salaried firefighters' relief association pension funds. Revenues, which are one-half of excess police state aids, depend on the size of the employer pension contribution for the previous year and the tax on auto casualty insurance claims. Since fiscal year 2010, there have been no excess police state aids to distribute.

Payments in Lieu of Taxes (PILT) for Lands Owned by the Department of Transportation

[*Minnesota Statutes*, section 477A.12 (DOT).]

This budget activity reimbursed counties and towns for lost revenues attributable to the removal of tax-generating properties from their property tax inventories for highway right-of-way lands. The commissioner of revenue provides payment in-lieu of tax (PILT) payments to local governments for this land.

Court Aid Adjustment [*Minnesota Statutes*, 477A.0124, subd. 4.]

This budget activity, which provides state aid to Anoka and Washington Counties to pay for certain postretirement costs for court employees, has been integrated into the annual calculation that determines the county tax-base equalization aid portion of county program aid.

Court MOE Aid

This budget activity provided state aid payments to certain courts undergoing economic difficulty with judicial district transitions from county to state-level funding in CYs 2002-2005. Specifically, courts were required to increase their expenditures by 8 percent per year. The last two districts -- the Sixth and Tenth Judicial Districts -- finished transitioning in FY 2006.

Court Takeover Aid

This budget activity reflects state aid paid to certain courts undergoing judicial district transitions from county to state-level funding in CYs 2002-2005. Specifically, court takeover aid primarily reflects one-time costs attributed to timing differences between county and state fiscal years.

Taxpayer Assistance Grants [*Minnesota Session Laws 2005, 1st Special Session – Chapter 3.*]

In FY 2006, this budget activity, which provides \$125,000 per year in grant moneys to nonprofit organizations to assist low-income and disadvantaged taxpayers, became part of the Department of Revenue's base budget.

Disaster Grants [*Minnesota Session Laws 2005, 1st Special Session – Chapter 3.*]

In FY 2006, this item provided a one-time disaster grant of \$500,000 to the Department of Employment and Economic Development (DEED) for disaster relief in Otter Tail County.

Cargo Grants [*Minnesota Session Laws 2005, 1st Special Session – Chapter 3.*]

In FY 2006, this budget activity provided a one-time appropriation of \$750,000 to the Department of Employment and Economic Development (DEED) for business assistance in an international trade zone.

APPENDICES

Table 1: Pension Aids

State Aid Supporting Local Government Pensions
November 2012 Forecast

House Committee	Budget Activity	All Numbers in Thousands							
		Actual FY 2010	Actual FY 2011	Actual FY 2012	Estimated FY 2013	Forecast FY 2014	Forecast FY 2015	Plan Estim FY 2016	Plan Estim FY 2017
Tax Aids/Cred	Local Aids to Police & Fire	\$ 80,500	\$ 82,005	\$ 82,338	\$ 80,108	\$ 82,354	\$ 84,685	\$ 87,103	\$ 89,611
	Police - 414 depts in FY13	\$ 57,479	\$ 58,973	\$ 59,306	\$ 54,468	\$ 56,714	\$ 59,045	\$ 61,463	\$ 63,971
	Fire - 760 depts in FY 13	\$ 20,522	\$ 20,533	\$ 20,533	\$ 22,862	\$ 22,862	\$ 22,862	\$ 22,862	\$ 22,862
	Insurance Surcharge (1st class cities)	\$ 2,499	\$ 2,499	\$ 2,499	\$ 2,778	\$ 2,778	\$ 2,778	\$ 2,778	\$ 2,778
	Additional Amortization Aid	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ 0
Tax Aids/Cred	Local Police and Fire Amort	\$ 7,441	\$ 6,513	\$ 4,003	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500
	P/F Amortization	\$ -	\$ -	\$ 731	\$ 1,753	\$ 1,753	\$ 1,753	\$ 1,753	\$ 1,753
	Redistribution of Amort Aid	\$ 5,890	\$ 4,886	\$ 2,077	\$ 2,077	\$ 2,077	\$ 2,077	\$ 2,077	\$ 2,077
	P/F Supplemental Amort	\$ 829	\$ 1,000	\$ 524	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
	Firefighter Reimbursement	\$ 722	\$ 627	\$ 671	\$ 670	\$ 670	\$ 670	\$ 670	\$ 670
Tax Aids/Cred	PERA Pension Aid	\$ 14,390	\$ 14,384	\$ 14,328	\$ 14,317	\$ 14,317	\$ 14,317	\$ 14,317	\$ 14,317
	Subtotal - Tax Aids & Credits	\$ 102,331	\$ 102,902	\$ 100,669	\$ 99,925	\$ 102,171	\$ 104,502	\$ 106,920	\$ 109,428
State Gov	Mpls TRA 1993 Aid	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
	Mpls TRA 1997 Aid	\$ 12,954	\$ 12,954	\$ 12,954	\$ 12,954	\$ 12,954	\$ 12,954	\$ 12,954	\$ 12,954
	St Paul TRA 1997 Aid	\$ 2,827	\$ 2,827	\$ 2,827	\$ 2,827	\$ 2,827	\$ 2,827	\$ 2,827	\$ 2,827
	Mpls Employee Retrmt Fnd (MERF)	\$ 9,000	\$ 9,000	\$ 22,750	\$ 22,750	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000
	Duluth TRA	\$ 346	\$ 346	\$ 346	\$ 346	\$ 346	\$ 346	\$ 346	\$ 346
	Subtotal - State Government	\$ 27,627	\$ 27,627	\$ 41,377	\$ 41,377	\$ 42,627	\$ 42,627	\$ 42,627	\$ 42,627
	TOTAL	\$ 129,958	\$ 130,529	\$ 142,046	\$ 141,302	\$ 144,798	\$ 147,129	\$ 149,547	\$ 152,055

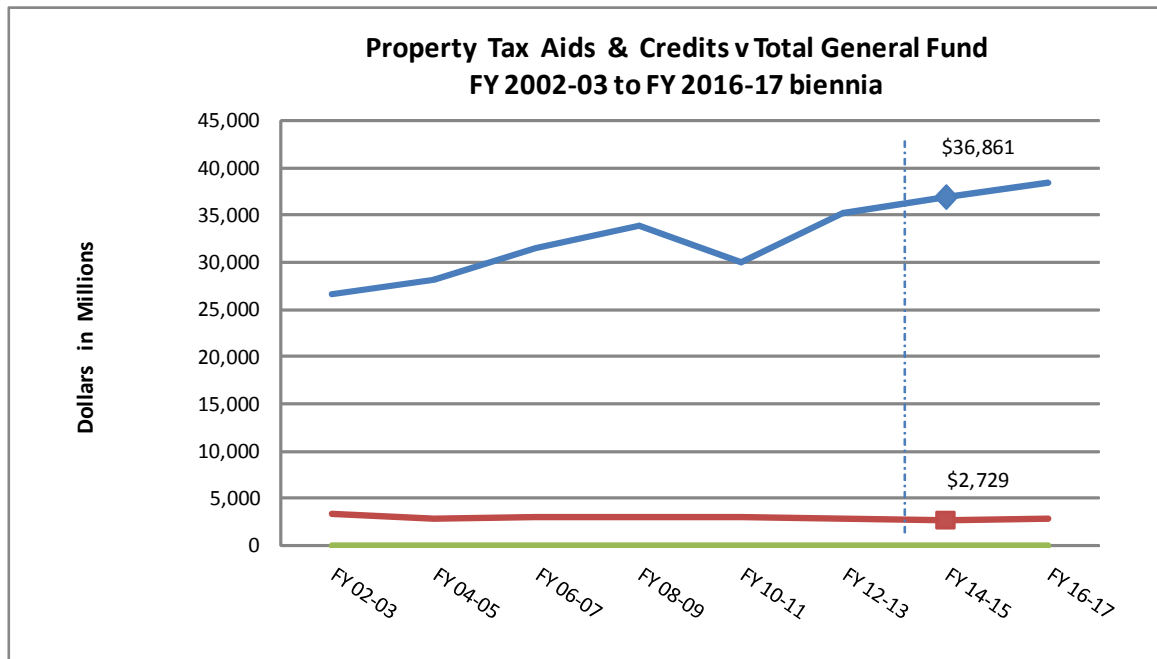
Source : General Fund Fund Balance Analysis, November 2012 Forecast, Minnesota Management & Budget

Notes: ¹ Excludes Legislators and Constitutional Officers

² Other forms of state aid (including education aids and Local Government Aid) that also supplement local pensions at the discretion of the local authorities, are not reflected here.

³ Pension aids are distributed to local governments by October 1 of each year except for PERA (by Sept 1) and Insurance Surcharge (twice per year- July 31 and December 31).

House Fiscal document, January 15, 2013. All funds are general fund dollars.

Table 2: Fifteen Years of Tax Aids & Credits Expenditures**Property Tax Aids & Credits Spending (Nov 2012 Forecast)**

	Dollars in Millions							
	Actual FY 02-03	Actual FY 04-05	Actual FY 06-07	Actual FY 08-09	Actual FY 10-11	Estimated FY 12-13	Forecast FY 14-15	Planning FY 16-17
Total GF	26,648	\$28,128	\$31,490	\$33,866	\$29,962	\$35,222	\$36,861	\$38,434
Tax Aids & Credits*	3,379	\$2,800	\$3,023	\$3,070	\$3,016	\$2,806	\$2,729	\$2,802
% of Total GF	12.7%	10.0%	9.6%	9.1%	10.1%	8.0%	7.4%	7.3%

* 1. Payment-in-lieu of taxes (PILT) distributions are included for all years.

2. The lower total in FY 12-13 reflects the net of increases in Homeowner and Renter Property Tax Refunds (PTR), reductions in Local Government Aid (LGA) and County Program Aid (CPA), and the conversion of the Market Value Credit (MVC) to a Market Value Exclusion (MVE).

House Fiscal document, January 15, 2013. All funds are general fund dollars.

Table 3: 2013 Session - Tax Aids and Credits Spreadsheet FYs 2010-2015

2013 Legislature - Tax Aids and Credits
General Fund Expenditures - November 2012 Forecast
All Numbers in Thousands

General Fund Expenditures	November 2012 Forecast			November 2012 Forecast		
	FY2012	FY2013	FY2012-13	FY2014	FY2015	FY2014-15
<u>REFUNDS</u>						
Homeowners property tax refund	\$290,256	\$336,400	\$626,656	\$347,100	\$353,900	\$701,000
Renters property tax refund	202,744	185,200	387,944	189,700	197,500	387,200
Targeting	2,217	3,249	5,466	4,400	5,060	9,460
Forest Land Credits (SFIA)	3,200	3,380	6,580	3,570	3,850	7,420
12, Ch 287 Property Tax Ref, Met Council Cap Impv	0	0	-	0	0	-
12, Ch 294 Property Tax Ref Interaction	0	0	-	0	0	-
12, Ch 294 Targeting Property Tax Refund	0	0	-	0	0	-
Subtotal - Property Tax Refunds	498,417	528,229	1,026,646	544,770	560,310	1,105,080
Political Contribution Refund	0	0	-	5,500	6,500	12,000
Tax Refund Interest	24,047	15,900	39,947	14,600	14,800	29,400
11 Ch 8,Tax Refund Interest	0	0	-	0	0	-
<u>LOCAL AIDS</u>						
Local Government Aid (LGA)	425,329	425,250	850,579	427,495	426,438	853,933
Ch 154 Mahnommen City Aid	80	80	160	80	80	160
12, Ch 294 Local Government Aid, Floor Disaster Asst	0	0	-	0	0	-
12, SS1, Ch 1 Flood Disaster Assistance	0	0	-	0	80	80
Subtotal- Local Government Aid (LGA)	425,409	425,330	850,739	427,575	426,518	854,093
County Program Aid	160,642	160,642	321,284	165,820	165,747	331,567
County Transition Aid	464	464	928	464	464	928
Ch 154 Mahnommen County Aid	<u>450</u>	<u>450</u>	<u>900</u>	<u>450</u>	<u>450</u>	<u>900</u>
Subtotal- County Program Aid (CPA)	161,556	161,556	323,112	166,734	166,661	333,395
Public Defender Cost	245	286	531	0	0	-
Local Impact Notes (DOF/MDE)	214	214	428	0	0	-
Ch 366 Utility Transition Aid (cities and towns)	1,508	980	2,488	779	94	873
Ch 154 Mahnommen ISD #432 Aid	70	70	140	70	70	140
<i>DRA School</i>	7,575	9,543	17,118	8,127	8,139	16,266
<i>DRA Non-School</i>	<u>10,138</u>	<u>10,300</u>	<u>20,438</u>	<u>10,259</u>	<u>10,259</u>	<u>20,518</u>
Disparity Reduction Aid (DRA)	17,713	19,843	37,556	18,386	18,398	36,784
Payments to Counties with Indian Casinos	704	844	1,548	861	878	1,739
<u>PROPERTY TAX CREDITS</u>						
<i>Res MVC School***</i>	56,750	21,867	78,617	0	0	-
<i>Res MVC Non-School</i>	97,282	0	97,282	0	0	-
Residential Market Value Homestead Credit	154,032	21,867	175,899	0	0	-
<i>Agr MVC School</i>	5,078	6,264	11,342	5,280	5,280	10,560
<i>Agr MVC Non-School</i>	18,068	18,103	36,171	18,103	18,103	36,206
Agricultural Market Value Credit	23,146	24,367	47,513	23,383	23,383	46,766
<i>Border City School</i>	1,064	1,536	2,600	1,388	1,399	2,787
<i>Border City Non-School</i>	<u>5,067</u>	<u>5,586</u>	<u>10,653</u>	<u>5,845</u>	<u>5,845</u>	<u>11,690</u>
Border City Disparity Credit	6,131	7,122	13,253	7,233	7,244	14,477

Table 3: 2011 Session - Tax Aids and Credits Spreadsheet (continued)

General Fund Expenditures	November 2012 Forecast			November 2012 Forecast		
	FY2012	FY2013	FY2012-13	FY2014	FY2015	FY2014-15
<i>Disaster Credit -School</i>	145	155	300	103	45	148
<i>Disaster Credit- Non-School</i>	<u>506</u>	<u>293</u>	799	<u>306</u>	<u>93</u>	399
Disaster Credit	651	448	1,099	409	138	547
<i>Local Option Disaster Credit -School</i>	0	0	-	0	0	-
<i>Local Option Disaster Credit- Non-School</i>	<u>0</u>	<u>0</u>	-	<u>0</u>	<u>0</u>	-
Local Option Disaster Credit	0	0	-	0	0	-
<i>Prior Year Credit -School</i>	(20)	187	167	30	0	30
<i>Prior Year Credit- Non-School</i>	<u>646</u>	<u>561</u>	1,207	<u>18</u>	<u>18</u>	36
Prior Year Credits	626	748	1,374	48	18	66
Wetlands Reimbursement Credit	5	0	5	0	0	-
Senior Deferral Reimbursement	1,202	1,370	2,572	1,660	2,170	3,830
Disabled Veterans Market Value Exclusion	0	0	-			
Bovine TB Property Tax Credit (School)	92	35	127	0	0	-
Bovine TB Property Tax Credit (Non-School)	327	0	327	0	0	-
Bovine TB Property Tax Credit	419	35	454	0	0	0
<u>Taconite Tax Relief Area Aids & Credits</u>						
Taconite Reimbursement (School)	561	561	1,122	561	561	1,122
Supplemental Homestead (Non-School)	5,765	5,322	11,087	5,375	5,428	10,803
Replacement Taconite Prod Tax IRRR (Non-School)	2,285	2,882	5,167	3,599	3,842	7,441
Replacement Taconite Prod Tax Econ Dev (Non-School)	0	0	0	0	0	0
Replacement Taconite Prod Tax	<u>4,406</u>	<u>4,659</u>	9,065	<u>4,966</u>	<u>5,020</u>	9,986
Subtotal Repl Taconite Production Tax	6,691	7,541	14,232	8,565	8,862	17,427
<u>LOCAL PENSION AIDS</u>						
Aid to Police & Fire	82,338	80,108	162,446	82,353	84,685	167,038
Police/Fire Additional Amortization Aid	0	0	-	0	0	-
Police/Fire Amorization Aid (Open)	731	1,753	2,484	1,753	1,753	3,506
Redirected Amortization Aid - TRFA + St Paul	2,077	2,077	4,154	2,077	2,077	4,154
Police/Fire Supplemental Amortization Aid (Open)	524	1,000	1,524	1,000	1,000	2,000
Firefighters Relief Reimbursements	671	670	1,341	670	670	1,340
Public Employees Retirement Assoc. (PERA) Aid	14,328	14,317	28,645	14,317	14,317	28,634
Subtotal Local Pension Aids	100,669	99,925	200,594	102,170	104,502	206,672
<u>Other Expenditures</u>						
PILT for DNR Owned Lands	25,863	25,626	51,489	25,851	26,076	51,927
PILT for DOT Owned Lands	0	0	-	0	0	-
<u>Other Aids and One-Time Appropriations</u>						
Ch 389, Disaster Relief St Charles/Ottertail	0	0	-	0	0	-
Ch 389, Council on Results Perform Measuremt	613	479	1,092	483	487	970
SS2, Disaster Assistance - City TaxBase Replcmt	0	39	39	0	0	-
SS2 Flood Local Option Abatement reimbursement	0	0	-	0	0	-
SS2 Flood Local Option Abatement reimb (non school)	291	662	953	288	64	352
SS2 Flood Local Option Abatement reimb (school)	117	361	478	199	58	257
SS1, 2011, Disaster Assistance, Flood & Tornado	0	0	-	0	0	-
Studies, includ. Tax Incidence, MN/WI Income Tax						
Reciprocity Benchmarks, Estate	0	0	-	0	0	-
Science & Technology Fund	0	0	-	0	0	-
Property Tax Aids and Credits, GF Total	\$1,456,665	\$1,349,725	\$2,806,390	\$1,355,500	\$1,373,300	\$2,728,800
Less PILT	(25,863)	(25,626)	(51,489)	(25,851)	(26,076)	(51,927)
Property Tax Aids & Credits less PILT - GF Total	\$1,430,802	\$1,324,099	2,754,901	\$1,329,649	\$1,347,224	2,676,873