

Subject Local government aid calculation

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Date March 17, 2022

## Overview

Modifies the city local government aid (LGA) program as follows:

- Increases the city LGA appropriation from \$564,398,012 to \$584,398,012 beginning with aids payable 2023.
- Dedicates 2 percent of the total appropriation to an alternative per capita aid to cities that receive zero aid under the general LGA formula. The alternative aid, which is capped at \$200,000 to any city, is equal to:
  - a base amount of the lesser of \$40 per capita or \$60,000, plus
  - a per capita amount set to spend the entire 2 percent of the appropriation.
- All cities on the formula will also have a new minimum aid amount equal to what they would get under the alternative per capita aid formula. Additionally, no city may receive less aid in 2023 than it did in 2022.

Under this bill, all cities will get some LGA and cities getting a minimal amount under the current formula are guaranteed to get a minimum aid equal to the calculation under the alternative per capita aid.

**Effective date:** These changes are effective beginning with aid payable in 2023.

## Summary

Section	Description
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1	<b>City formula aid.</b> Changes a cross-reference to ensure the total appropriation for city LGA is distributed.
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Section	Description
2	<p><b>Preliminary city aid distribution.</b></p> <p>States that a city that receives zero aid under the general formula is eligible for alternative per capita aid under section 3. This section also ensures that no city may receive less aid in 2023 than it did in 2022.</p>
3	<p><b>Alternative per capita aid.</b></p> <p>The alternative aid, which is capped at \$200,000 to any city, is equal to:</p> <ul style="list-style-type: none"><li>▪ a base amount of the lesser of \$40 per capita or \$60,000, plus</li><li>▪ a per capita amount set to spend the entire 2 percent of the appropriation.</li></ul>
4	<p><b>Final city aid distribution.</b></p> <p>States that a city's final LGA appropriation is equal to the greater of (1) what it would get under the general formula or (2) the alternative per capita aid formula. This increases aid to cities that receive minimal amounts under the general formula to the amount that they would get if they were off the formula and eligible for the alternative aid under section 3.</p>
5	<p><b>Cities.</b></p> <p>Increases the city LGA appropriation to \$574,990,952 beginning with aids payable in 2023. This section also requires that 2 percent of the total appropriation in any year be used to fund the alternative aid per capita formula in section 3.</p>



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