

The local government aid (LGA) program for townships was enacted in the 2013 session, and the first payments were made beginning in 2014. The original LGA program enacted in 1971 provided aid to all local governments but over the years, distributions to townships were reduced as the program became a city aid program only. No LGA payments were made to townships from 2002 to 2013.

## Aid factors

The amount received by each township is based on three factors:

- **Town area factor:** the most recent estimate of the acreage in the township, up to 50,000 acres
- **Population factor:** the square root of the most recent population estimate for the township
- **Agricultural property factor:** the proportion of property value in the township that comes from agricultural land. This is calculated as the ratio of the adjusted net tax capacity of all agricultural property in the township to the adjusted net tax capacity of all other property in the township, up to a maximum factor of eight. “Agricultural property” includes homestead and nonhomestead agricultural land, rural vacant land, and noncommercial seasonal recreational property (i.e., cabins), but it does not include managed forest land or tax-exempt natural resource land.

## Total annual aid is \$10 million

The formula distributes \$10 million annually to organized townships in the state. The actual formula for each town’s aid is:

$$\text{Aid} = X\% \text{ of } \left( \frac{\text{agricultural property factor}}{\text{agricultural property factor}} \times \frac{\text{town area factor}}{\text{town area factor}} \times \frac{\text{population factor}}{\text{population factor}} \times .0045 \right)$$

where X% is the percentage needed so the total paid to all townships does not exceed \$10 million.

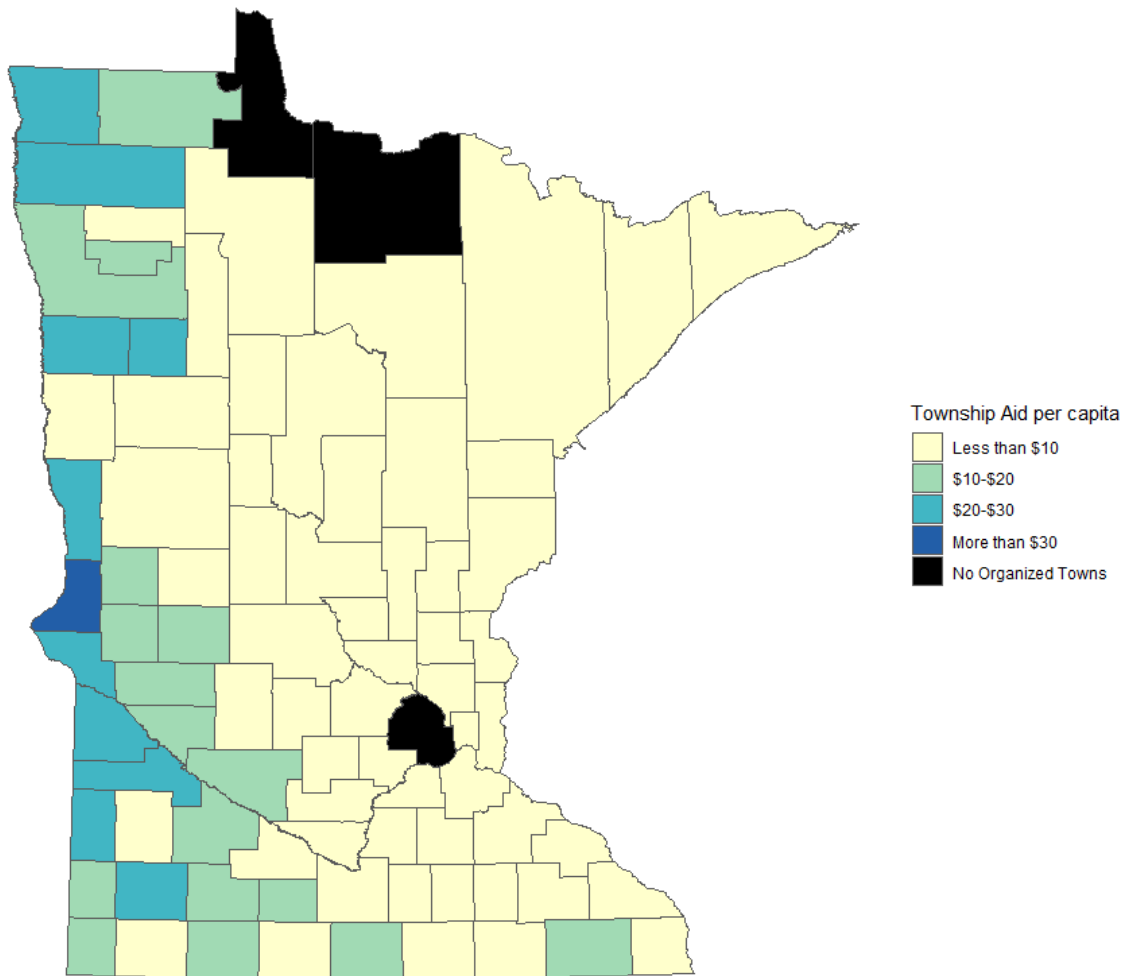
## Formula favors organized, agriculture-based townships

The formula tends to provide more aid per capita to townships that have a large amount of land meeting the definition of “agricultural property” used in the agricultural property factor. Townships with large amounts of other property such as residential, commercial, or forest property will get less aid per capita. The aid is limited to organized townships; no aid is paid to counties for providing township services to unorganized townships in the state. Because of this, payments tend to be highest in the western and southwestern counties in the state.

## Three counties receive no aid

No township aid is paid in Hennepin, Koochiching, or Lake of the Woods counties. This is because either the entire county is incorporated into cities (Hennepin County) or the county only has unorganized townships (Koochiching and Lake of the Woods counties).

## 2022 Total Township Aid, per capita by County



based on 2022 aid amounts



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