

# HOUSE RESEARCH

## Bill Summary

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**Version:** With author's amendment  
**Authors:** McGuire  
**Subject:** LGA increase for certain cities losing  
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### Overview

Allows a city with a large amount of tax-exempt property to have a permanent adjustment to its LGA city aid base if additional property becomes tax-exempt. The LGA increase is equal to the amount of city tax paid by that parcel of property prior to the parcel being removed from the tax rolls. The only city that qualifies for the exemption would be the city of Falcon Heights. The bill is effective for property removed from the tax rolls beginning with taxes payable in 2002 or later.

### Section

1 **City aid base.** Allows a city an increase to its city aid base if currently taxable property in the city become tax exempt, provided the city meets the following criteria:

- it has a population of 5,000 or more;
- it is located in the seven-county metropolitan area;
- the value of tax-exempt property in the city exceeds \$50,000 per capita; and
- the ratio of tax-exempt to taxable property in the city exceeds .70.

Only the city of Falcon Heights qualifies. The city aid base would be permanently increased by an amount equal to the city tax paid by the parcel of property in the year prior to it being made tax-exempt. Effective for property removed from the tax rolls beginning with taxes payable in 2002 or later.