

**PROPERTY TAX
LGA Base Year Aid
Northern Township**

March 25, 2026

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 4161 (Duran) as proposed to be amended by H4161A2

	Fund Impact			
	F.Y. 2026	F.Y. 2027	F.Y. 2028	F.Y. 2029
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Effective for aids payable in calendar year 2027.

EXPLANATION OF THE BILL

Under current law, the starting point for calculating a city’s local government aid (LGA) is the city’s previous year certified aid.

The bill would set previous year aid for Northern Township equal to \$109.35 per capita for purposes of calculating payable year 2027 LGA, assuming the township incorporates as a city by January 31, 2027.

REVENUE ANALYSIS DETAIL

- Northern Township in Beltrami County intends to establish as a city later this year.
- Under current law, it would first become eligible for LGA certified in the summer of 2027 for aid payable year 2028 and estimated to receive approximately \$8,000.
- Under the proposal, Northern would be estimated to receive approximately \$425,000 beginning in payable year 2027, an additional \$417,000.
- There would be no state cost associated with this change in formula distribution because total aid is set to a fixed appropriation level. The formula change would shift aid to Northern and away from other cities receiving local government aid.

PROPERTY TAX BENCHMARKS (Minn. Stat. § 270C.991)

<i>Transparency, Understandability, Simplicity & Accountability</i>	Decrease	The change in the LGA formula for one city increases the complexity of the distribution.
<i>Efficiency & Compliance</i>	Neutral	
<i>Equity (Vertical & Horizontal)</i>	Neutral	
<i>Stability & Predictability</i>	Neutral	
<i>Competitiveness for Businesses</i>	Neutral	
<i>Responsiveness to Economic Conditions</i>	Neutral	

The bill is scored on a three-point scale (decrease, neutral, increase) for each principle in comparison to current law.

Source: Minnesota Department of Revenue
Property Tax Division – Research Unit
<https://www.revenue.state.mn.us/revenue-analyses>

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