

S.F. No. 306 – Local government aid sparsity factor modification (as proposed to be amended by A-1 amendment)

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Date: March 7, 2023

Current Law:

The city per-capita “revenue need” calculated under the local government aid program is increased for several cities on the basis of population and population density. For aids payable in 2024, fifteen cities are expected to qualify for a sparsity adjustment. Increases in the calculated revenue need for a city may result in increased local government aid amounts for that city.

For a city with a population of 10,000 or more and an average population density less than 150 per square mile, the adjustment equals \$100 per capita. For a city with a population less than 10,000 and an average population density less than 30 per square mile, the adjustment equals \$200 per capita.

Proposal:

This bill proposes to increase the sparsity adjustment for a city with a population of 10,000 or more and an average population density less than 150 per square mile from \$100 per capita to \$200 per capita. The only city qualifying under these criteria for an increased sparsity adjustment is the City of Hibbing.

The bill proposes a one-time city formula aid “base adjustment” for the City of Hibbing, increasing the city’s 2024 formula aid by \$1,606,400. (This 2024 formula aid adjustment also has the effect of increasing Hibbing’s LGA in 2025 and later years because prior year LGA is an input to the calculation of current year LGA.) The bill increases the total statewide LGA amount by \$1,606,400 for aids payable in 2024 and thereafter.

The proposal would be effective beginning with local government aid payable in 2024.