

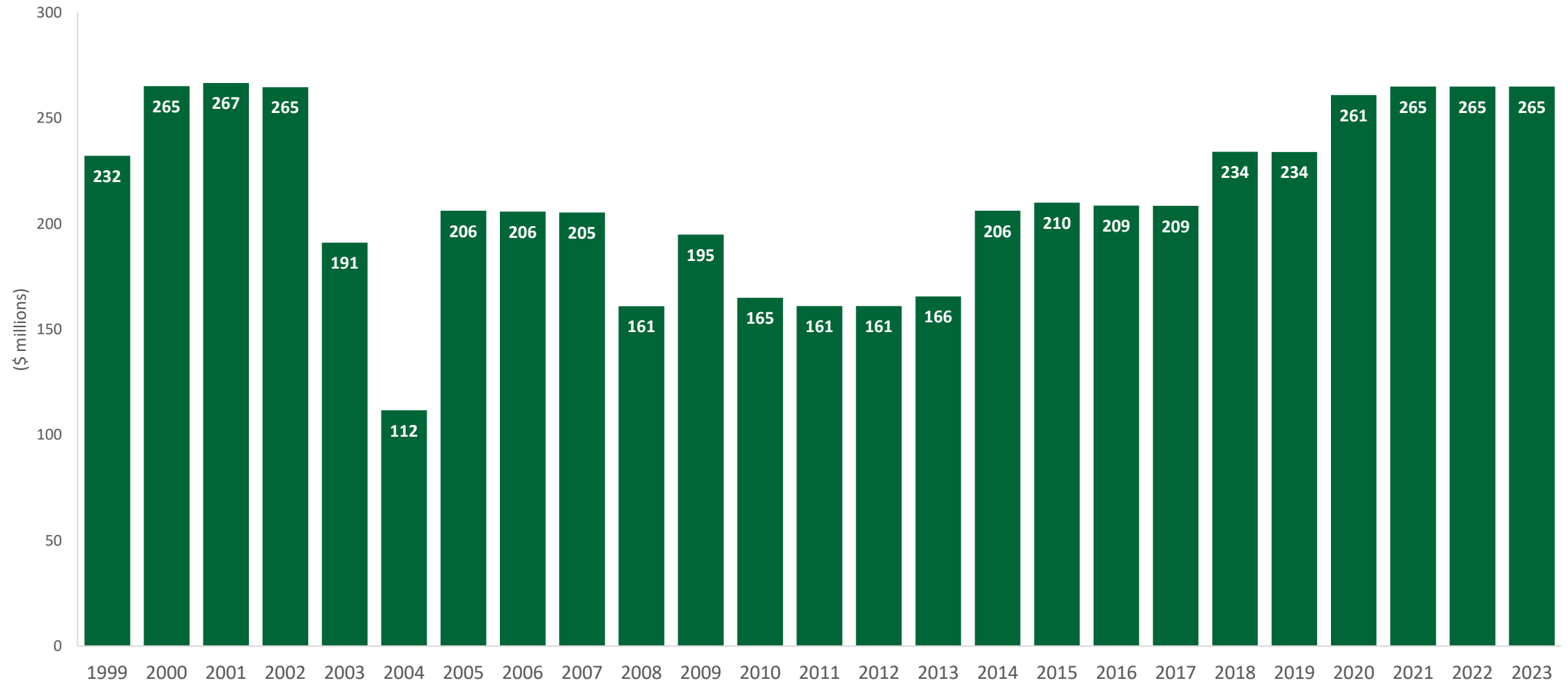
# CPA and LGA Historical Data

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# County Program Aid Historical Distributions (\$ millions)

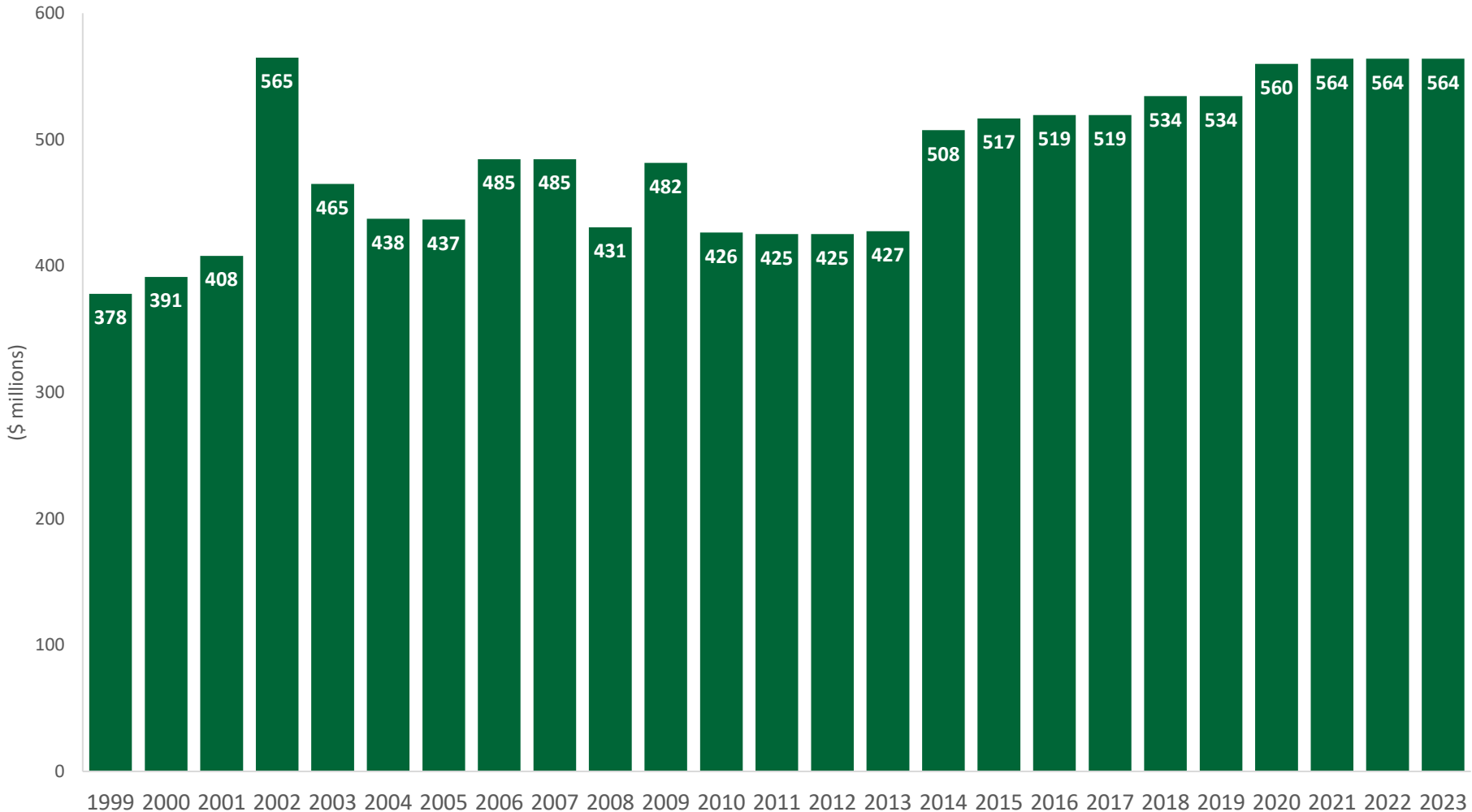


# Factors Determining County Program Aid

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- Need aid: \$118,795,000
  - Share of population age 65 or older
  - Part I crimes
  - No. of households receiving federal nutrition assistance
- Tax-base equalization aid: \$145,873,444
  - Tax base
  - County population

# Local Government Aid Historical Distributions (\$ millions)



# Current State of LGA

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- Appropriation of \$564,398,012
- Distribution between metro/nonmetro shifting to nonmetro
  - 2023 distributions:
    - Metro \$186.0 million (33%)
    - Nonmetro \$378.4 million (67%)
- More cities are “falling off” the formula
  - 854 cities eligible for distribution
  - 112 will receive \$0 in 2023
- Current need factors last updated in 2013

# City Local Government Aid (LGA)

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- Formula determines each city's "unmet need"

$$\text{Unmet Need} = \text{Need} - \text{Ability to pay}$$

Factors vary by city size

Ability to pay = city's tax base x average city tax rate

# City LGA: Need Measures

	Small cities	Medium Cities	Large Cities
City population	Pop. < 2,500	2,500 ≥ Pop.<10,000	Pop. ≥ 10,000
Factors used to determine need	<ul style="list-style-type: none"> <li>- Population</li> <li>- Population density of less than 30 people/sq. mile</li> </ul> <p>Maximum of \$640/capita</p>	<ul style="list-style-type: none"> <li>- % housing built before 1940</li> <li>- Average household size</li> <li>- Pop. decline from peak census est.</li> <li>- Population density of less than 30 people/sq. mile</li> </ul>	<ul style="list-style-type: none"> <li>- % housing built before 1940</li> <li>- % housing built between 1940 and 1970</li> <li>- Jobs per capita</li> <li>- Population density of less than 150 people/sq. mile</li> </ul>

# Final Aid Amount

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- Formula aid
  - If unmet need is *less* than previous year aid:
    - Formula aid = “unmet need”
  - If unmet need is *greater* than previous year aid:
    - Formula aid = previous year’s formula aid + X% of the difference between “unmet need” and previous year aid
- Final aid
  - Final aid = formula aid + nonformula aid; subject to maximum decrease
  - No city’s aid can decrease from previous year by more than the *lesser* of:
    - \$10 per capita
    - 5% of the city’s levy in the previous year



# LGA and Local Revenues

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# 20 Years of LGA and Nonschool Tax Revenues

Dollars in Thousands

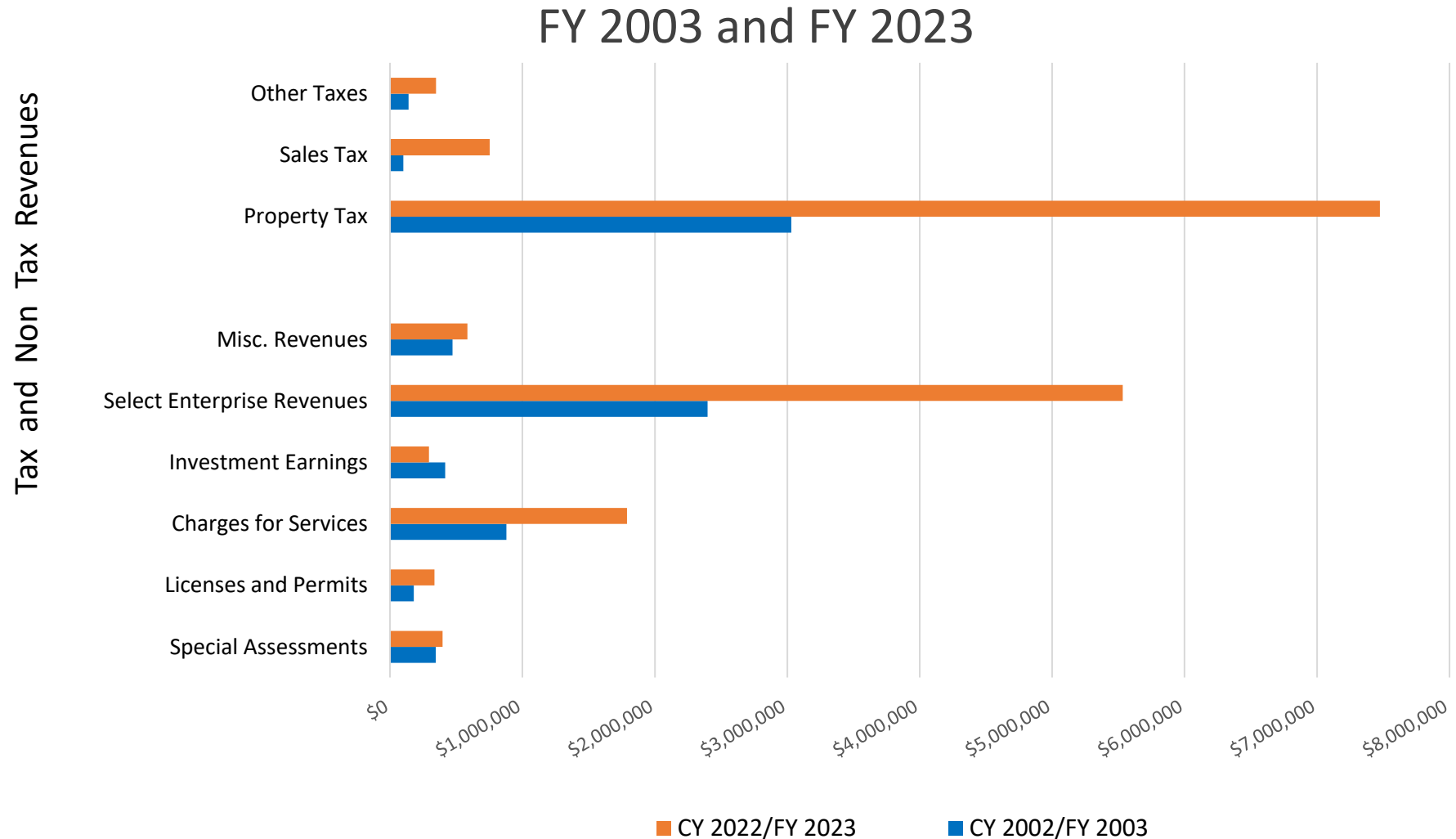
	A	B	C
	CY 2002 FY 2003	CY 2022 FY 2023	% Chg
<b>A State General Fund<sup>1</sup></b>			
Total Expenditures & Transfers	\$ 13,813,914	\$ 27,305,420	97.7%
Local Government Aid (LGA)*	\$ 564,991	\$ 564,398	-0.1%
LGA / Total GF Expenditures & Transfers	4.1%	2.1%	
<b>B Local Non-School Revenues<sup>2</sup></b>			
Tax Revenues			
Property Tax	\$ 3,029,921	\$ 7,474,728	146.7%
Sales Tax	\$ 100,777	\$ 750,041	644.3%
Other Taxes	\$ 139,272	\$ 346,221	148.6%
Subtotal Local Tax Revenues	\$ 3,269,970	\$ 8,570,990	162.1%

1 Source: MMB/Dept of Finance general fund forecast reports, End of Session, 2002 and 2022.

2 Source: MMB/Dept of Finance Price of Government Report, May 2002 and November 2022.

Local property tax revenues are received by counties, cities and other local government entities. Local sales taxes include general use, transportation, motor vehicle retail sales, food & beverage, local lodging and other taxes

# 20 Years of Local Nonschool Revenues



# School Property Taxes

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# School Local Property Tax Revenue

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- About 20 percent of Minnesota's school funding comes from property tax; another 7 percent comes from other local sources (fees, sales, and interest payments)
- Property tax revenue varies substantially from school district to school district
- While property taxes are a smaller source of revenue for schools, about 29 percent of the property taxes go to school districts
- Charter schools do not receive property tax revenue

# School Related Property Tax Relief

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There are three major ways the state helps reduce tax burdens:

- Providing programs with **Direct State Aid**
- **Equalization** – the state pays for a portion of levy program based on certain criteria. Most equalization calculations are a ratio between residential pupil units against ANTC valuation
- **Tax Credits** – State pays portion of property tax on behalf of property owner (e.g., School Building Bond Agricultural Credit)

# Pay 2022 School District Levies: \$3.491 billion

