

HOUSE RESEARCH

Bill Summary

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Subject: Adjusts the regional center aid portion of LGA city aid base

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Overview

City aid consists of two parts, formula aid and city aid base (grandfathered aid). Cities in greater Minnesota with a 2000 population of 10,000 or more receive additional city aid based on their 2000 population. This portion of city aid base is often referred to as "regional center aid". This bill would modify the regional center aid to vary as a city's population changes.

Section

- 1** **City aid base.** Modifies the formula for calculating additional city aid base to regional centers in greater Minnesota. Currently the formula gives money only to greater Minnesota cities that had a 2000 population of 10,000 or more and the additional aid is equal to the lesser of (1) \$60 multiplied by the city's 2000 population above 5,000, or (2) \$2.5 million. This would make eligibility for this aid and the amount of additional aid a city receives under this provision change each year based on the most recent city populations estimates. Effective beginning with aids payable in 2006.