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**Authors:** Backer and others

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**Analyst:** Sean Williams (sean.williams.@house.mn)  
Steve Hinze (steve.hinze.@house.mn)

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### Overview

H.F. 609 makes a number of changes to the county program aid program administered by the Department of Revenue. The bill changes the formula under which tax-base equalization aid is distributed to counties, and requires that each county receive at least .27 percent of the total appropriation for CPA in a given year.

The bill also increases the appropriations for both county need aid and county equalization aid, and it repeals an existing component of the CPA formula that provides transition aid.

#### Section

- 1 County tax-base equalization aid.** Amends the factors used under current law to distribute tax base equalization aid.
- (b) Under current law, a county's tax-base equalization aid factor is equal to the amount by which \$185 times the county's population exceeds 9.45 percent of the county's net tax capacity. The bill changes the parameters used in this calculation to \$190 and 9.00 percent.
- (f) Repeals an existing provision under which prior to apportioning aid among counties, \$73,259 is annually allocated to Anoka County and \$59,664 is allocated to Washington County for the health insurance premiums of retired court employees.
- Effective for taxes payable in 2019, automatically increases the dollar value used to calculate a county's tax-base equalization aid factor. Under current law this dollar value is \$185. The

## **Section**

bill increases this amount to \$190 for taxes payable in 2018. For subsequent years, the \$190 dollar value must be multiplied by the ratio of the statewide net tax capacity in that assessment year to the statewide net tax capacity in assessment year 2017. This change does not increase the amount of aid received by counties—it only alters the distribution of aid between the counties.

The ratio must always equal 1.00 or the ratio in the previous year, whichever is greater. The result must be subsequently rounded to the nearest \$10. The Commissioner of Revenue must use the most recent population available.

(g) Stipulates that the allocation to a county for county tax-base equalization must equal the greater of: (1) .27 percent of the county's distribution in county need aid; or (2) 95 percent of the tax base equalization aid the county received in the previous year. If the aids payable due to this provision exceeds the allocation for the program set in law, the bill stipulates that the distribution for counties that exceed their "minimum aid" must be reduced proportionally.

**2** **Counties.** Increases the total distribution amounts for county need aid and county distribution aid.

(a) Under current law, the county need aid distribution is \$100,795,000 of which \$3,000,000 is directed to Beltrami County for out-of-home placement costs until aids payable 2024. The bill increases the county need aid distribution to \$111,526,935 for aids payable years 2018 through 2024. That number includes the same funds for Beltrami as exists under current law. For aids payable year 2025, the total aid payable is \$108,526,935.

(b) Under current law, the amount of county tax base equalization aid is \$104,909,575. The bill increases this amount to \$137,641,510 starting with aids payable in 2018.

**3** **Repealer.** Repeals an existing part of the aid formula under which counties receive the amount of transition aid they received in 2007.