HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 47   **DATE:** January 24, 2005

Version: As introduced

Authors: Abrams and others

Subject: Correcting the calculation of the LGA city aid base

Analyst: Pat Dalton, 651-296-7434

This bill retroactively corrects a drafting error that occurred when the LGA program was modified during the 2003 special legislative session. The 2003 modifications intended to eliminate the 1993 portion of the city aid base (grandfathered aid) while retaining the amounts granted to specific cities for special needs. The error makes it unclear how to calculate city aid base, although under the statutory language the city aid base would account for most of the total LGA appropriation.

The correction is retroactive to aids payable in 2004. LGA distributions in CY 2004 and 2005 were calculated under the assumption that this error would be corrected, based on input from the two tax chairs, interested city groups, and the governor. The retroactive correction was included in both the house and senate versions of the 2004 omnibus tax bill but died when no tax bill was passed.