

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 1827

DATE: April 11, 2005

Version: As introduced

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Subject: Increased city aid base for Minneapolis

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Overview

City LGA consists of two parts: formula aid that is determined by a city's "need" and "ability to raise revenue," and city aid base or "grandfathered aid" which is a permanent amount that is paid to certain cities that meet specified criteria. This bill would provide an additional \$12 million in city aid base to the city of Minneapolis to use for increased police and prosecutor services.

Section

- 1 City aid base.** Provides for a permanent increase in the LGA city aid base of \$12 million annually, beginning with aids payable in 2006, for a city with a 2003 population of 100,000 and a net tax capacity tax rate for levies payable in 2004 of at least 50 percent. The city of Minneapolis is the only city that qualifies.
- 2 Use of revenues.** Requires that the extra LGA received under section 0be used to increase spending on police services and prosecutors in the city attorney's office, above the level in calendar year 2005.
- 3 Cities (appropriation cap).** Increases the limit on the amount that may be paid annually for city LGA by \$12 million to \$449,052,000. Effective for aids payable in 2006 and thereafter.