

FILE NUMBER: H.F. 2016
Version: As introduced

DATE: April 8, 2015

Authors: Backer and others

Subject: County Program Aid

Analyst: Steve Hinze (steve.hinze@house.mn)

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd/.

Overview

HF 2016 modifies the county program aid formula to address counties whose tax bases contain significant amounts of agricultural property. These counties have seen reduced aid amounts as agricultural property values have increased in the last few years. It further provides an appropriation increase of \$25 million per year, and indexes the appropriation for inflation.

Section

- 1 Tax base equalization aid.** Makes a number of modifications to the tax base equalization aid (TBEA) portion of the county program aid formula:
 - ▶ Changes the basic equation from \$185 per capita minus 9.45 percent of tax base to \$330 per capita minus 12 percent of tax base
 - ▶ Adds a multiplier of 1.25 for counties with populations between 12,500 and 16,500
 - ▶ Guarantees that a county's TBEA for 2016 will not be less than 95 percent of (i) the county's TBEA for 2014, plus (ii) any supplemental county program aid it received in 2014
 - ▶ Guarantees that a county's TBEA for any succeeding year will not be less than 95 percent of its prior year TBEA
- 2 County program aid appropriation.** Provides that the appropriation for both parts of county program aid, need aid and tax base equalization aid, will be indexed to the percentage change in the implicit price deflator for government expenditures for 2017 and thereafter,

Section

and increases the appropriation for tax base equalization aid by \$25 million for 2016 and thereafter.