

HOUSE RESEARCH

Bill Summary

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Authors: Ellison

Subject: Modifying the LGA formula and requiring a portion to be used for public safety

Analyst: Pat Dalton, 651-296-7434

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Overview

The current city LGA appropriation is capped at \$437 million annually and the amount paid to each city is a percentage of its "unmet need" (need minus ability to raise revenue locally) where the percentage is calculated to spend the appropriation amount. Both annual increases and decreases in a city's aid amount are capped. A city may spend LGA money as it chooses. This bill would modify the LGA formula as follows:

- remove the appropriation cap and pay 100% of "unmet need"
- remove the cap on annual increases to LGA, but retain the cap on decreases; and
- require any new LGA above a city's Pay 2005 amount be used to increase public safety and police spending in high crime areas of the city.

Section

- 1 City formula aid.** Removes the "need increase percentage" from the LGA formula. The formula aid would now equal 100 percent of the difference between a city's "need" and its "ability to raise revenue locally." Effective beginning with aids payable in 2006.
- 2 City aid distribution.** Removes the cap on the allowed annual growth in the amount of LGA paid to a city. Under current law, a city's LGA cannot increase in any year by an amount greater than 10 percent of the city's levy in the previous year. Effective beginning with aids payable in 2006.

Section

- 3** **Use of revenues.** Requires that any LGA that a city gets, in excess of what it received for aids payable in 2005, must be used to fund increased public safety initiative and police personnel. If a city has more than one precinct, the city may only spend the increase funds in the precinct, or the ten percent of the precincts with the highest levy of part I crimes in the city. Effective beginning with aids payable in 2006.
- 4** **Repealer.** Repeals the section of law that caps the total amount that can be paid annually in city LGA under its open and standing appropriation. Currently this capped amount is \$437,052,000 annually. Effective beginning with aids payable in 2006.