Overview

Low income housing aid (class 4d aid) compensates cities for loss of property tax base related to state class rate reductions for low income rental housing. Currently a city has to lose tax base equal to at least 2 percent of its total net tax capacity from these class rate reductions in order to qualify for this aid. The bill reduces this threshold to 1.5 percent. It also sets up two categories of cities eligible for class 4d aid, giving more aid to communities having more multifamily rental housing and more housing that qualifies for the class 4d rate.

Section

1  **Eligibility.** Provides that 4d aid paid to an "impacted community" is equal to the amount of tax base loss due to conversion of apartments to 4d classification that exceeds 1.0 percent multiplied by the city's average tax rate in 1998.

   Provides that 4d aid paid to any other city is equal to the amount of tax base loss due to conversion of apartments to 4d classification that exceeds 1.5 percent multiplied by the city's average tax rate in 1998.

   Defines an "impacted community" as a community that meets the following criteria:

   - the city has at least 250 apartment units;
   - at least 25 percent of those units must be classified as 4d property; and
   - the city's tax base loss due to apartment conversions to the 4d classification must be at least 1.5 percent.

2  **Certification.** Requires the county assessor to notify the commissioner of revenue of the tax base loss for each city that qualifies for this aid program and whether they are an "impacted city" by June 30 of the assessment year.

3  **Effective date.** Effective for aids paid in 2001. This program expires after that point and aids paid in 2001 are rolled into city LGA payments beginning in 2002.