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Overview

The city LGA appropriation for aids payable in 2001 is about $409 million. Of that amount, $81 million is distributed via the LGA formula and $328 million is "grandfathered" aid. The LGA appropriation grows every year by a rate between 2.5 - 5.0 percent, depending on inflation. This bill would increase the appropriation in Pay 2001 by an additional $108 million, all of which would be distributed via the formula. The caps on the allowed increase in each city's LGA would also increase for one year to allow the additional amount to be distributed.

1 **City aid distribution.** Increases the cap on LGA growth for aids paid in 2001 only for cities other than cities of the first class. The current cap limits aid growth to 10 percent of the city's levy in the previous year. This would allow growth in 2001 equal to 30 percent of the city's levy in the previous year. LGA growth for first class cities is capped at the rate of growth in the total appropriation, therefore their cap is automatically increased. Deletes some obsolete language.

2 **Annual Appropriation.** Permanently increases the LGA appropriation for cities beginning in 2001 by $108 million.

3 **Effective date.** Effective for aids paid in 2001 and thereafter.