

## Township LGA

***Township LGA will be paid for the first time since 2001***

A new local government aid (LGA) program for townships was enacted in the 2013 session, and the first payments will be made beginning in 2014. The original LGA program enacted in 1971 provided aid to all local governments but over the years, the program became a city aid program only. The last LGA payment made to townships under the old program was in 2001.

***Aid payment is based on geographic size, population, and percent of agricultural property***

The amount received by each township is based on three factors:

- Town area factor: the most recent estimate of the acreage in the township, up to 50,000 acres. The estimate may come from the U.S. Bureau of the Census, the State Land Management Information Center, or the secretary of state
- Population factor: the square root of the most recent population estimate for the township
- Agricultural property factor: the ratio of the adjusted net tax capacity of all agricultural property in the township to the adjusted net tax capacity of all other property located in the township, up to a maximum factor of eight. “Agricultural property” includes homestead and nonhomestead agricultural land, rural vacant land, and noncommercial seasonal recreational property (i.e., cabins), but it does not include managed forest land or tax-exempt natural resource land.

***Total aid is limited to \$10 million annually***

The formula will distribute \$10 million annually to organized townships in the state. The actual formula for each towns aid is:

$$Aid = X\% \text{ of } \left( \frac{\text{agricultural property factor}}{\text{property factor}} \times \frac{\text{town area factor}}{\text{factor}} \times \frac{\text{population factor}}{\text{factor}} \times .0045 \right)$$

where  $X\%$  is the percentage needed so the total paid to all townships does not exceed \$10 million. For payments made in 2014, the percentage paid is 91.4 percent.

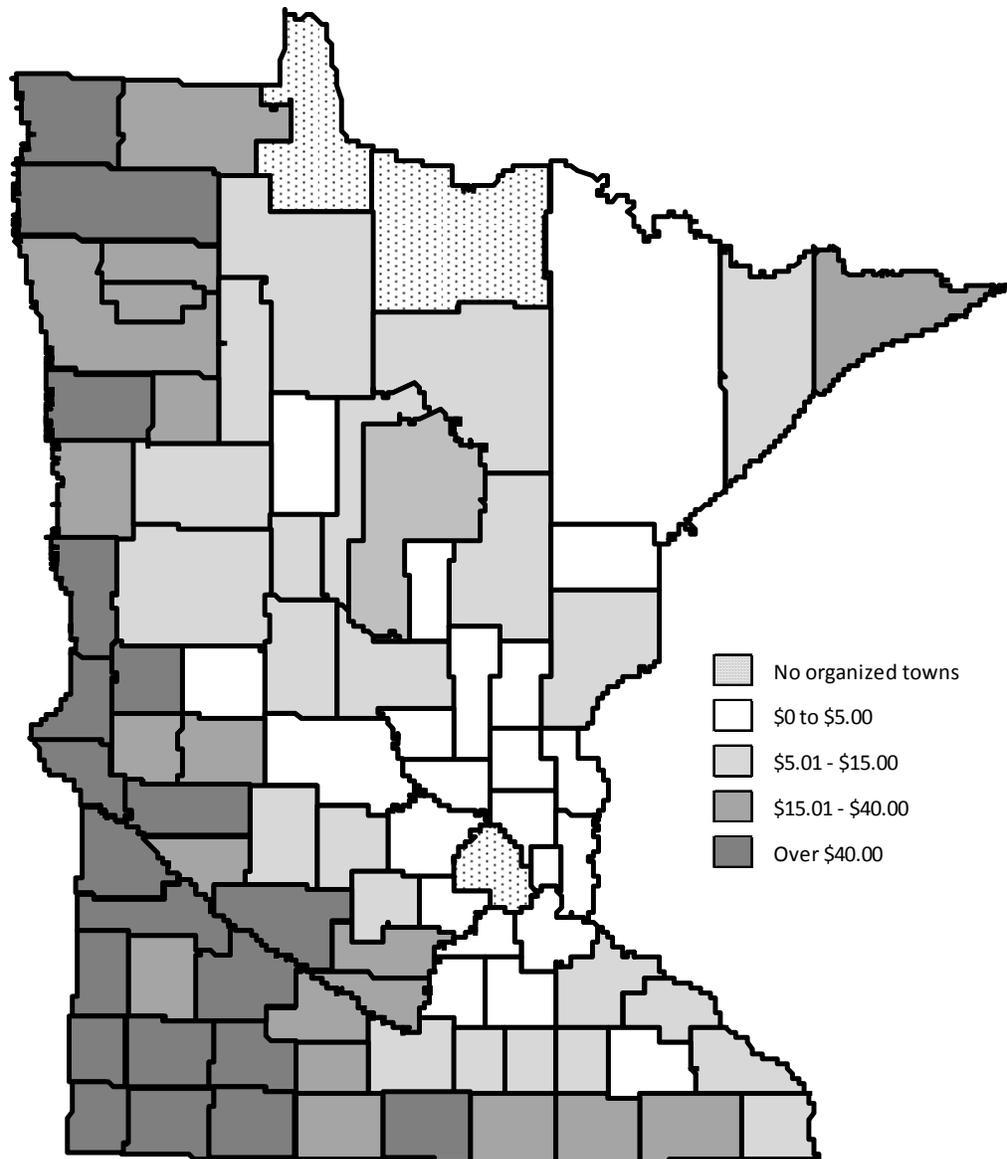
***Formula favors organized, agriculture-based townships***

The formula tends to provide more aid per capita to townships that have a large amount of land meeting the definition of “agricultural property” used here. Townships with large amounts of other property such as residential, commercial, or forest property will get less aid per capita. The town aid is limited to organized townships; no aid is paid to counties for providing township services to unorganized townships in the state. Because of this, payments tend to be highest in the western and southwestern counties in the state.

***No town aid is paid in three counties***

No township aid is paid in Hennepin, Koochiching, or Lake of the Woods counties. This is because either the entire county is incorporated into cities (Hennepin County) or the county only has *unorganized* townships (Koochiching and Lake of the Woods counties).

**Average 2014 Town LGA per capita by County  
(based on organized township population)**



**For more information:** Contact legislative analyst Pat Dalton at 651-296-4472.

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