

**SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION**

S.F. No. 4247

(SENATE AUTHORS: HAUSCHILD, Kupec, Gustafson and Rest)

DATE
02/26/2024

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Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; aids to local governments; providing for an annual inflation
1.3 and population adjustment to the appropriations for local government aid and
1.4 county program aid; amending Minnesota Statutes 2022, section 477A.03, by
1.5 adding a subdivision; Minnesota Statutes 2023 Supplement, section 477A.03,
1.6 subdivisions 2a, 2b.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. Minnesota Statutes 2023 Supplement, section 477A.03, subdivision 2a, is
1.9 amended to read:

1.10 Subd. 2a. **Cities.** ~~For aids payable in 2021 through 2023, the total aid payable under~~
1.11 ~~section 477A.013, subdivision 9, is \$564,398,012. For aids payable in 2024 and thereafter,~~
1.12 the total aid payable under section 477A.013, subdivision 9, is \$644,398,012. For aids
1.13 payable in 2025 and thereafter, the total aid payable under section 477A.013, subdivision
1.14 9, equals the total aid payable under section 477A.013, subdivision 9, in the previous year,
1.15 multiplied by the inflation adjustment under subdivision 6.

1.16 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2025
1.17 and thereafter.

1.18 Sec. 2. Minnesota Statutes 2023 Supplement, section 477A.03, subdivision 2b, is amended
1.19 to read:

1.20 Subd. 2b. **Counties.** (a) ~~For aids payable in 2021 through 2023, the total aid payable~~
1.21 ~~under section 477A.0124, subdivision 3, is \$118,795,000, of which \$3,000,000 shall be~~
1.22 ~~allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable~~
1.23 in 2024, the total aid payable under section 477A.0124, subdivision 3, is \$154,197,053, of

2.1 which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4,
 2.2 section 6. For aids payable in 2025 ~~and thereafter~~, the total aid payable under section
 2.3 477A.0124, subdivision 3, is \$151,197,053, multiplied by the inflation adjustment under
 2.4 subdivision 6. For aids payable in 2026 and thereafter, the total aid payable under section
 2.5 477A.0124, subdivision 3, equals the total aid payable under section 477A.0124, subdivision
 2.6 3, in the previous year, multiplied by the inflation adjustment under subdivision 6. On or
 2.7 before the first installment date provided in section 477A.015, paragraph (a), \$500,000 of
 2.8 this appropriation shall be transferred each year by the commissioner of revenue to the
 2.9 Board of Public Defense for the payment of services under section 611.27. Any transferred
 2.10 amounts not expended or encumbered in a fiscal year shall be certified by the Board of
 2.11 Public Defense to the commissioner of revenue on or before October 1 and shall be included
 2.12 in the next certification of county need aid.

2.13 (b) ~~For aids payable in 2021 through 2023, the total aid under section 477A.0124,~~
 2.14 ~~subdivision 4, is \$145,873,444. For aids payable in 2024 and thereafter, the total aid under~~
 2.15 ~~section 477A.0124, subdivision 4, is \$190,471,391. For aids payable in 2025 and thereafter,~~
 2.16 the total aid payable under section 477A.0124, subdivision 4, equals the total aid payable
 2.17 under section 477A.0124, subdivision 4, in the previous year, multiplied by the inflation
 2.18 adjustment under subdivision 6. The commissioner of revenue shall transfer to the Legislative
 2.19 Budget Office \$207,000 annually for the cost of preparation of local impact notes as required
 2.20 by section 3.987, and other local government activities. The commissioner of revenue shall
 2.21 transfer to the commissioner of education \$7,000 annually for the cost of preparation of
 2.22 local impact notes for school districts as required by section 3.987. The commissioner of
 2.23 revenue shall deduct the amounts transferred under this paragraph from the appropriation
 2.24 under this paragraph. The amounts transferred are appropriated to the Legislative
 2.25 Coordinating Commission and the commissioner of education respectively.

2.26 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2025
 2.27 and thereafter.

2.28 Sec. 3. Minnesota Statutes 2022, section 477A.03, is amended by adding a subdivision to
 2.29 read:

2.30 Subd. 6. **Inflation adjustment.** (a) For purposes of this section, "inflation adjustment"
 2.31 means the greater of:

2.32 (1) 1.025; or

2.33 (2) one plus the total rate of change calculated under paragraph (b), but not to exceed
 2.34 1.05.

3.1 (b) In January of the year in which the aid amounts are certified, the commissioner must
3.2 calculate:

3.3 (1) the rate of change in inflation according to the implicit price deflator for government
3.4 consumption expenditures and gross investment for state and local governments prepared
3.5 by the Bureau of Economic Analysis of the United States Department of Commerce for the
3.6 12-month period ending March 31 of the previous calendar year; plus

3.7 (2) the rate of change in total city population between the population certified for aid
3.8 payable under section 477A.013, subdivision 9, in the previous calendar year, compared to
3.9 the population certified for aid payable under section 477A.013, subdivision 9, in the current
3.10 calendar year.

3.11 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2025
3.12 and thereafter.