

H.F. 969

With author's amendment (H0969A1)

Subject Extra LGA to the city of Hermantown

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Overview

Provides a permanent extra LGA payment of \$200,000 per year to the city of Hermantown beginning with aids payable in 2020. The extra payment is taken from the current appropriation, changing increases to other cities slightly.

Background: Beginning in 1995 the city of Hermantown was granted an extra homestead and agricultural credit payment (HACA) to compensate for the fact that the city residents paid an unusually high share of the county tax because they received no taconite homestead credit or disparity reduction aid.

When the HACA program was eliminated, the payment was switched to an extra LGA payment. Virtually all extra LGA payments were eliminated when the new formula was enacted in 2013. At the time the 2014 LGA payment to Hermantown exceeded the 2013 LGA payment, including this extra amount. The estimated 2020 LGA payment to Hermantown under current law is zero.