



3/2/2022

Representative Paul Marquart
597 State Office Building
St. Paul, MN 55155

Dear Chair Marquart,

On behalf of the 837 members of the League of Minnesota Cities, I want to express our support for Section 8 of HF3827, your bill that would permanently accelerate the distribution of the first half payment of Local Government Aid under Minn. Stat. § 477A.015 to March 15 from the current first distribution date of July 20.

The acceleration of the distribution of the first LGA payment will assist cities receiving LGA with cash flow challenges created by the current aid payment structure and property tax system. Cities currently receive the bulk of their property tax settlements and state aid distributions twice a year with the first half occurring nearly halfway through the city's fiscal year in the June/July timeframe and the second half at the end of the fiscal year in the November/December timeframe.

Your bill would more closely reflect the original structure of the LGA distribution. When the LGA program was created by the legislature in 1971, cities received quarterly distributions on March 15, July 15, September 15 and November 15 each year. During the severe state budget deficits in the early 1980s, the 1981 legislature modified and delayed the distribution schedule to a six-installment system with distributions on July 15, August 15, September 15, October 15, November 15 and December 15. In 1986, the legislature modified the payment to essentially the current two-payment structure with payments on July 15 and December 15. Subsequent modifications in 1988 and 1992 moved the dates to the current July 20 and December 26 payment dates.

The 2017 legislature did enact a one-time early distribution of 2019 LGA that distributed 14.6 percent on June 15, 35.4 percent on July 20 and the remaining 50 percent on December 26. Since then, the distribution reverted to the July 20/December 26 payment structure.

Again, thank you for offering the accelerated distribution of LGA in Section 8 of HF3827. The League of Minnesota Cities looks forward to helping you advance this important legislation.

Sincerely,

A handwritten signature in black ink that reads "Gary N. Carlson". The signature is written in a cursive style.

Gary N. Carlson
League of Minnesota Cities

«Name»
«Date»
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