

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 2034  
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**Subject:** Reducing LGA payments to first class cities

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### Overview

Beginning with aids payable in 2015, the bill limits the per capita LGA payments to cities of the first class to the average per capita aid paid to all other cities in the state. The reduction in aid to first class cities is retained in the general fund. Currently there are four first class cities in Minnesota – Duluth, Minneapolis, Rochester, and St. Paul. All but the city of Rochester are affected by this provision.

#### Section

- 1 Maximum final aid payment to first class cities.** Limits the total certified LGA payment to a city of the first class to the average per capita aid payment for all other cities, as calculated under the existing LGA formula, multiplied by its population. Effective beginning with aids payable in 2016.
- 2 Levy adjustments.** Expands the existing levy authority to cover aid decreases to also include aid reductions under section 1.
- 3 Cities (appropriation.)** Adjusts the maximum city LGA appropriation to ensure that the initial aid calculation is based on the total amount available under current law but that the amount paid out is reduced by the savings from imposing the maximum cap on cities of the first class in section 1. Effective beginning with aids payable in 2016.
- 4 2015 aid reductions for first class cities.** Provides a one-time reduction in the aids paid in calendar year 2015 to cities of the first class, based on the same maximum payment in section 1. This is necessary since aids payable in 2015 have already been certified.