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## **S.F. No. 5139 – Distribution of State General Levy to Certain Low-Aid Municipalities**

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**SF 5139** proposes to make certain cities in the metropolitan area eligible for a distribution of the state general levy paid by taxpayers in that municipality, beginning in 2025 and later.

A municipality is eligible for the distribution if it meets all of the following criteria:

- Lies wholly or partially within the boundaries of Anoka, Carver, Dakota (excluding cities of Northfield and Cannon Falls), Hennepin (excluding the cities of Hanover and Rockford), Ramsey, Scott (excluding the city of New Prague), and Washington Counties;
- Does not receive a municipal state-aid street fund distribution;
- Does not receive a city aid distribution under the LGA program;
- Has a fiscal disparities contribution tax capacity that exceeds the fiscal disparities distribution tax capacity; and
- Has a population of less than 5,000.

The distribution is equal to the product of:

- The municipality's net tax capacity rate; times
- The municipality's fiscal disparities contribution net tax capacity minus the municipality's distribution net tax capacity.

The amount of the distribution for an eligible municipality is capped at the amount of the state general levy paid by taxpayers in that municipality.

The amount of the distribution must be determined by the commissioner of revenue and certified to each eligible municipality and county by September 1 of the year that the taxes are payable. The amounts must be paid to each municipality by the county treasurer no later than December 1 of the year that the taxes are payable. The amounts distributed to municipalities are deducted from the amount of the state general levy otherwise remitted by the county to the state.