

Summary of LGA, CPA, and Public Safety Aid Provisions in 2023 Tax Bill

February 20, 2024

Local Government Aid (LGA)

Formula changes

LGA provisions include changes to the city revenue need calculations for all cities.

	Former Need Factors	New Need Factors
Small Cities (under 2,500)	<ul style="list-style-type: none"> ▪ Population over 100 ▪ Per capita need capped at \$630 	<ul style="list-style-type: none"> ▪ Logarithm of population ▪ Per capita need is not capped
Medium Cities (2,500-9,999)	<ul style="list-style-type: none"> ▪ Pre-1940 housing % ▪ Peak population decline ▪ Average household size 	<ul style="list-style-type: none"> ▪ Pre-1940 housing % ▪ Peak population decline ▪ % of tax base classified as Comm/Indust/Utility
Large Cities (10,000 and over)	<ul style="list-style-type: none"> ▪ Pre-1940 housing % ▪ 1940-1970 housing % ▪ Jobs per capita 	<ul style="list-style-type: none"> ▪ Pre-1940 housing % ▪ % of population age 65 and over ▪ % of tax base classified as Comm/Indust/Utility ▪ Peak population decline

The new need formulas are:

Small cities (under 2,500)

$$\text{Need} = (220.877 \times \text{transformed population}) + 196.487$$

Medium cities (2,500-9,999)

$$\begin{aligned} \text{Need} = & 1.15 \times ((6.667 \times \text{pre-1940 housing percentage}) \\ & + (9.215 \times \text{commercial/industrial/utility percentage}) \\ & + (16.081 \times \text{peak population decline}) + 497.308) \end{aligned}$$

Large cities (10,000 or more)

$$\begin{aligned} \text{Need} = & 1.15 \times ((8.572 \times \text{pre-1940 housing percentage}) + (11.494 \times \text{city age index}) \\ & + (5.719 \times \text{commercial/industrial/utility percentage}) \\ & + (9.484 \times \text{peak population decline}) + 293.056) \end{aligned}$$

Appropriation increase

The annual appropriation for LGA was increased by \$80,000,000 to \$644,398,012.

Other changes

Sparsity adjustments in the formula and certified aid adjustments were eliminated from the LGA program. The city of Mahanomen had been the only city still receiving a certified aid adjustment. That payment was transferred to a separate aid payment, outside of the LGA program.

County Program Aid (CPA)

Appropriation increase

The annual appropriation for CPA was increased by \$80,000,000 to \$344,668,444.

Other changes

The “Part I crimes” variable in the formula was replaced with “Group A offenses.” (Beginning with data reported for 2021, the FBI and Bureau of Criminal Apprehension no longer classify crimes as “Part I” or “Part II” crimes. Instead, crimes are classified as “Group A” and “Group B” offenses. In general, Group A offenses include all the Part I crimes plus additional types of serious offenses.)

Public Safety Aid

A onetime public safety aid was established to distribute \$300,000,000 in aid to counties, Tribal governments, cities, and qualifying towns (i.e., those with a population of at least 10,000). Aid must be used to provide public safety. Of the total aid amount, 30 percent went to counties and Tribal governments, and 70 percent went to cities and qualifying towns. Aid was paid in 2023.



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