

H.F. 1101

With the author's amendment (H1101A1)

Subject Change the city LGA program

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Overview

The bill increases the LGA appropriation beginning with aids payable in 2020 by about \$30.6 million. The new appropriation amount is equal to the amount appropriated for city LGA in calendar year 2002—the year with the highest appropriation for this program.

It also inflates all the coefficients used to calculate large and medium city “need” in the current formulas by roughly 7.8 percent. The coefficients and cap for the small city need formula are also adjusted but not by a standard amount. Changes in aid are based on a city’s “unmet need” (the difference between (1) its need per capita multiplied by its population and (2) its tax base multiplied by the average city tax rate). The change in the coefficients increases all cities’ “need” which moves some cities back onto the LGA formula and slightly increases the percent of the new aid going to cities with “unmet need” close to zero under the current formula.

Finally it adds an inflation adjustment to the total appropriation beginning in 2021. The inflator will increase the annual appropriation between 2.5 percent and 5.0 percent per year. This is the similar inflation adjustment that was in the program from 1994-2002.

Effective beginning with aids payable in 2020.

Summary

Section	Description
1	City revenue need. Increases all the coefficients used in the small, medium, and large city need formulas by roughly 7.8 percent.
2	Cities (appropriation). Increases the total city LGA appropriation from \$534,398,012 to \$564,990,952 for aids payable in 2020 and future years.

Section	Description
3	<p data-bbox="342 268 613 302">Inflation adjustment.</p> <p data-bbox="342 310 1427 453">Beginning with aids payable in 2021, increases the city LGA appropriation amount based on the growth in the implicit price deflator for state and local government purchases and population. The increase may not be less than 2.5 percent or more than 5.0 percent in any year.</p>



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