

**File Number:** H.F. 773  
**Version:** As introduced

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**Authors:** Murphy, M. and others

**Subject:** Corrects an error in the city local government aid (LGA) formula

**Analyst:** Pat Dalton

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### Overview

Corrects a mathematical error in the current city LGA formula that causes some cities' aid to decrease even though their aid in the previous year is less than its current "unmet need." Twenty cities are affected by this error for aids payable in 2017 and 24 cities will be affected for aids payable in 2018 under current law without the correction.

Effective beginning with aids payable in 2018 and thereafter.

This bill also adjusts the Pay 2017 LGA for the 20 affected cities back to their 2016 LGA amounts and uses that adjusted payment going forward in calculating 2018 aid changes. The total cost of the adjustment for the 20 cities is about \$170,000.

### Section

- 1 City formula aid.** Uses certified aid from the previous year as the starting point for calculating a city's formula aid. A city's formula aid (aid increase) is equal to a percentage of the difference between a city's unmet need and its certified aid for the previous year.  
Effective beginning with aids payable in 2018.
- 2 City aid distribution.** Provides that if a city's aid from the previous year is less than its unmet need for the current year, its new aid amount will be its certified aid from the previous year plus its formula aid calculated under section 1.

**Section**

If a city's aid in the previous year is equal to or greater than its current unmet need, its new aid amount is the greater of :

- ▶ its current unmet need; or
- ▶ its aid from the previous year minus the lesser of: (1) \$10 per capita; or (2) five percent of its net levy in the previous year.

These are the decreases allowed under current law.

Effective beginning with aids payable in 2018.

- 3**      **One-time adjustments for certain cities; aids payable in 2017.** Increases the Pay 2017 LGA for the 20 cities affected by the formula error back to their 2016 LGA amounts and uses that adjusted payment in calculating their aid for aids payable in 2018.