

**PROPERTY TAX
LGA Base Year Aid
City of Baldwin**

April 7, 2025

Department of Revenue

Analysis of H.F. 1016 (Lawrence) as proposed to be amended by H1016A1

	Yes	No
DOR Administrative Costs/Savings		X

Fund Impact

	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Effective for aids payable in calendar year 2026.

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 the newly incorporated city of Baldwin equal to \$2.85 per capita for purposes of calculating payable year 2026 LGA.

REVENUE ANALYSIS DETAIL

- The city of Baldwin in Sherburne County was established in the fall of 2024. The city will first become eligible for LGA certified in the summer of 2025 for aid payable year 2026.
- Under current law, the city of Baldwin is estimated to receive approximately \$200 in payable year 2026. Under the proposal, the city is estimated to receive approximately \$20,200, an additional \$20,000.
- 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 the city of Baldwin 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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