



Catalog of Budget Activities
Tax Aids & Credits

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Fiscal Analysis Department
Minnesota House of Representatives

The House Fiscal Analysis Department is a team of eleven analysts who provide professional, non-partisan, and confidential services for all members of the House of Representatives, as well as providing legislative support services to the House finance and tax committees on fiscal issues. The Department researches, prepares and distributes publications providing information on state budget issues and government finance.

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Purpose This catalog seeks to provide a quick reference for specific budget activity—past expenditures, current appropriations and projected spending—in the area of Tax Aids & Credits, under the purview of the Tax Committee. Bills that seek to make changes in spending or changes to related tax program parameters would be referred to the Tax Committee.

Format and Definitions

Each budget activity entry includes the following information

- Title and Legal citation
- An eight-year fiscal summary (dollars in thousands) for FYs 2014-2021, updated from the November 2016 Forecast Consolidated Fund Statement
- Annual percentage change in spending
- Appropriation type, Fund type
- Brief description of how the budget activity functions

Example:							
Title of Budget Activity [<i>Minnesota Statutes or Session Law citation</i>]							
Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$194,500	\$164,417	\$160,642	\$160,642	\$165,820	\$165,747	\$165,704	\$165,704
3.9%	-15.4%	-2.3%	0.0%	3.2%	0.0%	0.0%	0.0%
<p>Appropriation Type: Statutory, Direct, Open or Standing Fund: General or Special</p> <p>Description: The description includes one or more of the following bits of information: what the activity does, which agency administers it, who receives it, how the program or activity is managed, or program statistics (when available).</p>							

Types of Appropriations

The following definitions are commonly used in the Governor’s Biennial Budget documents and in current accounting practices.

A. "**Statutory Appropriation**" refers to the spending authority that is codified in state statute, rather than session laws. This authority to spend state resources is ongoing and independent from the passage of an appropriations bill each biennium. Typically, statutory appropriations are made in dedicated receipt activities, but they are also applicable to situations where state resources are perpetually made available for spending.

The Governor's biennial budget document specifically highlights a section for "Statutory Appropriations" and the figures contained within are generally based upon anticipated receipts within an agency's budget. These codified appropriations are processed in the accounting system annually based on agency estimates -- without further legislative action.

B. "**Direct Appropriation**" is an appropriation made in biennial or annual budget bills and is valid for a limited period of time, usually within the biennium.

C. "**Open Appropriation**" refers to the authority to spend an unspecified amount of resources to meet a program's objective or a constitutional requirement. These resources are typically made available when an agency provides a forecast of the estimated need. (An example would be the Property Tax Refund for Homeowners, page 10.)

The Governor's biennial budget document specifically identifies "Open Appropriations". Approved funding uses agency estimates and documentation that establishes the funds in the accounting system. Rather than canceling at year-end, any excess dollars are processed as a reduction in the appropriation.

D. "**Standing Appropriation**" is the authority to spend a pre-determined dollar annual amount for an activity for a specific period of time or indefinitely. (Example: MS 477A.03, Subd. 2b. " For aids payable in 2014 and thereafter, the total aid payable under section [477A.0124, subdivision 3](#), is \$100,795,000.")

TAX EXPENDITURE TYPES

Tax refunds are direct payments from the state to taxpayers to lessen their personal tax burden. *Property tax refunds* are direct payments from the state to certain homeowners and renters to offset their property tax liabilities.

Local aids are state payments to local jurisdictions, including school districts, intended to replace tax levy income. *Property tax aids* are state payments to local taxing jurisdictions intended to replace property tax levy income.

Tax credits directly reduce a taxpayer's tax liability. **Property tax credits** reduce property tax liabilities for individual taxpayers; local taxing jurisdictions receive state payment for these credits.

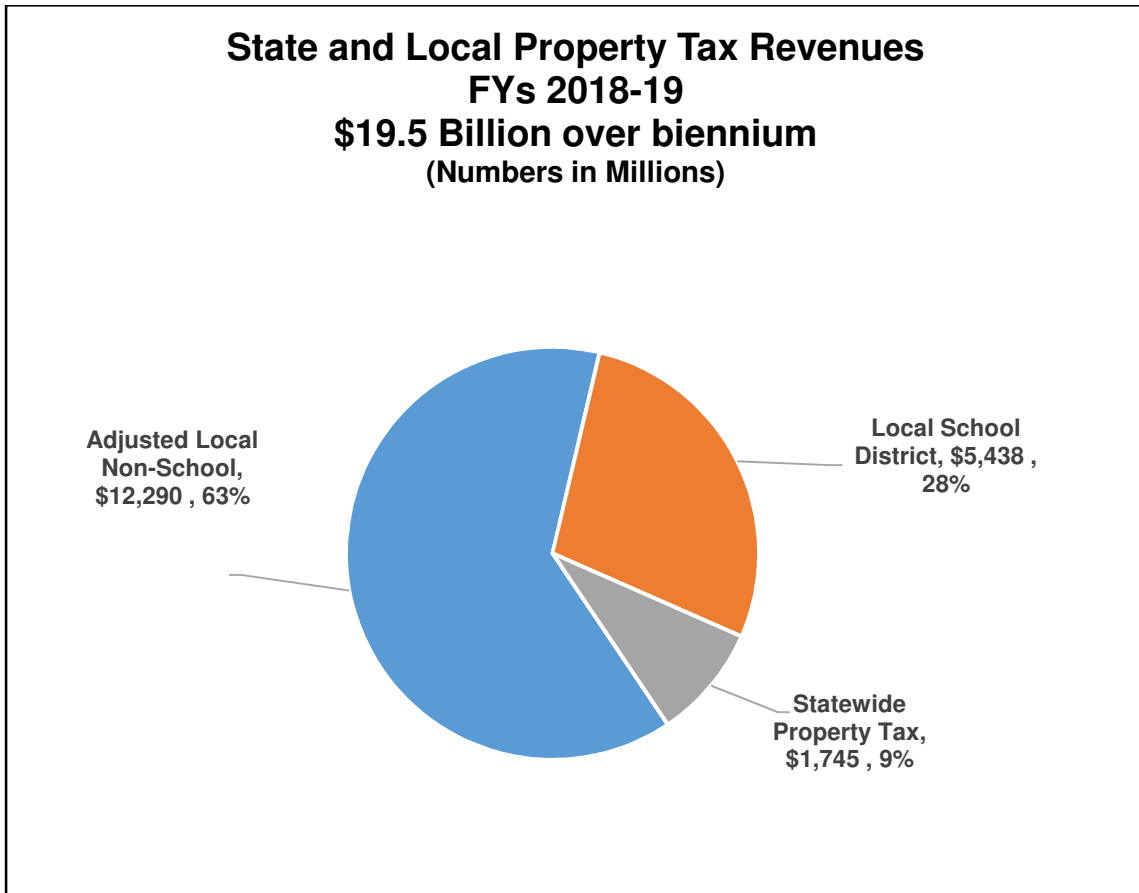
In all cases, whether using a tax refund, a tax aid or a tax credit, the effect is that property taxpayers pay less than what the taxes would be otherwise, and the state makes up the difference.

Other expenditures are direct appropriations with a tax-related purpose, usually to a state agency or local government, and usually administrative in nature.

Overview: House Committee on Taxes

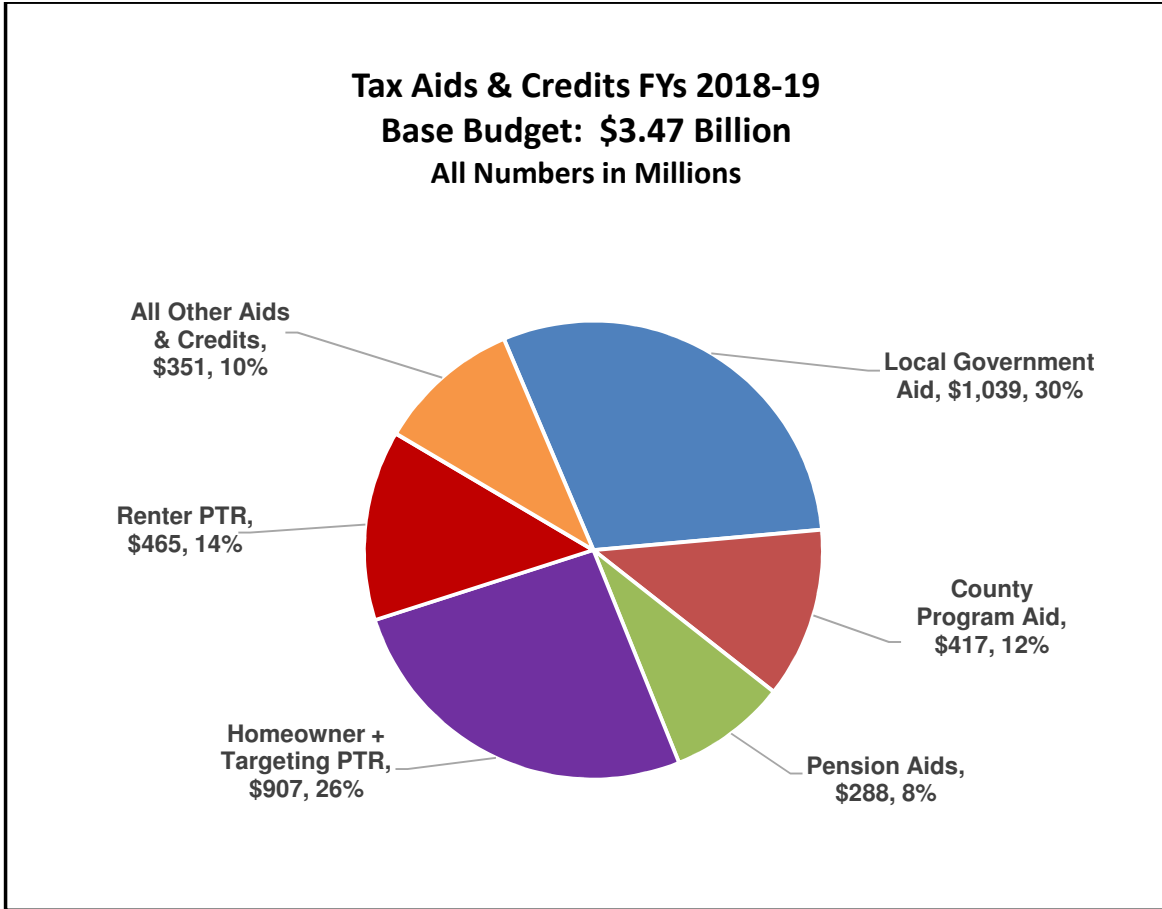
The House Committee on Taxes has the dual responsibility of overseeing state tax revenues and certain state appropriations from the general fund that support state aids and credits. Because most of these expenditures seek to mitigate the impact of local property taxes, a review of all property tax revenue is helpful.

For the FY 2018-2019 biennium, Minnesota's state and local property tax revenues are projected to be \$19.5 billion. Of this amount, local government revenues (counties, cities, towns, special districts) are estimated at \$12.3 billion or 63.1%, school district revenues at \$5.4 billion or 27.9%, and statewide property tax revenues at \$1.7 billion or 9.0%.



End of 2016 Session, Price of Government projection

Likewise, projected FY 2018-2019 expenditures for Tax Aids and Credits total just under \$3.5 billion, with \$1.6 billion in major property tax aids, \$1.4 billion in property tax refunds, \$341 million in other property tax aids/credits and \$122 million in other appropriations.



Tax Aids & Credits FYs 2018-19 (November 2016 Forecast)

<i>Property tax aids represent</i>	44.4%
<i>Property tax refunds (PTR) represent</i>	39.9%
<i>Pension aids represent</i>	8.3%
<i>All Other (including PILT) represent</i>	<u>10.4%</u>
 <i>Total</i>	 100.0%

For twenty years of Tax Aids & Credits spending, see page 30.
 For additional FY 2018-19 budget activity detail, see pages 31-32.

List of House Tax Committee Budget Items

Currently, forty budget activities are reflected as general fund items on the expenditures portion of the House Taxes Aids and Credits spreadsheet. These programs are administered in whole or in part by the Department of Revenue. Other programs are funded with special revenues or administered locally as noted. Additional detail for each program can be found beginning on page 10 of this catalog.

Refunds

Homeowners Property Tax Refund
Renters Property Tax Refund
Targeting Refund
Sustainable Forest Land Credits
Political Contribution Refund
Tax Refund Interest

Taconite Tax Relief

Aids & Credits

Taconite Reimbursement
Supplemental Homestead Aid
Taconite Replacement Aids

Property Tax Credits

Agricultural Market Value Credit
Agricultural Preservation Credit
Border City Disparity Credit
Disaster Credit
Wetlands Reimbursement Credit
Senior Deferral Reimbursement
*Agriculture Preservation Credit (SR)
Bovine TB Property Tax Credit

Local Aids

Local Government Aid (LGA)
County Program Aid
Township Aid
Transition Aids (utility, production)
Public Defender /Local Impact Notes
Disparity Reduction Aid
County Casino & AIS Aids
Mahnomen Reimbursement Aid
Council on Results-Performance Aid
Flood or Disaster reimbursements

Local Pension Aids

Aid to Police & Fire
Police/Fire Retirement Aid Supplmnt
Police/Fire Amortization Aid
Redistributed Amortization Aid (TRFA)
Police/Fire Suppl'tl Amortization
Firefighters Relief Reimbursements
Public Employees Retirement Assoc.

Other Expenditures

Payment-in-Lieu of Taxes (PILT)
Dept. of Natural Resources lands
Various debt service or stipend aids

Local Revenue Sharing - *Fiscal Disparities

* Agriculture Preservation Credit is currently funded by special revenues; general funds added in FY 2018. Fiscal Disparities revenue sharing is enabled by state statute (MS 473F), but revenue distributions are administered locally.

Description: The Targeting Property Tax Refund provides property tax relief to owners of residential homestead property when there is a relatively large, one-year increase (greater than 12 percent and over \$100) in property taxes. Unlike the regular property tax refund program, eligibility for this additional refund is independent of income. The refund equals 60% of the property tax increase in excess of 12%, up to a maximum of \$1,000. In fiscal year 2015, over 59,000 homeowners received an average refund of \$88.

Sustainable Forest Incentive Act Payments [*Minnesota Statutes*, section 290C.07 & 290C.08]

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$5,202	\$5,276	\$5,312	\$5,540	\$5,760	\$5,930	\$6,110	\$6,290
% Chg	1.4%	0.7%	4.3%	4.0%	3.0%	3.0%	2.9%

Appropriation Type: Statutory, Open

Fund: General

Description: Sustainable Forest Incentive Act payments provide reimbursements to private landowners who practice long-term forest management investment in accordance with the Sustainable Forest Incentive Act (2001). The current, per-acre payment is \$7.00. The program has undergone several changes in recent years. In FY 2014, the \$100,000 payment limit per taxpayer per year was eliminated and land over 60,000 acres that is subject to a single conservation easement was excluded from the program. In 2015, 2,400 forest land owners participated, with an average payment of \$2,205.

Tax Refund Interest [*Minnesota Statutes*, 289A.56, subd. 2]

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$14,516	\$11,180	\$8,660	\$9,050	\$9,450	\$9,900	\$10,300	\$10,750
% Chg	(23.0%)	(22.5%)	4.5%	4.4%	4.8%	4.0%	4.4%

Appropriation Type: Statutory, Open

Fund: General

Description: This account contains interest expenses that must be paid on an overpayment refunded or credited to taxpayers, from the date of payment of the tax until the date the refund is paid or credited. When the amount of tax exceeds the tax shown on the original return by \$10, the amount refunded bears 3% interest (since 2010) from 90 days after (1) the due date of the return of the taxpayer, or (2) the date on which the original return is filed, whichever is later, until the date the refund is paid to the taxpayer. When the amount to be refunded is less than \$10, no interest is paid. In FY 2011, budget constraints caused in a 6-month delay of payments, shifting a total of \$236 million in refunds plus interest from FY 2011 to FY 2012.

Political Contribution Refund [Minnesota Statutes § 290.06, subd. 23(g)]

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$3,673	\$3,434	\$1,251	\$10	\$3,500	\$5,500	\$4,500	\$5,500
% Chg	(6.5%)	(63.6%)	(99.2%)	34900%	57.1%	(18.2%)	22.2%

Appropriation Type: Statutory, Open

Fund: General

Description: This state program allows a taxpayer to claim a refund equal to the amount of the taxpayer's contributions made in the calendar year to candidates and to a political party. The maximum refund for an individual must not exceed \$50 and for a married couple, filing jointly, must not exceed \$100. In calendar year 2009, over 114,000 individuals received an average political contribution refund of \$50. Due to budget constraints, these refunds were temporarily suspended for fiscal years 2010 through 2013, then resumed in FY 2014. The program was again suspended for the FY 2016-2017 biennium.

LOCAL AIDS *****

Local Government Aid, LGA [Minnesota Statutes, 477A.03, subd. 2 & 2a, 477A.013, subd. 9]

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$427,439	\$507,516	\$516,888	\$519,398	\$519,398	\$519,398	\$519,398	\$519,398
% Chg	18.7%	1.8%	0.5%	0.0%	0.0%	0.0%	0.0%

Appropriation Type: Statutory & Standing

Fund: General

Description: Local Government Aid (LGA) provides general-purpose aid to cities that is distributed by a formula that 1) reflects a city’s aid from the previous year, plus 2) its factor for unmet need times its aid gap percentage. Data used in calculating LGA payments must be current by January 1 in the year for which the aid is awarded. Local Government Aid (LGA) provides general-purpose funding annually to 768 of Minnesota’s 852 cities; 608 of these LGA-receiving cities have a population less than 2,500. Since its inception in 1971, the LGA program has undergone many changes, the most recent by the 2014 Legislature in conjunction with the Minnesota League of Cities.

County Program Aid, CPA [Minnesota Statutes, 477A.03, subd. 2 & 2b, 477A.0124, subd. 3-4]

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016* Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$165,570	\$206,235	\$209,969	\$208,563	\$208,457	\$208,591	\$208,454	\$208,454
% Chg	2.5%	1.8%	(0.7%)	(0.1%)	0.1%	(0.1%)	0.0%

Appropriation Type: Statutory & Standing

Fund: General

Description: County Program Aid (CPA) provides general-purpose aid to Minnesota's 87 counties based on the needs of the populations they serve relative to the size of their tax bases. Funding is distributed through two main formulas, roughly equal in size. The need aid formula is based on each county's relative share of needy populations; the tax base equalization is based on the size of each county's tax base relative to its population. Appropriations payable for CY 2015 and annually thereafter are limited to \$100.795 million for need aid and \$104.909 million for equalization aid for a total of \$205.7 million. Of the total annual appropriation, up to \$714,000 is retained by the Commissioner of Revenue to pay for 1) public defender costs pursuant to Minnesota Statutes 611.27 and 2) the cost of local impact notes as required by section 3.987. *Beginning in FY 2016, county transition aid of \$464,000 is incorporated into the County Program Aid appropriation.

County Transition Aid* [Minnesota Statutes, 477A.03, subd. 2, 477A.0124, subd. 5.]

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016* Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$464	\$464	\$0	\$0	\$0	\$0	\$0	\$0
% Chg	0%	0%	0%	0%	0%	0%	0%

Appropriation Type: Statutory, Standing **Fund:** General

Description: County Transition Aid provides state aid to seven counties (Aitkin, Chippewa, Cook, Kanabec, Kittson, Traverse, and Wilkin) that suffered extreme reductions in aid attributable to the 2003 consolidation of five aid programs into County Program Aid. This provision was due to sunset in calendar year 2007 (FY 2008), but instead was reinstated and made permanent by the 2008 Legislature (Ch 366). *For FY 2016 and beyond, county transition aid amounts are reflected in the County Program Aid appropriation.

Casino Aid to Counties [Minnesota Statutes, 270C.19, subd. 4]

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016* Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$1,260	\$1,272	\$1,572	\$1,532	\$1,532	\$1,532	\$1,532	\$1,532
% Chg	1.0%	23.6%	(2.5%)	0.0%	0.0%	0.0%	0.0%

Appropriation Type: Statutory, Open **Fund:** General

Description: Casino Aid is state aid paid to counties with a tribal casino. Using provisions of a tribal tax agreement, the state collects excise taxes (tobacco, alcoholic beverage, and motor fuels) on casino-related activities and then pays the county ten percent of those revenues. Because the tribal government receives one-half of the casino aid payment, the county, in effect, receives 5 percent of these shared taxes. Currently, 17 casinos representing eleven tribes are operating in twelve counties.

County Aquatic Invasive Species Prevention Aid [Minnesota Statutes, 477A.19, 84D.02]

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016* Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$0	\$4,500	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
% Chg	-	122.2%	0.0%	0.0%	0.0%	0.0%	0.0%

Appropriation Type: Statutory, Standing **Fund:** General

Description: Beginning in CY 2014/FY 2015, the 2014 Legislature established a county aid program to help prevent the spread of aquatic invasive species through Minnesota waterways. Funds are distributed using a formula, half of which is based on each county’s share of public watercraft trailer launches and half based on the number of public parking spaces for watercraft trailers at these sites. Eighty-three of Minnesota’s 87 counties will receive this aid, the outliers being Dodge, Fillmore, Pipestone and Rock Counties.

Township Aid [Minnesota Statutes, 477A.03 subd 2c, 477A.013, subd. 1]

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016* Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$0	\$9,996	\$9,997	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
% Chg	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Appropriation Type: Statutory & Standing **Fund:** General

Description: Township Aid provides general purpose aid to Minnesota's 1,783 townships. Payments are distributed using a formula that includes agricultural property valuation, town acreage and population.

Mahnomen Aid [2008 Minnesota Laws, Chapter 154, Article 1, sec 4, amended by 2013 Laws, Chapter 143, Article 2, sec 33]

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016* Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
% Chg	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Appropriation Type: Standing **Fund:** General

Description: Created in 2006 and made permanent in 2008, Mahnomen Aid provides partial replacement aid to local governments in Mahnomen County. In 2006, the United States Department of the Interior, Bureau of Indian Affairs, placed revenue producing land (a tribal casino) in Mahnomen into trust, thus removing it from the property tax rolls and causing a void of over \$932,000 in tax

revenues. The original \$600,000 payment—\$450,000 for Mahnomens County, \$80,000 for the City of Mahnomens, and \$70,000 for Mahnomens Independent School District No. 432—was doubled to \$1.2 million per year by the 2013 Legislature .

Disparity Reduction Aid [Minnesota Statutes, 273.1398, subd. 3, 6 & 8]

Disparity Reduction Aid – School

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016* Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$8,319	\$7,893	\$7,929	\$7,930	\$7,929	\$7,929	\$7,929	\$7,929
% Chg	(5.1%)	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%

Disparity Reduction Aid – Non-School

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016* Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$10,281	\$10,141	\$10,143	\$10,133	\$10,133	\$10,133	\$10,133	\$10,133
% Chg	(1.4%)	0.0%	(0.1%)	0.0%	0.0%	0.0%	0.0%

Appropriation Type: Statutory, Open

Fund: General

Description: Disparity Reduction Aid is state aid paid to more than 900 local governments, including counties, townships and school districts, to provide relief to high tax rate areas. The program was created in 1988 and unlike other aids that provide non-property tax revenues to local governments, disparity reduction aid is applied directly to local tax rates. A local tax rate is determined by subtracting the disparity reduction aid (DRA) from the initial tax rate, up to the amount that the total local tax rate does not fall below 90 percent.

Utility Transition Aid [Minnesota Statutes, 477A.16]

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016* Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$779	\$3	\$350	\$1	\$1	\$5	\$7	\$9
% Chg	(99.6%)	(11567%)	(99.7%)	0.0%	400%	40.0%	28.6%

Appropriation Type: Statutory, Open

Fund: General

Description: Created in 2008, Utility Transition Aid provided partial relief to 14 cities and 29 towns where changes in Minnesota Rules Ch. 8100 (governing utility property valuation) resulted in a reduction in tax capacity that was greater than 4 percent. Today, the aid continues for three remaining cities and towns until the valuation of public utility property exceeds its assessment year 2007 valuation under the old system. The Department of Revenue advises that, due to decreases in utility property values, some cities and towns may regain their eligibility in future years.

Production Property Transition Aid [Minnesota Statutes, 477A.18]

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
-	-	\$0	\$127	\$105	\$76	\$51	\$21
% Chg	-	-	-	(17.3%)	(27.6%)	(32.9%)	(58.8%)

Appropriation Type: Standing, Open

Fund: General

Description: Production Property Transition Aid was created in 2014 as temporary assistance for cities estimated to lose five percent or more of their tax base resulting from a change in the way that certain structures in the production of bio-fuels, alcoholic beverages and dairy products are valued for property tax purposes. The aid will be available in CY 2016/FY 2017 and will gradually phase-out over the ensuing four years.

Volunteer First Responder Retention Stipend Aid [2014 Minnesota Laws, Ch 308, Art 1, sec. 1]

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
-	-	\$1,552	\$1,553	\$1,570	\$0	-	-
% Chg	-	-	0.1%	1.1%	(100.0%)	-	-

Appropriation Type: Standing, Open

Fund: General

Description: Volunteer First Responder Retention Stipend Aid was created in 2014 as a three-year pilot program to provide a \$500 stipend to volunteer firefighters, volunteer ambulance attendants and volunteer emergency medical responders who serve qualified entities in the 14-county pilot area. 3,107 participants from 123 fire departments received a stipend in calendar 2016.

Public Defender Cost [Minnesota Statutes, section 477A.03, subd. 2b, and 611.27.]

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$222	\$284	\$118	\$286	\$500	\$500	\$500	\$500
% Chg	27.9%	(58.5%)	142.4%	74.8%	0%	0%	0%

Appropriation Type: Statutory, Open

Fund: General

Description: This budget activity represents set-aside moneys to pay for public defense services for correctional facility inmates. Under prior law, 1.5 percent of the criminal justice aid was designated for this purpose. However, since the CY 2005 consolidation of county aids, these funds (up to \$500,000 per year) are now deducted from the need aid portion of the County Program Aid appropriation.

Local Impact Note Cost [Minnesota Statutes, 477A.03, subd. 2b, 477A.0124, subd. 4]

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$214	\$214	\$214	\$214	\$214	\$214	\$214	\$214
% Chg	0%	0%	0%	0%	0%	0%	0%

Appropriation Type: Statutory, Standing **Fund:** General

Description: This budget activity provides annual funding of up to \$207,000 for the Commissioner of Minnesota Management and Budget (MMB) and up to \$7,000 for the Commissioner of Education to pay for administrative costs incurred from completing local fiscal impact notes on legislation considered by the Minnesota Legislature. These funds are subtracted from the equalization aid portion of the County Program Aid formula.

Performance Measurement Reimbursement [Minnesota Statutes, 6.91]

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$419	\$385	\$397	\$387	\$390	\$392	\$394	\$397
% Chg	(8.1%)	3.1%	(2.5%)	0.8%	0.5%	0.5%	0.8%

Appropriation Type: Standing, Open **Fund:** General

Description: Performance Measurement was created in 2010 as an incentive for counties and cities to establish and monitor performance standards of their public services. Program participants are eligible for reimbursement of 14 cents per capita, up to a maximum of \$25,000 and are exempt from limits on property taxes. In 2011, the number of participating jurisdictions was robust (38 counties and 113 cities); in 2016, the number has declined to nineteen counties and 27 cities.

Minneapolis Library Debt Service Aid [Minnesota Statutes, 477A.085]

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
-	-	-	\$3,720	\$4,120	\$4,120	\$4,120	\$4,120
% Chg	-	-	-	10.0%	0.0%	0.0%	0.0%

Appropriation Type: Standing, Open **Fund:** General

Description: Created by the 2013 Legislature and effective tax years 2016 and beyond, Minneapolis Debt Service Aid provides annual payments equal to 40 percent of the annual levy designated for Minneapolis’ library referendum bonds.

Bloomington Infrastructure Projects [Minnesota Statutes, 473.08, subd 3a]

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
-	-	\$4,820	\$4,522	\$4,858	\$4,864	-	-
% Chg	-	-	(6.2%)	7.4%	0.1%	(100.0%)	-

Appropriation Type: Standing, Open

Fund: General

Description: Effective for taxes payable in 2015 through 2018, the Bloomington Infrastructure Projects account will assume payments on behalf of the City of Bloomington to retire a loan that was made for infrastructure improvements as part of the original Mall of America project.

Debt Service Aid – Lewis & Clark Joint Powers Board [Minnesota Statutes, 477A.20]

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
-	-	-	-	\$900	\$2,200	\$2,200	\$2,200
% Chg	-	-	-	-	144.4%	0.0%	0.0%

Appropriation Type: Standing, Open

Fund: General

Description: Debt Service Aid for the Lewis and Clark Joint Powers Board was created in 2014 to assist with financing of up to \$45 million in local bonds for the construction of the Lewis and Clark Regional Water System Project. The aid payment is an amount equal to the principal plus interest on the bonds due in the upcoming year minus 1) 1.5 percent of the combined adjusted net tax capacity of Rock and Nobles Counties and 2) 50 percent of any federal grants and aids received for the project. If the amount of federal grants and aids received for the project exceed the local payment obligation (excluding state aid), then the Joint Powers Board must repay the excess to the Commissioner of Revenue. Total annual debt service for this Regional Water System Project is estimated at \$3.43 million, of which \$2.2 million will be state-paid debt service aid beginning in FY 2018, and lasting through 2038 or until the bonds are fully paid off.

PROPERTY TAX CREDITS *****

Agricultural Market Value Credit [Minnesota Statutes, 273.1384, subd. 2, 4 & 5]

Agricultural Market Value Credit – School

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$5,337	\$5,033	\$8,424	\$9,057	\$9,039	\$9,034	\$9,034	\$9,034
% Chg	(5.7%)	67.4%	7.5%	(0.2%)	(0.1%)	0.0%	0.0%

Agricultural Market Value Credit – Non School

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$17,829	\$17,658	\$30,307	\$29,743	\$29,577	\$29,577	\$29,577	\$29,577
% Chg	(0.1%)	71.6%	(1.9%)	(0.6%)	0.0%	0.0%	0.0%

Appropriation Type: Statutory, Open

Fund: General

Description: This budget activity reflects reimbursements to taxing jurisdictions for property tax credits issued to owners of agricultural property minus the value of the house, garage and 1 acre of land. In tax year 2014 (FY 2015) applicants receive tax credits equal to 0.3 percent of the market value of the parcel up to a maximum of \$345 subject to a phase-back of the credit beginning at \$115,000 in market value. The phase-back rate, equal to .05 percent of market value above \$115,000, reduces the credit amount to a maximum of \$230 for farms valued at \$345,000 and above.

Beginning in tax year 2015 (FY 2016), the calculation was modified to 0.3 percent of market value on the first \$115,000, with an additional credit of 0.1 percent of market value above \$115,000. The phase-back is eliminated. The maximum credit of \$490 (an increase of \$145) is for farms valued at \$260,000 or above.

For School Districts, reimbursement is provided for the amount of the Agricultural Market Value Credit deducted from each school district’s tax revenues in proportion to each district’s share of the gross tax, excluding school referendums.

For Non-School entities (local governments), reimbursement is provided for the amount of the Agricultural Market Value Credit deducted from each local government’s tax revenues in proportion to the local government’s share of the gross tax.

In CY 2016, over 95,000 agricultural homesteads in Minnesota received the credit.

Agriculture Preservation Credit – [Minnesota Statutes, 40A.151, subd. 2, 40A.152, and 473H.10, subd 3(e)]

Agricultural Preservation Credit – Special Revenue

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$687	\$823	\$939	\$655	\$338	\$340	\$340	\$340

Agricultural Preservation Credit – General Fund

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$0	\$0	\$0	\$240	\$630	\$650	\$650	\$650
% Chg	-	-	-	162.5%	3.2%	0%	0%

Appropriation Type: Statutory, Open

Fund: Special Revenue (if needed, General Fund)

Description: The Agriculture Preservation credit (previously listed as the Minnesota Conservation Tax Credit) reflects state aid payments to counties, cities and other localities to reimburse tax revenues

forgone due to taxpayer participation in the Agricultural Land Preservation and Conservation Assistance Program. Under this program, a property tax credit of \$1.50 per acre is awarded to certain landowners who enter their property into an agricultural preserve restrictive covenant under chapter 40A. The origin of these funds is a \$5 county conservation fee on mortgage and deed registrations for the metropolitan counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington, and the greater Minnesota counties of Waseca, Winona and Wright. Beginning in FY 2017, additional general fund revenues will be needed to make payments as required by current law.

Border City Disparity Reduction Credit – [Minnesota Statutes, section 273.1398, subd 3,4, 8.]

Border City Disparity Reduction Credit – School

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$1,403	\$1,649	\$1,827	\$2,153	\$2,249	\$2,318	\$2,388	\$2,460
% Chg	17.5%	10.8%	17.8%	4.5%	3.1%	3.0%	3.0%

Border City Disparity Reduction Credit – Non School

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$5,459	\$6,970	\$8,078	\$9,672	\$9,954	\$10,255	\$10,565	\$10,883
% Chg	27.7%	15.9%	19.7%	2.9%	3.0%	3.0%	3.0%

Appropriation Type: Statutory, Open

Fund: General

Description: Border City Disparity Reduction credits provide reimbursement for property tax credits issued to qualified commercial/industrial properties located in an enterprise zone of one of five designated border cities: Breckenridge, Dilworth, East Grand Forks, Moorhead, and Ortonville. This property tax credit, which reduces the effective tax rate to 1.6 percent, does not apply to the debt service levy or to school district taxes, other than the state equalized levies.

For School Districts, reimbursement is provided for the amount of the Border City Disparity Credit deducted from each school district’s tax revenues in proportion to each district’s share of the gross tax, excluding school referendums.

For Non-School entities (local governments), reimbursement is provided for the amount of the Border City Disparity Credit deducted from each local government’s tax revenues in proportion to the local government’s share of the gross tax.

Senior Deferral Reimbursement [Minnesota Statutes, section 290B.09, subd 2]

Senior Deferral Reimbursement – Reimbursements to Counties for loans

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$1,525	\$1,266	\$1,191	\$1,293	\$1,256	\$1,256	\$1,256	\$1,256
% Chg	(17.0%)	(5.9%)	8.6%	(2.9%)	0%	0%	0%

Senior Deferral Reimbursement – Loan repayments

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
(\$915)	(\$1,028)	(\$1,125)	(\$1,025)	(\$1,019)	(\$1,019)	(\$1,019)	(\$1,019)
% Chg	12.3%	9.4%	(8.9%)	(0.6%)	0%	0%	0%

Appropriation Type: Statutory, Open

Fund: General

Description: Senior Property Tax Deferral Reimbursement allows certain seniors, age 65 years and over and who have a total household income of \$60,000 or less, to defer the amount of their homestead property taxes that exceeds three percent of their household income to a later time. The state pays the amount of the deferred tax, including special assessments and other charges that appear on the property tax statement, to the county where the property is located. In 2015, 309 homes owned by seniors were enrolled in this program with an average deferred amount of about \$3,800. Deferred payments to the seven metropolitan counties accounted for 90 percent of the total in that year.

Note: As of February 2016, the financial reporting for Senior Deferral was moved to Prior Year Adjustments in the Revenue section of the General Fund balance sheet to better track program activity that includes both appropriations to reimburse counties for deferred taxes and loan repayments.

Disaster Credits [Minnesota Statutes, section 273.1231- 273.1235]

Disaster Credit – School

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$148	\$14	\$4	\$0	\$35	\$26	\$25	\$25
% Chg	(90.5%)	(71.4%)	(100.0%)	-	(25.7%)	0.0%	0.0%

Disaster Credit & Disaster Assistance City Tax Base Replacement – Non School

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$704	\$0	\$12	\$0	\$154	\$100	\$100	\$100
% Chg	(100.0%)	-	(100.0%)	-	(35.1%)	0.0%	0.0%

Appropriation Type: Statutory, Open

Fund: General

Description: Disaster Credits are reimbursements for property tax credits to counties within a disaster or an emergency area. Specifically, counties must re-adjust property valuations to reflect damages and subsequent losses in market value caused by the event, creating a void in anticipated property tax revenues for the year. The commissioner of revenue is required to reimburse affected taxing jurisdictions when ad valorem taxes or other aids are distributed.

Local Option Disaster Abatement Reimbursement [*Minnesota Statutes, section 273.1233*]

(Flood) Local Option Disaster Abatement Reimbursement – School

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$237	\$94	\$7	\$13	\$0	\$0	\$0	\$0
% Chg	(60.3%)	(92.6%)	(85.7%)	(100%)	-	-	-

(Flood) Local Option Disaster Abatement Reimbursement – Non School

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$313	\$154	\$0	\$54	\$19	\$20	\$20	\$20
% Chg	(50.8%)	(100%)	-	(64.8%)	5.3%	0.0%	0.0%

Appropriation Type: Statutory, Open

Fund: General

Description: Local Option Disaster Abatement Reimbursements are payments for property tax abatements to counties within a disaster or an emergency area. Specifically, counties must re-adjust property valuations to reflect damages and subsequent losses of 50 percent or more in market value caused by the event, creating a void in anticipated property tax revenues for the year. The commissioner of revenue is required to reimburse affected taxing jurisdictions when ad valorem taxes or other aids are distributed. Recent abatements have been associated with flooding in various parts of the state.

Prior Year Credits [*Minnesota Statutes, section 273 various parts*]

Prior Year Credits – School

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$5	\$22	\$0	\$0	\$0	\$0	\$0	\$0
% Chg	340%	(100%)	-	-	-	--	--

Prior Year Credits – Non School

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$55	\$101	\$11	\$74	\$0	\$0	\$0	\$0
% Chg	836.%	(89.1%)	572%	(100%)	-	-	-

Appropriation Type: Statutory, Open

Fund: General

Description: This budget activity accounts for reimbursements for a variety of property tax credits (mostly market value credits) that are attributable to previous year tax liabilities.

TACONITE TAX RELIEF AREA AIDS & CREDITS *****

Taconite Reimbursement Aid - [Minnesota Statutes 477A.15]

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$561	\$561	\$561	\$561	\$561	\$561	\$561	\$561
% Chg	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Appropriation Type: Statutory, Open

Fund: General

Description: Taconite Reimbursement Aid provides a reimbursement to Deer River School District #317 in Itasca County as compensation for the mining occupation tax distribution received prior to a change in law in 1978. In FY 2015, this payment was 4.6 percent of total school district revenues.

Supplemental Taconite Homestead Credit – Non-School [Minnesota Statutes, sec. 273.1391]

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$5,279	\$5,290	\$5,302	\$5,294	\$5,347	\$5,400	\$5,454	\$5,508
% Chg	0.2%	0.2%	(0.2%)	1.0%	1.0%	1.0%	1.0%

Appropriation Type: Statutory, Open

Fund: General

Description: Supplemental Taconite Homestead Aid provides reimbursements to local governments in the Iron Range for tax credits issued under the homestead property tax relief program. In tax year 2016, with 88 percent of homesteads receiving the maximum amount, the average credit was \$282.

Taconite Replacement Aid – [Minnesota Statutes, section 298.285.]

Taconite Replacement Aid – IRRRB (Non-School)

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$3,445	\$3,684	\$3,664	\$3,286	\$2,827	\$2,746	\$3,109	\$3,422
% Chg	26.4%	19.2%	11.1%	4.6%	3.9%	1.4%	0.0%

Taconite Replacement Production Tax

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$5,126	\$5,011	\$4,804	\$4,536	\$4,196	\$4,113	\$4,236	\$4,355
% Chg	(2.2%)	(4.1%)	(5.6%)	(7.5%)	(2.0%)	3.0%	2.8%

Appropriation Type: Statutory, Open

Fund: General

PERA Pension Aid [*Minnesota Statutes, section 273.1385.*]

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$14,187	\$14,146	\$14,148	\$14,148	\$14,148	\$14,148	\$14,148	\$14,148
% Chg	(0.3%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Appropriation Type: Statutory, Open

Fund: General

Description: PERA (Public Employees Retirement Association) Pension Aid reflects payments to each city, county, town, and other non-school jurisdictions in an amount equal to 0.35 percent of the fiscal year 1997 payroll for employees who were members of the general plan of the Public Employees Retirement Association. In calendar year 2015, 1,113 local governments received an aid payment. The aid provided under this section terminates on June 30, 2020.

OTHER EXPENDITURES *****

Payments in Lieu of Taxes (PILT) for Lands Owned by the Department of Natural Resources

[*Minnesota Statutes, section 477A.1 (DNR).*]

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$30,970	\$31,437	\$31,661	\$31,886	\$39,192	\$39,417	\$39,192	\$39,417
% Chg	1.5%	0.9%	0.4%	17.5%	0.6%	0.7%	0.7%

Appropriation Type: Statutory, Open

Fund: General

Description: PILT payments reimburse counties and towns for lost revenues attributable to the removal of tax-generating properties from their property tax rolls to support preservation of natural resources lands. The commissioner of revenue provides payment in-lieu of tax (PILT) payments to local governments for this land. In 2015, 8.5 million acres of land in all 87 counties were enrolled in the PILT program. The 2013 Legislature modified the per acre payment rates for certain land types to simplify the overall PILT rate structure, and made other changes by recommendation of the PILT Advisory Group in its 2012 Report to the Legislature. DOR advises that the projected increase in PILT payments beginning in FY 2018 is due to the reassessment of PILT property values, which is done every six years.

Greater Minnesota Internship Program [*Minnesota Statutes, section 290.06, subd. 36(e).*]

Dollars in Thousands							
FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Forecast	FY 2018 Projected	FY 2019 Projected	FY 2020 Planning	FY 2021 Planning
\$0	\$0	\$20	\$20	\$20	\$20	\$20	\$20
% Chg	-	-	0.0%	0.0%	0.0%	0.0%	0.0%

Appropriation Type: Statutory, Open

Fund: General

Beginning in FY 2016, \$20,000 per year (one percent of total annual, authorized credits) is appropriated to the Commissioner of Revenue for transfer to the Office of Higher Education to pay for the administration of the Greater Minnesota Internship Program. The program, in coordination with public and private nonprofit institutions, provides tax credits to employers who hire interns.

LOCAL REVENUE - TAX RELIEF AREA REVENUE DISTRIBUTION

NOTE: No state dollars contribute to this activity.

Fiscal Disparities Distribution Levy [*Minnesota Statutes, section 473F*]

Dollars in Thousands							
CY 2010 Actual	CY 2011 Actual	CY 2012 Actual	CY 2013 Actual	CY 2014 Actual	CY 2015 Actual	CY 2016 Actual	CY 2017 Projected
\$523,498	\$551,752	\$562,394	579,020	600,726	607,314	575,901	601,717
% Chg	5.4%	1.9%	3.0%	3.7%	1.1%	(5.2%)	4.5%

Source: House Research Simulations Final Pay 2010- Final Pay 2016

The fiscal disparities program is a system that shares a portion of the revenues generated by the commercial-industrial property tax base among all local governments within a defined geographic area. Minnesota has two fiscal disparities programs currently operating in the state: one in the seven-county area of the Twin Cities and the other in the Iron Range of northern Minnesota.

Fiscal disparities distribution levies are disbursed on a formula primarily based on real property market value and population. The contribution to the “pool” is 40 percent of the growth since 1971 in commercial and industrial tax capacity.

2010 Minnesota Laws, Chapter 389, Article 1, sections 28 and 32, required the Commissioner of Revenue to conduct a study of the metropolitan fiscal disparities program. Topics analyzed included how the benefits of economic growth are shared within the region, program impacts on tax rates, program impacts on homestead property tax burdens, and impacts on properties with regional benefits. The report was issued February 15, 2012 and is available at <http://www.revenue.state.mn.us/propertytax/Pages/fiscal-disparities-study.aspx>.

BUDGET ACTIVITIES REPORTED IN PREVIOUS YEARS

Additional P&F Amortization Aid [*Minnesota Statutes*, section 423A.02, subd 1b.]

Description: Additional Police & Fire Amortization Aid provided payments to municipalities to help reduce unfunded accrued liabilities for their police and salaried firefighters' relief association pension funds. Revenues, which are one-half of excess police state aids, depend on the size of the employer pension contribution for the previous year and the tax on auto casualty insurance claims. Since fiscal year 2010, there have been no excess police state aids to distribute.

Homestead Market Value Credit [*Minnesota Statutes*, 273.1384, subd. 1, 4 & 5]

Description: The entire Homestead Market Value Credit program was eliminated in FY 2013, with the credit for homeowners converted into a homestead market value exclusion. The former program consisted of reimbursements to taxing districts for property tax credits issued to residential homeowners. Under this program, homeowners received tax credits equal to 0.4 percent of the market value of the parcel up to a maximum of \$304, subject to a phase-out of the credit beginning at \$76,000 in market value. The phase-out rate is equal to .09 percent of market value above \$76,000 with no credit for homes valued at \$414,000 and above.

Bovine Tuberculosis Property Tax Credit [*Minnesota Statutes*, section 273.113]

Description: Created in 2008, the Bovine Tuberculosis Property Tax Credit provided a property tax credit to livestock owners who suffered productivity losses of their land due to bovine tuberculosis eradication procedures. The credit was calculated as the greater of \$5 per acre on the first 160 acres of the property, or \$25 times the highest number of animals tested on the property for whole-herd bovine tuberculosis tests. The credit could exceed the property tax payable on the land. This credit expired in CY 2012 after the state was certified tuberculosis-free by the state Board of Animal Health.

Wetlands Reimbursement Credit [*Minnesota Statutes*, section 275.295, subd 2 & 3]

Description: The Wetlands Reimbursement Credit made payments to counties for lost revenue resulting from the exemption of land in a wetland preservation area. Payments were based on tax revenue that would have been received if the wetlands had a net tax capacity of 50 cents per acre. In CY 2011, three counties (Cass Dodge and Traverse) participated in the program. The 2011 Legislature repealed this credit beginning in FY 2013.

Local Police/Fire Supplemental Amortization Aid [*Minnesota Statutes*, section 423A.02, subd 1a.]

Description: Established in 1984, Local Police & Fire Supplemental Amortization Aid provided supplemental state aid to amortize the unfunded liability of local police and salaried fire fighters relief associations. Equal to amortization aid, the supplemental amortization aid terminates when a relief association or consolidation account becomes fully funded.

APPENDICES

Table 1: Pension Aids

State Aid Supporting Local Government Pensions
 FYs 2014-2021
 November 2016 Forecast

Updated: 1/9/17

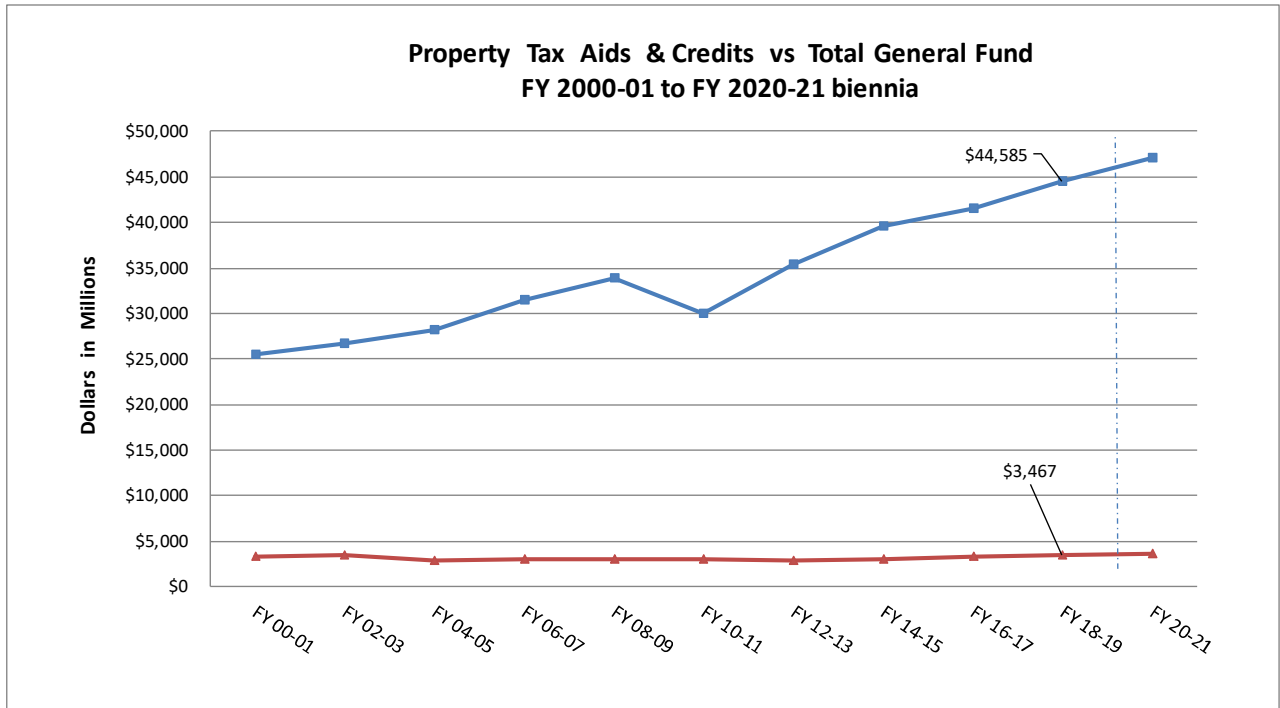
House Committee	Budget Activity	All Numbers in Thousands							
		Actual FY 2014	Actual FY 2015	Actual FY 2016	Projected FY 2017	Forecast FY 2018	Forecast FY 2019	Plan Estim FY 2020	Plan Estim FY 2021
Tax Aids/Cred	Local Aids to Police & Fire	\$ 89,572	\$ 93,936	\$ 98,468	\$ 102,561	\$ 106,792	\$ 111,131	\$ 115,637	\$ 120,323
	Police - 404 depts in CY 15/FY 16	\$ 60,514	\$ 63,289	\$ 66,088	\$ 69,655	\$ 72,750	\$ 75,929	\$ 79,235	\$ 82,678
	Fire - 766 fire assoc's in CY 15/FY 16	\$ 25,391	\$ 26,680	\$ 28,315	\$ 28,658	\$ 29,646	\$ 30,652	\$ 31,693	\$ 32,771
	Insurance Surcharge (FF Relief in 1st class cities)	\$ 3,667	\$ 3,967	\$ 4,065	\$ 4,248	\$ 4,396	\$ 4,550	\$ 4,709	\$ 4,874
Tax Aids/Cred	Police & Fire Retirement Aid Supplement	15,498	15,498	15,498	15,500	15,500	15,500	15,500	15,500
Tax Aids/Cred	Local Police and Fire Amort	\$ 5,381	\$ 5,448	\$ 5,354	\$ 5,357	\$ 5,422	\$ 5,422	\$ 5,422	\$ 5,422
	P/F Amortization	\$ 2,729	\$ 2,729	\$ 2,729	\$ 2,729	\$ 2,729	\$ 2,729	\$ 2,729	\$ 2,729
	Redirected Amort Aid/TRA + St Paul	\$ 2,094	\$ 2,094	\$ 2,094	\$ 2,094	\$ 2,094	\$ 2,094	\$ 2,094	\$ 2,094
	P/F Supplemental Amort Aid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Firefighter Relief Reimbursements	\$ 558	\$ 625	\$ 531	\$ 534	\$ 599	\$ 599	\$ 599	\$ 599
Tax Aids/Cred	PERA Pension Aid (1,113 jurisdictions)	\$ 14,187	\$ 14,146	\$ 14,090	\$ 14,068	\$ 14,020	\$ 13,972	\$ 13,924	\$ -
	Subtotal - Tax Aids & Credits	\$ 124,638	\$ 129,028	\$ 133,410	\$ 137,486	\$ 141,734	\$ 146,025	\$ 150,483	\$ 141,245
State Gov	Mpls TRA 1993 Aid	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
	Mpls TRA 1997 Aid	\$ 12,954	\$ 12,954	\$ 27,331	\$ 27,331	\$ 27,331	\$ 27,331	\$ 27,331	\$ 27,331
	St Paul TRA 1997 Aid	\$ 2,827	\$ 2,827	\$ 2,827	\$ 2,827	\$ 2,827	\$ 2,827	\$ 2,827	\$ 2,827
	St. Paul Teachers	\$ -	\$ -	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000
	PERA/Mpls Empl Retmnt Fnd (MERF)	\$ 24,000	\$ 24,000	\$ 6,000	\$ 6,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000
	Duluth TRA 1997	\$ 346	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Duluth Teachers	\$ 6,000	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	TRA/Duluth Teachers merger		\$ 14,377						
	Subtotal - State Government	\$ 48,627	\$ 62,658	\$ 45,658	\$ 45,658	\$ 55,658	\$ 55,658	\$ 55,658	\$ 55,658
	TOTAL	\$ 173,265	\$ 191,686	\$ 179,068	\$ 183,144	\$ 197,392	\$ 201,683	\$ 206,141	\$ 196,903

Source : General Fund Fund Balance Analysis, February and November 2016 Forecasts, Minnesota Management & Budget

- Notes: ¹ Excludes Legislators and Constitutional Officers
² Other forms of state aid (including education aids and Local Government Aid) that also supplement local pensions at the discretion of the local authorities, are not reflected here.
³ Pension aids are distributed to local governments by October 1 of each year except for PERA (by Sept 1) and Insurance Surcharge (twice per year- July 31 and December 31).

House Fiscal document, January 10, 2017. All funds are general fund dollars.

Table 2: Twenty Years of Tax Aids & Credits Expenditures



Property Tax Aids & Credits Spending (Nov 2016 Forecast)

	Dollars in Thousands										
	Actual FY 00-01	Actual FY 02-03	Actual FY 04-05	Actual FY 06-07	Actual FY 08-09	Actual FY 10-11	Actual FY 12-13	Actual FY 14-15	Estimated FY 16-17	Forecast FY 18-19	Planning FY 20-21
Total GF	\$25,438	26,648	\$28,128	\$31,490	\$33,866	\$29,962	\$35,319	\$39,641	\$41,502	\$44,585	\$47,059
Tax Aids & Credits*	\$3,306	3,379	\$2,800	\$3,023	\$3,070	\$3,016	\$2,777	\$2,932	\$3,342	\$3,467	\$3,556
% of Total GF	13.0%	12.7%	10.0%	9.6%	9.1%	10.1%	7.9%	7.4%	8.1%	7.8%	7.6%

* Payment-in-lieu of taxes (PILT) distributions are included for all years.

House Fiscal document, January 11, 2017. All funds are general fund dollars.

Table 3: 2017 Session - Tax Aids and Credits Spreadsheet FYs 2018-2021

Minnesota House Fiscal Analysis Department						
2017 Legislature - November 2016 Forecast						
Tax Refunds, Aids & Credits						
All Dollars in Thousands						
Note: Positive numbers are program expenditures; negative numbers are cost savings. Numbers in brackets [] are for information purposes only and are not reflected in spreadsheet totals.						
General Fund Expenditures	Nov 2016 Forecast			Nov 2016 Forecast		
	FY2018	FY2019	FY2018-19	FY2020	FY2021	FY2020-21
REFUNDS						
Homeowners property tax refund - base	\$439,600	\$455,600	\$895,200	\$473,500	\$491,400	\$964,900
Renters property tax refund	230,600	234,400	465,000	239,900	245,200	485,100
Targeting	6,770	5,000	11,770	5,000	5,000	10,000
Forest Land Credits (SFIA)	<u>5,760</u>	<u>5,930</u>	11,690	<u>6,110</u>	<u>6,290</u>	12,400
Subtotal - Property Tax Refunds	682,730	700,930	1,383,660	724,510	747,890	1,472,400
Political Contribution Refund	3,500	5,500	9,000	4,500	5,500	10,000
Tax Refund Interest	9,450	9,900	19,350	10,300	10,750	21,050
LOCAL AIDS						
Local Government Aid (LGA)	519,398	519,398	1,038,796	519,398	519,398	1,038,796
12, SSI, Ch 1 Flood Disaster Assistance	0	0		0	0	
Subtotal - Local Government Aid (LGA)	519,398	519,398	1,038,796	519,398	519,398	1,038,796
County Program Aid	<u>208,457</u>	<u>208,591</u>	417,048	<u>208,454</u>	<u>208,454</u>	416,908
Subtotal - County Program Aid (CPA)	208,457	208,591	417,048	208,454	208,454	416,908
Township Aid	10,000	10,000	20,000	10,000	10,000	20,000
2014, CH 308 - County AIS Prevention Aid	10,000	10,000	20,000	10,000	10,000	20,000
2014, CH 308 Debt Service Aid - Lewis & Clark Jt Pwrs Bd	900	2,200	3,100	2,200	2,200	4,400
Public Defender Cost	500	500	1,000	500	500	1,000
Local Impact Notes (MMB/MDE)	214	214	428	214	214	428
Ch 366 Utility Transition Aid (cities and towns)	1	5	6	7	9	16
Production Property Transition Aid	105	76	181	51	21	72
<i>DRA School</i>	7,929	7,929	15,858	7,929	7,929	15,858
<i>DRA Non-School</i>	<u>10,133</u>	<u>10,133</u>	20,266	<u>10,133</u>	<u>10,133</u>	20,266
Disparity Reduction Aid (DRA)	18,062	18,062	36,124	18,062	18,062	36,124
Payments to Counties with Tribal Casinos	1,532	1,532	3,064	1,532	1,532	3,064
PROPERTY TAX CREDITS						
Agr MVC School	9,039	9,034	18,073	9,034	9,034	18,068
Agr MVC Non-School	29,577	29,577	59,154	29,577	29,577	59,154
Agricultural Market Value Credit	38,616	38,611	77,227	38,611	38,611	77,222
Agriculture Preservation Credit -School (w/o State Consvrtn Fnd)	216	230	446	230	230	460
Agriculture Preservation Credit -NonSchool (w/o State Consvrtn Fnd)	420	420	840	420	420	840
<i>Border City School</i>	2,249	2,318	4,567	2,388	2,460	4,848
<i>Border City Non-School</i>	<u>9,954</u>	<u>10,255</u>	20,209	<u>10,565</u>	<u>10,883</u>	21,448
Border City Disparity Credit	12,203	12,573	24,776	12,953	13,343	26,296
<i>Disaster Credit -School</i>	35	26	61	25	25	50
<i>Disaster Credit -Non-School</i>	<u>154</u>	<u>100</u>	254	<u>100</u>	<u>100</u>	200
Disaster Credit	189	126	315	125	125	250
<i>Prior Year Credit -School</i>			-			-
<i>Prior Year Credit - Non-School</i>	0	0	0	0	0	0
Prior Year Credits	-	-	-	-	-	-

Table 3: 2017 Session - Tax Aids and Credits Spreadsheet (continued)

Minnesota House Fiscal Analysis Department						
2017 Legislature - November 2016 Forecast						
Tax Refunds, Aids & Credits						
All Dollars in Thousands						
Note: Positive numbers are program expenditures; negative numbers are cost savings. Numbers in brackets [] are for information purposes only and are not reflected in spreadsheet totals.						
General Fund Expenditures	Nov2016 Forecast			Nov2016 Forecast		
	FY2018	FY2019	FY2018-19	FY2020	FY2021	FY2020-21
53						
54	Reimbursements to Counties for Senior Deferral loans	[1256]	[1256]	[2512]	[1256]	[2512]
55	Senior Deferral loan repayments (REV) See footnote * below.	[-1019]	[-1019]	[-2038]	[-1019]	[-2038]
56	Total Senior Deferral *	[-237]	[-237]	[-474]	[-237]	[-474]
57						
58	Mahnomen City Reimbursement Aid	160	160	320	160	320
59	Ch 154 Mahnomen County Aid	900	900	1,800	900	1,800
60	Ch 154 Mahnomen ISD #432 Aid	140	140	280	140	280
61	Mahnomen Reimbursement Aid	1,200	1,200	2,400	1,200	2,400
62						
63	Taconite Tax Relief Area Aids & Credits					
64	Taconite Reimbursement (School)	561	561	1,122	561	1,122
65	Supplemental Homestead (Non-School)	5,347	5,400	10,747	5,454	10,962
66						
67	Replacement Taconite Prod Tax IRRR (Non-School)	2,827	2,746	5,572	3,109	6,531
68	Replacement Taconite Prod Tax	4,196	4,113	8,308	4,236	8,591
69	Subtotal Repl Taconite Production Tax	7,022	6,858	13,880	7,345	15,122
70						
71	LOCAL PENSION AIDS					
72	Aid to Police & Fire	106,792	111,131	217,923	115,637	235,960
73	Police Aid (includes local, DNR, DPS)	72,750	75,929	148,679	79,235	161,913
74	Fire Aid	29,646	30,652	60,298	31,693	64,464
75	Insurance Surcharge Aid	4,396	4,550	8,946	4,709	9,583
76	2013, CH 143 Police & Fire Retirement Aid Supplement	15,500	15,500	31,000	15,500	31,000
77						
78	Police/Fire Amortization Aid (Open)	2,729	2,729	5,458	2,729	5,458
79	Redirected Amortization Aid - St Paul + TRFA	2,094	2,094	4,188	2,094	4,188
80	Police/Fire Supplemental Amortization Aid (Open)					
81	Firefighters Relief Reimbursements	599	599	1,198	599	1,198
82						
83	Public Employees Retirement Assoc. (PERA) Aid	14,020	13,972	27,992	13,924	13,924
84	Subtotal Local Pension Aids	141,734	146,025	287,759	150,483	291,728
85						
86	2014, CH 308 - Fire/EMS Volunteer Retention Stipend Aid	1,570	0	1,570	0	-
87						
88	Other Expenditures					
89	PILT for DNR Owned Lands	37,413	37,654	75,067	37,911	76,098
90						
91	Other Aids and One-Time Appropriations					
92	Ch 389, Council on Results Perform Measurement	390	392	782	394	791
93	SS2 Flood Local Option Abatement reimb (non school)	80	80	160	80	160
94	SS2 Flood Local Option Abatement reimb (school)	19	20	39	20	40
95	Border City Reimbursement	18	18	36	18	36
96	Bloomington Infrastructure Projects	4,858	4,864	9,722	0	-
97	City of Minneapolis Library debt service	4,120	4,120	8,240	4,120	8,240
98	Greater MN Intern, DOR trans f to OHE	20	20	40	20	40
99	Property Tax Aids and Credits, GF Total*	\$1,720,845	1,746,080	3,466,925	\$1,769,673	1,786,392
						3,556,065