

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 2465
Version: As introduced

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Authors: Lien and others

Subject: Technical correction to allowed LGA decreases to individual cities

Analyst: Pat Dalton

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Corrects a drafting error in calculating formula aid in Minnesota Statutes, section 477A.013, subdivision 8, which impacts the LGA losses to cities that currently get more aid than their “unmet need” under the formula. Without the fix, a city that should have its LGA gradually decreased to its “unmet need” amount will see no loss if the total LGA appropriation is frozen and will see its aid decrease more if the appropriation is increased.

A new city LGA formula, developed with input from the city organizations, was adopted in 2013 and provided that beginning in CY 2015, any city whose current LGA payment exceeded its “unmet need” determined by the formula would have its aid gradually reduced to its “unmet need”. Subdivision 9 of the statute limited a city’s loss in any year to the lesser of (1) \$10 per capita, or (2) 5% of the city’s levy in the previous year. The change in this bill will ensure that aid losses will occur as set forth in subdivision 9.