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Subject: Increases LGA payments for selected cities

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Overview

Moves any city with a population greater than 10,000 that receives a sparsity aid adjustment in the large city revenue need formula to the medium city revenue need formula. Moves the sparsity adjustment to the medium city formula as well and increases the sparsity adjustment from 100 per capita to 150 per capita. The only city affected is the city of Hibbing.

Also provides that a city authorized to impose an admission and recreation tax under a special law enacted in 2010 shall permanently receive an LGA payment equal to the greater of (1) the aid it received in 2003 or (2) what it is calculated to receive under the current formula.

Effective beginning with aids payable in 2018.

Section

- 1 **City revenue need.** Eliminates the sparsity adjustment from the large city revenue need formula. Moves the sparsity adjustment to the medium city need formula and states that any city qualifying for the sparsity adjustment will now have its need calculated under the medium city need formula.
- 2 **Sparsity adjustment.** Changes the sparsity adjustment amount from 100 to 150. Only a city with a population of at least 10,000 may qualify for this adjustment which requires that a city's population density be less than 150 per square mile. Hibbing is the only city that qualifies.

Section

- 3** **Certified aid adjustment.** Provides that a city authorized to impose an admission and recreation tax under a special law enacted in 2010 shall permanently receive an LGA payment equal to the greater of (1) the aid it received in 2003 or (2) what it is calculated to receive under the current formula. Only the city of Biwabik qualifies.