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Tax Aids, Credits and Refunds

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AT A GLANCE

In 2019 the Department of Revenue paid:

- \$1.071 billion in aids to local governments
- \$721 million in property tax refunds to about 880,000 individuals
- \$106 million in credits to reduce individuals' and businesses' property taxes
- \$30 million in other programs

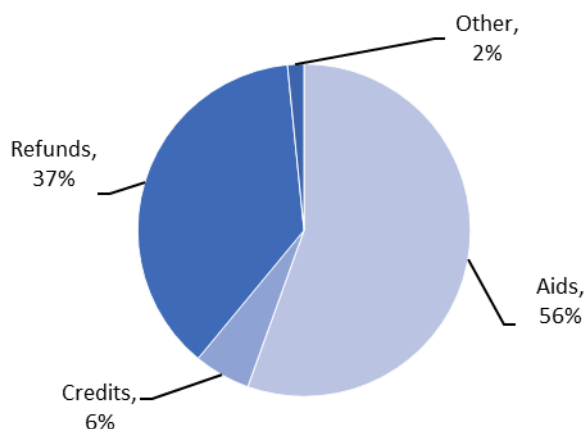
PURPOSE

Property taxes are a primary source of funding for local governments. Property tax amounts are not linked to ability to pay and can be a significant cost relative to income for some taxpayers.

Property Tax Aid, Credit and Refund programs provide direct property tax relief to individual taxpayers and funding to local governments, including cities and counties.

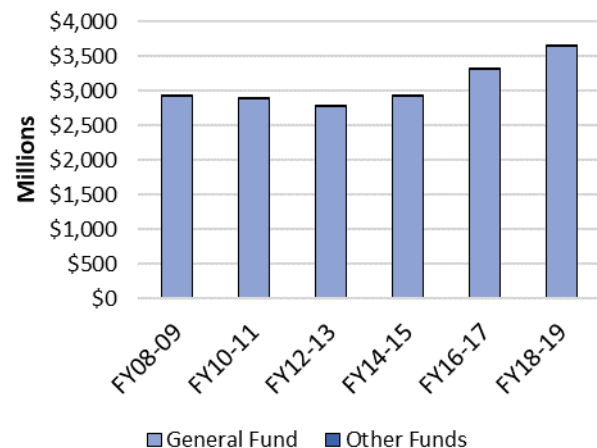
BUDGET

**Spending by Category
FY 19 Actual**



Source: Budget Planning and Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The Department of Revenue administers 36 Property Tax Aid, Credit and Refund programs that make payments to individual taxpayers and local governments. In 2019, we disbursed more than \$1.9 billion in general fund dollars through four types of programs:

- Aids paid to local government to help them fund local services
- Credits that reduce the amount of property taxes individuals pay
- Refunds that provide individuals direct relief for taxes already paid
- Other programs such as property tax deferral for senior citizens and tax refund interest payments.

STRATEGIES

Minnesota's future is dependent on successfully meeting the following priorities: to be the best state in the country when it comes to children and families, equity and inclusion, thriving communities, fiscal accountability, measurable results, and the environment. The Department of Revenue works to meet these priorities through the administration of property tax aid, credit and refund programs.

Property Tax Aid, Credit and Refund programs:

- Target property tax relief based on income and ability to pay
- Provide aid to local governments and property tax relief to individuals to help make the services provided by local governments more affordable
- Address sudden increases in property taxes
- Encourage behavior which the state deems beneficial to achieving statewide outcomes.

Tax Aids, Credits and Refunds

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<u>Expenditures by Fund</u>						
1000 - General	1,718,604	1,921,278	1,861,252	2,120,994	2,081,410	2,106,571
2000 - Restrict Misc Special Revenue	50	190	132	180	200	200
2001 - Other Misc Special Revenue	8,197	8,193	162	127	128	128
2360 - Health Care Access	165	142	239	103	108	113
2710 - Highway Users Tax Distribution	20	110	20	30	30	30
2800 - Environmental				1	1	1
2801 - Remediation		0	0			
3010 - Coronavirus Relief				837,729		
6000 - Miscellaneous Agency	1	0		57	57	57
Total	1,727,036	1,929,913	1,861,804	2,959,221	2,081,934	2,107,100
Biennial Change				1,164,075		(631,991)
Biennial % Change				32		(13)

Expenditures by Program

Refunds	684,771	721,083	783,953	835,233	870,380	889,600
Local Aids	811,059	939,427	783,337	914,109	920,278	921,112
Credits	55,709	88,149	93,967	112,059	118,049	126,225
Pension-Related Aids	139,266	144,006	149,284	140,733	145,775	150,845
Other Local Govt Payments	7,319	7,022	22,559	9,017	10,256	2,717
Other Taxes and Refunds	28,913	30,227	28,703	22,591	17,196	16,601
COVID-19 Aid				925,479		
Total	1,727,036	1,929,913	1,861,804	2,959,221	2,081,934	2,107,100

Expenditures by Category

Operating Expenses	4,377	4,274	4,413	4,416	4,227	4,134
Grants, Aids and Subsidies	1,711,521	1,910,790	1,831,243	2,935,501	2,063,300	2,089,650
Other Financial Transaction	11,138	14,848	26,148	19,304	14,407	13,316
Total	1,727,036	1,929,913	1,861,804	2,959,221	2,081,934	2,107,100

Tax Aids, Credits and Refunds

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Direct Appropriation	778,830	904,538	762,427	965,156	888,343	883,647
Open Appropriation	922,253	997,430	1,078,460	1,135,772	1,172,864	1,202,845
Transfers In	32,130	35,783	35,940	36,090	36,315	36,540
Transfers Out	13,283	14,386	14,210	14,848	14,936	15,285
Net Loan Activity	(1,257)	(1,248)	(1,311)	(1,176)	(1,176)	(1,176)
Cancellations	71	839	56			
Expenditures	1,718,604	1,921,278	1,861,252	2,120,994	2,081,410	2,106,571
Biennial Change in Expenditures				342,364		205,735
Biennial % Change in Expenditures				9		5

2000 - Restrict Misc Special Revenue

Balance Forward In	210	380	307	428	357	287
Receipts	6,844	7,341	6,992	6,821	6,841	6,841
Transfers Out	6,623	7,225	6,738	6,712	6,711	6,711
Balance Forward Out	380	307	428	357	287	217
Expenditures	50	190	132	180	200	200
Biennial Change in Expenditures				72		88
Biennial % Change in Expenditures				30		28

2001 - Other Misc Special Revenue

Balance Forward In	30	75	92	71	71	71
Transfers In	8,242	8,210	141	127	128	128
Balance Forward Out	75	92	71	71	71	71
Expenditures	8,197	8,193	162	127	128	128
Biennial Change in Expenditures				(16,101)		(33)
Biennial % Change in Expenditures				(98)		(11)

2360 - Health Care Access

Open Appropriation	165	142	239	103	108	113
Expenditures	165	142	239	103	108	113
Biennial Change in Expenditures				35		(121)
Biennial % Change in Expenditures				11		(35)

Tax Aids, Credits and Refunds

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

2710 - Highway Users Tax Distribution

Open Appropriation	23,047	23,384	23,086	21,318	22,931	22,703
Transfers Out	23,028	23,274	23,066	21,288	22,901	22,673
Expenditures	20	110	20	30	30	30
Biennial Change in Expenditures				(80)		10
Biennial % Change in Expenditures				(62)		21

2800 - Environmental

Open Appropriation				1	1	1
Receipts	15	15	15	15	15	15
Cancellations	15	15	15	15	15	15
Expenditures				1	1	1
Biennial Change in Expenditures				1		1
Biennial % Change in Expenditures						

2801 - Remediation

Open Appropriation	0	0	0			
Expenditures	0	0	0			
Biennial Change in Expenditures				0		0
Biennial % Change in Expenditures						

3010 - Coronavirus Relief

Direct Appropriation			841,464		0	0
Cancellations			3,735			
Expenditures			837,729			
Biennial Change in Expenditures			837,729		(837,729)	
Biennial % Change in Expenditures						

6000 - Miscellaneous Agency

Balance Forward In	129	266	312	349	349	349
Receipts	137	46	38	57	57	57
Balance Forward Out	266	312	349	349	349	349

Tax Aids, Credits and Refunds

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
Expenditures	1	0		57	57	57
Biennial Change in Expenditures				56		57
Biennial % Change in Expenditures				5,444		

6002 - Taxes Clearing Agency

Balance Forward In	0	1,237	95	26		
Receipts	0	(1,142)	(69)	(26)	0	0
Balance Forward Out	0	95	26			

Tax Aids, Credits and Refunds

Agency Change Summary

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
Direct				
Fund: 1000 - General				
FY2021 Appropriations	965,156	965,156	965,156	1,930,312
Base Adjustments				
All Other One-Time Appropriations		(87,750)	(87,750)	(175,500)
Current Law Base Change		6,200	6,183	12,383
November Forecast Adjustment		4,737	58	4,795
Forecast Base	965,156	888,343	883,647	1,771,990
Fund: 3010 - Coronavirus Relief				
FY2021 Appropriations	841,464	841,464	841,464	1,682,928
Base Adjustments				
All Other One-Time Appropriations		(841,464)	(841,464)	(1,682,928)
Forecast Base	841,464	0	0	0
Open				
Fund: 1000 - General				
FY2021 Appropriations	1,105,061	1,105,061	1,105,061	2,210,122
Base Adjustments				
Current Law Base Change		(24)	(24)	(48)
Forecast Open Appropriation Adjustment	330	36,783	63,198	99,981
November Forecast Adjustment	30,381	31,044	34,610	65,654
Forecast Base	1,135,772	1,172,864	1,202,845	2,375,709
Fund: 2360 - Health Care Access				
FY2021 Appropriations	600	600	600	1,200
Base Adjustments				
Forecast Open Appropriation Adjustment	(497)	(492)	(487)	(979)
Forecast Base	103	108	113	221
Fund: 2710 - Highway Users Tax Distribution				
FY2021 Appropriations	21,401	21,401	21,401	42,802
Base Adjustments				
November Forecast Adjustment	(83)	1,530	1,302	2,832
Forecast Base	21,318	22,931	22,703	45,634
Fund: 2800 - Environmental				
FY2021 Appropriations	1	1	1	2
Forecast Base	1	1	1	2

Tax Aids, Credits and Refunds

Agency Change Summary

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	180	200	200	400
Forecast Base	180	200	200	400
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	127	128	128	256
Forecast Base	127	128	128	256
Fund: 6000 - Miscellaneous Agency				
Planned Spending	57	57	57	114
Forecast Base	57	57	57	114
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	6,821	6,841	6,841	13,682
Fund: 2800 - Environmental				
Forecast Revenues	15	15	15	30
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	57	57	57	114
Fund: 6002 - Taxes Clearing Agency				
Forecast Revenues	(26)	0	0	0
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	22,465,232	23,112,888	23,984,715	47,097,603
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	26,212	26,212	26,212	52,424
Fund: 2107 - State Pks & Trls Lott In Lieu				
Forecast Revenues	6,723	6,538	6,644	13,182

Tax Aids, Credits and Refunds

Agency Change Summary

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
Fund: 2109 - Local Trls Grants Lott In Lieu				
Forecast Revenues	897	872	886	1,758
Fund: 2110 - Zoos Lottery In Lieu				
Forecast Revenues	598	581	591	1,172
Fund: 2209 - Heritage Enhancement				
Forecast Revenues	14,941	14,530	14,765	29,295
Fund: 2300 - Outdoor Heritage				
Forecast Revenues	112,452	119,057	123,970	243,027
Fund: 2301 - Arts & Cultural Heritage				
Forecast Revenues	67,301	71,254	74,194	145,448
Fund: 2302 - Clean Water				
Forecast Revenues	112,452	119,057	123,970	243,027
Fund: 2303 - Parks and Trails				
Forecast Revenues	48,559	51,411	53,533	104,944
Fund: 2350 - Petroleum Tank Release Cleanup				
Forecast Revenues	22,500	25,948		25,948
Fund: 2360 - Health Care Access				
Forecast Revenues	747,376	782,177	816,447	1,598,624
Fund: 2710 - Highway Users Tax Distribution				
Forecast Revenues	1,030,854	1,109,015	1,109,546	2,218,561
Fund: 2720 - State Airports				
Forecast Revenues	12,900	15,200	15,700	30,900
Fund: 2800 - Environmental				
Forecast Revenues	63,907	66,035	67,825	133,860

Program: Refunds

Activity: Homestead Credit Refund

revenue.state.mn.us

AT A GLANCE

For refunds based on taxes paid in 2018:

- Approximately 535,000 homeowners received refunds
- The average refund was \$920

PURPOSE AND CONTEXT

Property taxes account for a high share of income for some taxpayers. The Homestead Credit Refund provides relief to homeowners who pay high property taxes relative to their income.

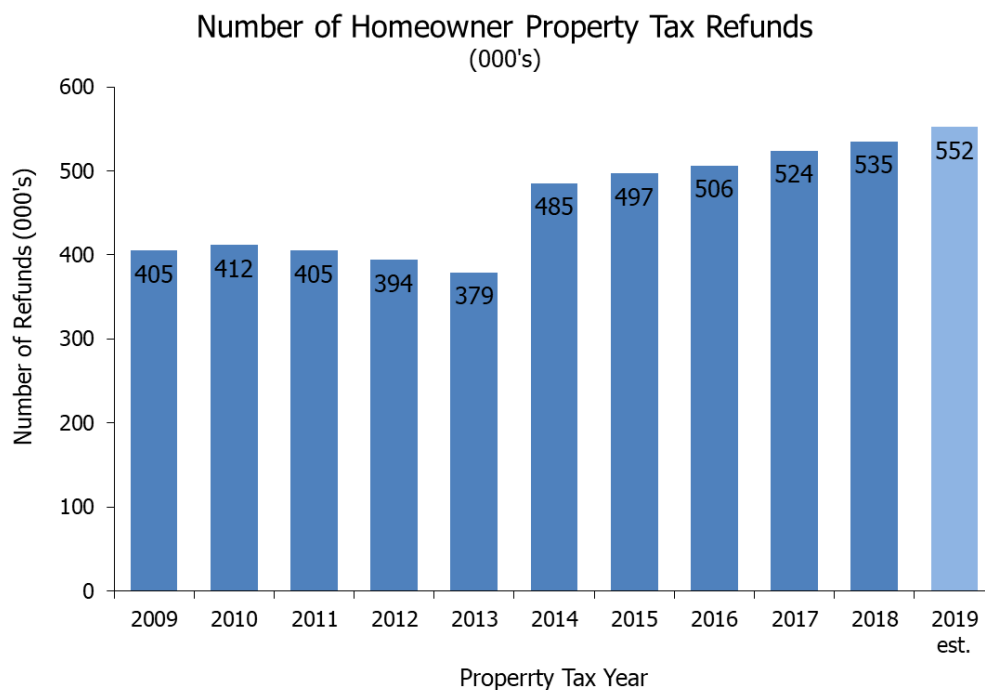
Funding source: State General Fund

SERVICES PROVIDED

The program provides property tax relief to homeowners based on their ability to pay. If property tax exceeds a certain percentage of household income, the refund equals a percentage of the tax over the threshold, up to a maximum amount.

RESULTS

Property taxes are more affordable for qualifying homeowners. The chart below shows the number of homeowner refunds varies from year to year.



Property taxes are less regressive for homeowners with lower incomes because of the Property Tax Refund (PTR).

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Suits index - homeowner property taxes before PTR	-0.175	-0.165	2014 – 2016
Results	Suits index - homeowner property taxes after PTR	-0.120	-0.106	2014 – 2016
Results	Reduction in regressivity due to PTR	31%	36%	2014 – 2016

Performance Measure Notes:

The Suits index compares the 2017 Tax Incidence Study based on calendar year 2014 property taxes and refunds (previous) with the most recently available 2019 Tax Incidence Study based on calendar year 2016 property taxes and refunds (current).

The Suits index measures if taxes are progressive or regressive. For a progressive tax, the effective tax rate rises as income rises. For a regressive tax, the effective tax rate falls as income rises. A proportional tax has a Suits index equal to zero; a progressive tax has a positive index number in the range between 0 and +1; a regressive tax has a negative value between 0 and -1.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “property tax refund.”

Legal Citation: M.S. 290A.04 Subd. 2 establishes the Homestead Credit Refund program.
<https://www.revisor.mn.gov/statutes/cite/290A.04>.

Homestead Credit Refund

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General	447,754	478,550	531,467	584,500	612,600	625,600
Total	447,754	478,550	531,467	584,500	612,600	625,600
Biennial Change				189,663		122,233
Biennial % Change				20		11

Expenditures by Category

Grants, Aids and Subsidies	447,541	478,506	531,407	584,400	612,500	625,500
Other Financial Transaction	213	44	60	100	100	100
Total	447,754	478,550	531,467	584,500	612,600	625,600

Homestead Credit Refund

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation	447,754	478,550	531,467	584,500	612,600	625,600
Expenditures	447,754	478,550	531,467	584,500	612,600	625,600
Biennial Change in Expenditures				189,663		122,233
Biennial % Change in Expenditures				20		11

Program: Refunds**Activity: Renters Property Tax Refund**revenue.state.mn.us**AT A GLANCE**

For refunds based on taxes paid in 2018:

- Approximately 337,000 renters received refunds
- The average refund was \$670

PURPOSE AND CONTEXT

Property taxes account for a high share of income for some taxpayers. The Renter's Property Tax Refund provides relief for those who – through their rent – pay high property taxes relative to their income.

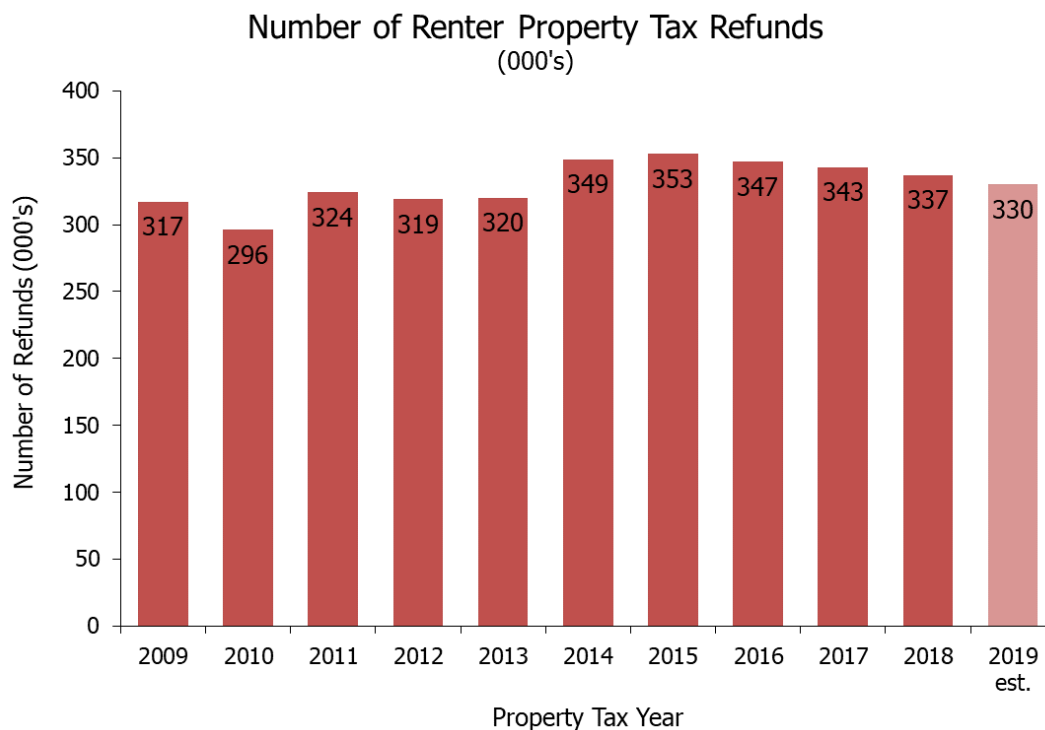
Funding source: State General Fund

SERVICES PROVIDED

The program provides property tax relief to renters based on their ability to pay. If property tax exceeds a certain percentage of household income, the refund equals a percentage of the tax over the threshold, up to a maximum amount. Property tax for renters is defined as 17% of rent paid.

RESULTS

Property taxes are more affordable for qualifying renters. The chart below shows the number of renter refunds varies from year to year.



Property taxes are less regressive for renters with lower incomes due to the Property Tax Refund (PTR).

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Suits index – renter property taxes before PTR	-0.310	-0.293	2014 –2016
Results	Suits index – renter property taxes after PTR	-0.146	-0.102	2014 –2016
Results	Reduction in regressivity due to PTR	53%	65%	2014 –2016

Performance Measure Notes:

The Suits index compares the 2017 Tax Incidence Study based on calendar year 2014 property taxes and refunds (previous) with the most recently available 2019 Tax Incidence Study based on calendar year 2016 property taxes and refunds (current).

The Suits index measures if taxes are progressive or regressive. For a progressive tax, the effective tax rate rises as income rises. For a regressive tax, the effective tax rate falls as income rises. A proportional tax has a Suits index equal to zero; a progressive tax has a positive index number in the range between 0 and +1; a regressive tax has a negative value between 0 and -1.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “property tax refund.”

Legal Citation: M.S. 290A.04 Subd. 2a establishes the Renter’s Property Tax Refund program.
<https://www.revisor.mn.gov/statutes/cite/290A.04>.

Renters Property Tax Refund

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<u>Expenditures by Fund</u>						
1000 - General	222,588	223,726	229,888	227,300	243,100	245,600
Total	222,588	223,726	229,888	227,300	243,100	245,600
Biennial Change				10,874		31,512
Biennial % Change				2		7

Expenditures by Category

Operating Expenses	115	114	115	150	150	150
Grants, Aids and Subsidies	222,377	223,545	229,687	227,050	242,850	245,350
Other Financial Transaction	96	68	87	100	100	100
Total	222,588	223,726	229,888	227,300	243,100	245,600

Renters Property Tax Refund

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation	222,588	223,726	229,888	227,300	243,100	245,600
Expenditures	222,588	223,726	229,888	227,300	243,100	245,600
Biennial Change in Expenditures				10,874		31,512
Biennial % Change in Expenditures				2		7

Program: Refunds

Activity: Special Property Tax Refund

revenue.state.mn.us

AT A GLANCE

In 2019:

- Approximately 100,000 homeowners received a special refund
- The average refund was \$96

PURPOSE AND CONTEXT

Large increases in property taxes can lead to financial strain for some taxpayers. The Special Property Tax Refund provides relief for homeowners who have a large increase in property taxes due to economic conditions, property tax policy changes, or other factors.

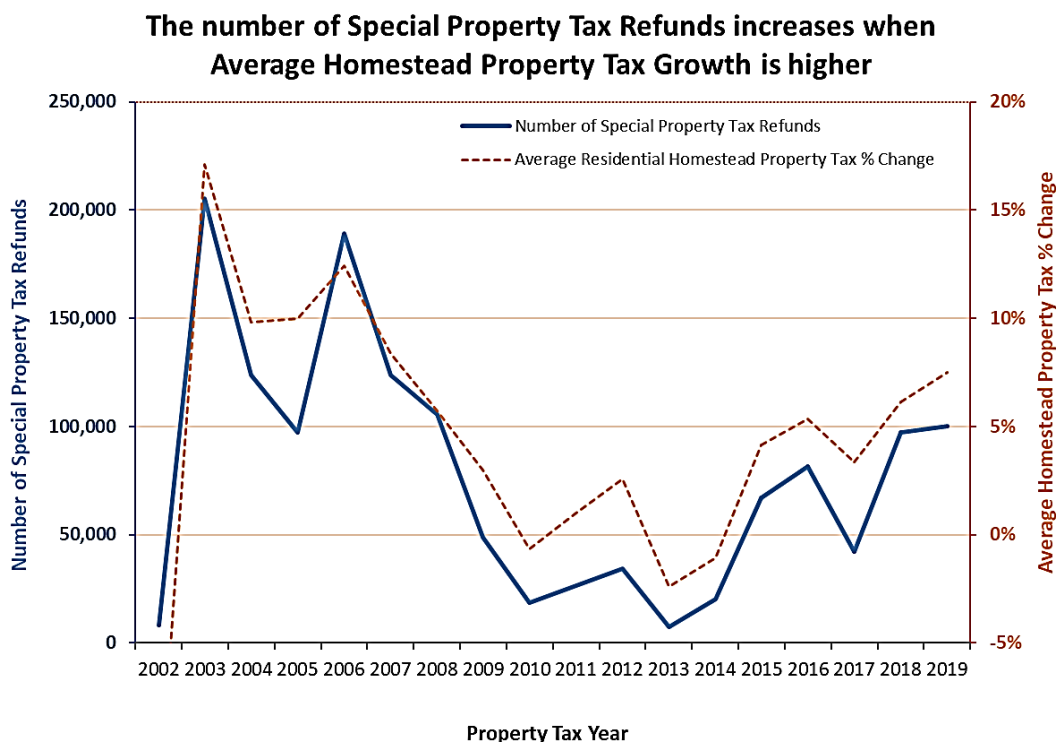
Funding source: State General Fund

SERVICES PROVIDED

The special refund provides relief to homesteads that experience a one-year increase in property tax of at least 12% and \$100. The refund amount is 60% of the increase above 12%, up to a maximum of \$1,000.

RESULTS

Property taxes are more predictable and affordable for households by reducing significant annual increases. The chart below shows the number of refunds increases when average homestead property tax growth is higher.



<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Annual special refunds processed	42,000	100,000	2017 - 2019

Performance Measure Notes:

Results from year to year can be highly variable. Since 2010, the average annual number of special refunds processed is 49,000. The average refund has ranged from \$84 to \$152.

Annual refunds processed compares taxes payable year 2017 (previous) to 2019 (current).

For more information, visit the Revenue website (www.revenue.state.mn.us) and search "property tax refund."

Legal Citation: M.S. 290A.04 Subd. 2h establishes the Special Property Tax Refund program.
<https://www.revisor.mn.gov/statutes/cite/290A.04>.

Special Property Tax Refund

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General	3,629	7,940	10,722	11,073	1,800	5,000
Total	3,629	7,940	10,722	11,073	1,800	5,000
Biennial Change				10,226		(14,995)
Biennial % Change				88		(69)

Expenditures by Category

Grants, Aids and Subsidies	3,623	7,939	10,720	11,070	1,799	4,995
Other Financial Transaction	6	1	2	3	1	5
Total	3,629	7,940	10,722	11,073	1,800	5,000

Special Property Tax Refund

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation	3,629	7,940	10,722	11,073	1,800	5,000
Expenditures	3,629	7,940	10,722	11,073	1,800	5,000
Biennial Change in Expenditures				10,226		(14,995)
Biennial % Change in Expenditures				88		(69)

Program: Refunds**Activity: Sustainable Forest Incentive Payment**revenue.state.mn.us**AT A GLANCE**

In 2019:

- 2,675 forest land owners received an incentive payment
- The average incentive payment was \$4,434

PURPOSE AND CONTEXT

Property taxes can be a significant cost to owning forest land, which can discourage long-term forest management investments. The Sustainable Forest Incentive Act provides payments to owners of forest land to encourage sustainable forest management rather than developing the land.

Funding source: State General Fund

SERVICES PROVIDED

A land owner who meets all the qualifications of the Sustainable Forest Incentive Act is eligible for a payment for the enrolled acres. Land is enrolled for eight, twenty, or fifty years, with higher payment rates for longer enrollments. The annual payments are adjusted each year based on statewide average market values and tax rates.

RESULTS

The payments encourage forest land owners to make long-term commitments to sustainable forest management by reducing the costs of holding land in an undeveloped state.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Acres of forest land enrolled	989,000	1,026,000	2017 – 2019

Performance Measure Notes:

Acres of forest land enrolled compares calendar year 2017 (previous) to 2019 (current).

The average incentive payment increased from \$4,222 in 2017 to \$4,434 in 2019.

Annual payments are adjusted each year based on statewide average market values and tax rates, and vary based on the covenant length and total number of acres. Prior to 2018, the annual payment was set at \$7 per acre.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “sustainable forest.”

Legal Citation: M.S. Chapter 290C establishes the Sustainable Forest Incentive.
<https://www.revisor.mn.gov/statutes/cite/290C>.

Sustainable Forest Incentive Payments

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General	10,799	10,867	11,876	12,360	12,880	13,400
Total	10,799	10,867	11,876	12,360	12,880	13,400
Biennial Change				2,569		2,044
Biennial % Change				12		8

Expenditures by Category

Grants, Aids and Subsidies	10,799	10,867	11,875	12,355	12,875	13,395
Other Financial Transaction	0	0	1	5	5	5
Total	10,799	10,867	11,876	12,360	12,880	13,400

Sustainable Forest Incentive Payments

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation	10,799	10,867	11,876	12,360	12,880	13,400
Expenditures	10,799	10,867	11,876	12,360	12,880	13,400
Biennial Change in Expenditures				2,569		2,044
Biennial % Change in Expenditures				12		8

Program: Local Aids
Activity: Local Government Aid (City Aid)

revenue.state.mn.us

AT A GLANCE

In 2020:

- 760 cities out of 853 receive Local Government Aid
- Payments were increased \$26 million from the previous year

PURPOSE AND CONTEXT

Cities across the state have varying service needs and revenue sources. Local Government Aid payments to cities provide general support for services and reduce property tax burdens on homeowners and businesses.

Funding source: State General Fund

SERVICES PROVIDED

Local Government Aid (LGA) is a general-purpose aid that cities can use for any lawful purpose. It also provides property tax relief by reducing the amount of revenue that is collected locally.

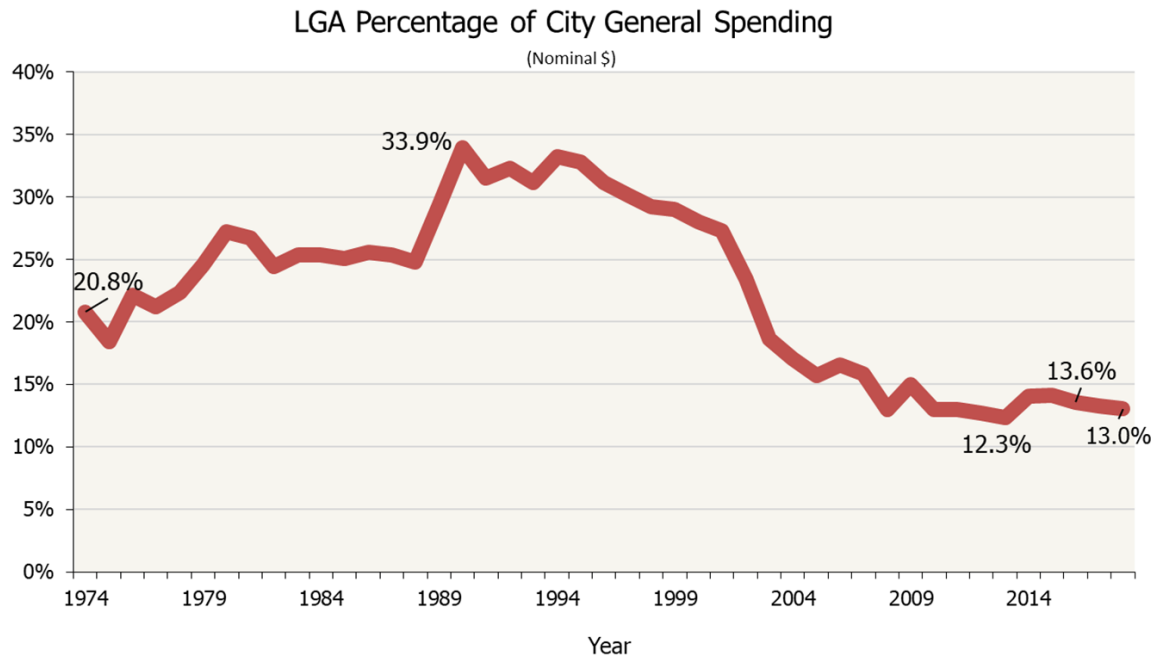
The LGA formula has changed many times since it started in 1971. The current formula measures a city's need by comparing factors like its population and age of housing to its ability to pay (based on local property values).

The formula attempts to target aid to those cities with the lowest property values and highest need.

RESULTS

Cities across the state are more able to offer their residents comparable services at a similar tax cost.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percentage of cities receiving LGA	90%	89%	2016 – 2018
Quality	LGA percentage of city spending	13.6%	13.0%	2016 – 2018



Performance Measure Notes:

Percentage of cities receiving LGA compares payable year 2016 (previous) to 2018 (current).

LGA percentage of city spending is based on State Auditor city finance reports for 2016 and 2018 and computes LGA as a percentage of total current expenditures. 2018 is the most recent auditor data available.

A 2019 law change increased the LGA appropriation by \$26 million for aids payable 2020 and another \$4 million for aids payable 2021 and thereafter.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search "LGA."

Legal Citation: M.S. Chapter 477A establishes the Local Government Aid program.
<https://www.revisor.mn.gov/statutes/cite/477A>.

Local Government Aid (City Aid)

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General	519,468	611,583	457,137	561,353	564,398	564,398
Total	519,468	611,583	457,137	561,353	564,398	564,398
Biennial Change				(112,561)		110,306
Biennial % Change				(10)		11

Expenditures by Category

Grants, Aids and Subsidies	519,468	611,583	457,137	561,353	564,398	564,398
Total	519,468	611,583	457,137	561,353	564,398	564,398

Local Government Aid (City Aid)

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Direct Appropriation	519,537	612,420	457,185	561,353	564,398	564,398
Cancellations	69	837	47			
Expenditures	519,468	611,583	457,137	561,353	564,398	564,398
Biennial Change in Expenditures				(112,561)		110,306
Biennial % Change in Expenditures				(10)		11

Program: Local Aids
Activity: County Program Aid

revenue.state.mn.us

AT A GLANCE

In 2020:

- All 87 counties received County Program Aid
- Payments were increased \$26 million from the previous year

PURPOSE AND CONTEXT

Counties across the state have varying services needs and revenue sources. County Program Aid payments provide general support for services and reduce property tax burdens for homeowners and businesses.

Funding source: State General Fund

SERVICES PROVIDED

County Program Aid (CPA) is a general-purpose aid that counties can use for any lawful purpose. It also provides property tax relief by reducing the amount of revenue collected locally.

The CPA appropriation is divided into two pots:

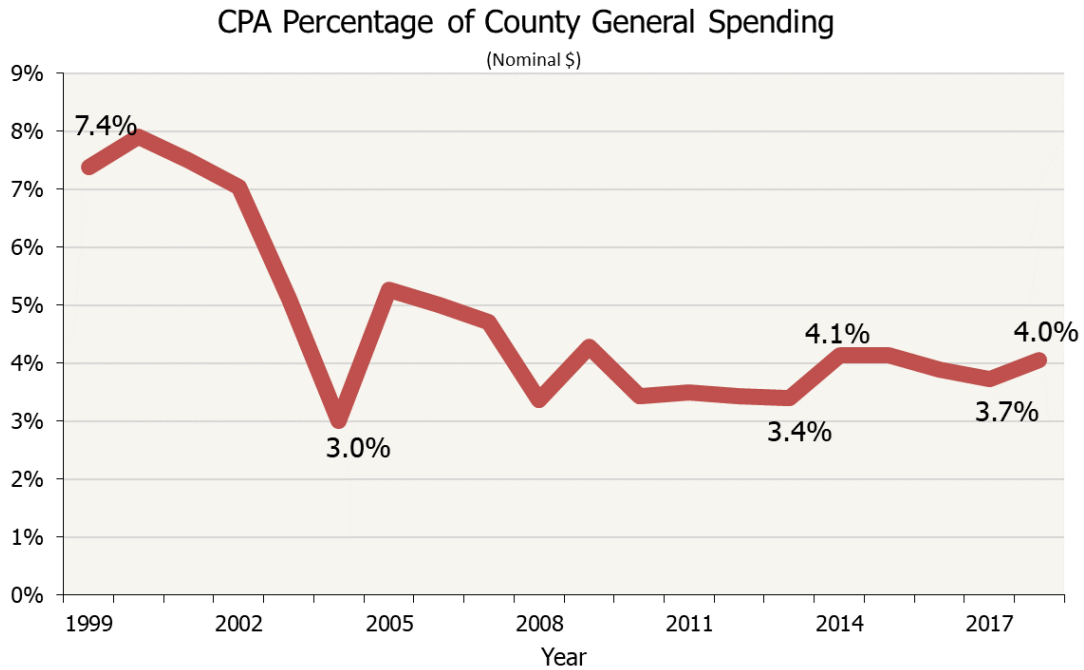
1. Need aid, which is based on a county's measure of crime rate, poverty, and population.
2. Tax base equalization aid, which is based on a county's population and property values.

The formula provides aid to those counties with the highest need and lowest property values.

RESULTS

Counties across the state are more able to offer their residents comparable services at a similar tax cost.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percentage of counties receiving CPA - Need Aid	100%	100%	2016 – 2018
Quantity	Percentage of counties receiving CPA - Tax Base Equalization Aid	69%	100%	2016 – 2018
Quality	CPA percentage of county spending	3.9%	4.0%	2016 – 2018



Performance Measure Notes:

Percentage of counties receiving CPA compares payable year 2016 (previous) to 2018 (current).

CPA percentage of county spending is based on State Auditor county finance reports for 2016 and 2018 and computes CPA as a percentage of total current expenditures. 2018 is the most recent auditor data available.

A 2019 law change increased the CPA appropriation by \$26 million for aids payable 2020 and another \$4 million for aids payable 2021 and thereafter.

Prior to 2004, the previous county aid programs were Family Preservation Aid, County Criminal Justice Aid, Homestead and Agricultural Credit Aid (HACA), and Attached Machinery Aid.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search "CPA."

Legal Citation: M.S. Chapter 477A establishes the County Program Aid program.
<https://www.revisor.mn.gov/statutes/cite/477A>.

County Program Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General	208,457	234,091	233,958	260,216	263,971	264,012
Total	208,457	234,091	233,958	260,216	263,971	264,012
Biennial Change				51,627		33,809
Biennial % Change				12		7

Expenditures by Category

Grants, Aids and Subsidies	208,457	234,091	233,958	260,216	263,971	264,012
Total	208,457	234,091	233,958	260,216	263,971	264,012

County Program Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Direct Appropriation	209,171	234,805	234,672	260,930	264,685	264,726
Transfers Out	714	714	714	714	714	714
Cancellations		0				
Expenditures	208,457	234,091	233,958	260,216	263,971	264,012
Biennial Change in Expenditures				51,627		33,809
Biennial % Change in Expenditures				12		7

Program: Local Aids
Activity: Disparity Reduction Aid

revenue.state.mn.us

AT A GLANCE

In 2019:

- 15% of 6,185 taxing areas received Disparity Reduction Aid
- The average aid payment was \$19,122

PURPOSE AND CONTEXT

Tax reform in 1988 caused higher local property tax rates in some areas. Disparity Reduction Aid (DRA) provides aid to areas that received this aid in 1989 and continue to have a local tax rate above 90% of their net tax capacity today.

Funding source: State General Fund

SERVICES PROVIDED

Disparity Reduction Aid was first paid in 1989 and continues to provide aid to some counties, school districts, and townships. Taxing areas that had a combined local tax rate above 90% of their net tax capacity in 1989 received DRA.

Today, a taxing area can only receive DRA if it received DRA in 1989, and still has a tax rate above 90%.

RESULTS

Taxing areas that received this aid in 1989 and continue to have a tax rate above 90% receive state assistance to help reduce property tax rates.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of taxing areas receiving DRA	932	946	2017 – 2019
Quantity	Number of taxing areas with a tax rate above 90%	2,872	2,902	2017 – 2019
Quantity	Percentage of taxing areas with a tax rate above 90% that receive DRA	32%	33%	2017 – 2019

Performance Measures Notes:

The percentage of taxing areas receiving DRA compares payable year 2017 (previous) to 2019 (current).

A taxing area is a geographic area that has the same county, school district, municipality, and special taxing districts. There are over 6,000 taxing areas in Minnesota.

Only 33% of areas with tax rates above 90% receive DRA because aid distributions are based on the original 1989 calculations. If an area did not have a tax rate above 90% in 1989, they cannot receive DRA.

Fifteen percent of all taxing areas received DRA in both 2017 and 2019. The average aid payment decreased from \$19,339 in 2017 to \$19,122 in 2019.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “DRA.”

Legal Citation: M.S. 273.1398 establishes Disparity Reduction Aid.
<https://www.revisor.mn.gov/statutes/cite/273.1398>.

Disparity Reduction Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General	18,035	18,109	18,076	18,288	18,300	18,300
Total	18,035	18,109	18,076	18,288	18,300	18,300
Biennial Change				219		236
Biennial % Change				1		1

Expenditures by Category

Grants, Aids and Subsidies	18,035	18,109	18,076	18,288	18,300	18,300
Total	18,035	18,109	18,076	18,288	18,300	18,300

Disparity Reduction Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation	18,035	18,109	18,076	18,288	18,300	18,300
Expenditures	18,035	18,109	18,076	18,288	18,300	18,300
Biennial Change in Expenditures				219		236
Biennial % Change in Expenditures				1		1

Program: Local Aids
Activity: Casino Aid to Counties

revenue.state.mn.us

AT A GLANCE

In 2020:

- 13 counties received Casino Aid
- The average aid payment was \$124,000

PURPOSE AND CONTEXT

Increased service demands from tax-exempt property can lead to financial strain for local governments. Casino Aid to Counties provides a state payment where an Indian reservation is located in the county, the tribes operate a casino, and state taxes are collected under a tax agreement with the tribe.

Funding source: State General Fund

SERVICES PROVIDED

Casino Aid to Counties is equal to 5% of taxes collected from the Indian reservation under a tax agreement

RESULTS

The fiscal impacts of tax-exempt tribal-owned casinos are reduced for local governments.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of Counties Receiving Casino Aid	16	13	2018 – 2020

Performance Measures Notes:

Number of counties receiving casino aid compares calendar year 2018 (previous) to 2020 (current).

The average aid payment increased from \$96,000 in 2018 to \$124,000 in 2020.

Legal Citation: M.S. 270C.19 establishes Casino Aid. <https://www.revisor.mn.gov/statutes/cite/270C.19>.

Casino Aid to Counties

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General	1,543	1,597	1,614	1,614	1,614	1,614
Total	1,543	1,597	1,614	1,614	1,614	1,614
Biennial Change				88		0
Biennial % Change				3		0

Expenditures by Category

Grants, Aids and Subsidies	1,543	1,597	1,614	1,614	1,614	1,614
Total	1,543	1,597	1,614	1,614	1,614	1,614

Casino Aid to Counties

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation	1,543	1,597	1,614	1,614	1,614	1,614
Expenditures	1,543	1,597	1,614	1,614	1,614	1,614
Biennial Change in Expenditures				88		0
Biennial % Change in Expenditures				3		0

Program: Local Aids

Activity: Utility Valuation Transition Aid

revenue.state.mn.us

AT A GLANCE

In 2020:

- 3 towns receive Utility Valuation Transition Aid
- The average aid payment is \$886

PURPOSE AND CONTEXT

Large decreases to property tax base can lead to financial strain for local governments. Utility Valuation Transition Aid provides temporary aid to cities and towns that lost tax base due to a change in the rule for valuing utility property.

Funding source: State General Fund

SERVICES PROVIDED

Utility Valuation Transition Aid was first paid in calendar year 2009 to 43 cities and towns with tax base reductions greater than 4% due to a 2007 utility valuation rule change. The aid will continue for each qualifying municipality until the current value of utility property exceeds its 2007 value under the old rule.

RESULTS

Local tax rates in jurisdictions receiving aid are lower than they would be without the aid, and the aid phases out as tax base returns to previous assessment levels.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of eligible cities and towns where the current utility tax base remains lower than the 2007 amount.	3	3	2018 – 2020

Performance Measures Notes:

Number of eligible cities and towns compares aid payable year 2018 (previous) to 2020 (current).

Due to decreases in utility property values, some cities and towns that no longer received transition aid became eligible for aid again.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “UVTA.”

Legal Citation: M.S. 477A.16 establishes Utility Valuation Transition Aid.

<https://www.revisor.mn.gov/statutes/cite/477A.16>.

Utility Valuation Transition Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General	0	5	5	3	11	9
Total	0	5	5	3	11	9
Biennial Change				2		12
Biennial % Change				44		152

Expenditures by Category

Grants, Aids and Subsidies	0	5	5	3	11	9
Total	0	5	5	3	11	9

Utility Valuation Transition Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation	0	5	5	3	11	9
Expenditures	0	5	5	3	11	9
Biennial Change in Expenditures				2		12
Biennial % Change in Expenditures				44		152

Program: Local Aids
Activity: State Taconite Aid

revenue.state.mn.us

AT A GLANCE

In 2019:

- The state paid 22 cents per taxable ton of iron ore concentrates produced (\$7.7 million) to the taconite production tax fund

PURPOSE AND CONTEXT

Large decreases to property tax base can lead to financial strain for local governments. State Taconite Aid provides revenue to compensate for reduced taconite production occurring in certain areas since 2001.

Funding source: State General Fund

SERVICES PROVIDED

Taconite production decreased 30% in 2001 primarily due to the closure of the LTV Steel Mining Company plant in Hoyt Lakes.

State Taconite Aid supplements mining-related revenue to increase the balance of the Production Tax fund. This fund distributes Production Tax revenues to local governments, development agencies, and for property tax relief to taxpayers within the Taconite Assistance Area.

The state contribution was equal to 33 cents per taxable ton of iron ore concentrates for production year 2001, and 22 cents per taxable ton of iron ore concentrates for production years 2002 and thereafter.

RESULTS

The potential fiscal impacts of the 2001 decrease in taconite production are reduced.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Taconite Production as a Percentage of Base Year 2000 Production	70%	84%	2001 – 2018

Performance Measures Notes:

Base year 2000 production is for the calendar year.

Taconite production percentage compares calendar year 2001 (previous) to calendar year 2018 (current).

The State Taconite Aid contribution accounted for 7.4% of total Production Tax distributions in 2019.

Legal Citation: M.S. 298.285 establishes State Taconite Aid.

<https://www.revisor.mn.gov/statutes/cite/298.285>.

State Taconite Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General	4,263	4,161	4,298	4,266	4,077	3,984
Total	4,263	4,161	4,298	4,266	4,077	3,984
Biennial Change				141		(503)
Biennial % Change				2		(6)

Expenditures by Category

Operating Expenses	4,263	4,161	4,298	4,266	4,077	3,984
Total	4,263	4,161	4,298	4,266	4,077	3,984

State Taconite Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation	7,220	7,375	8,019	8,034	7,546	7,392
Transfers Out	2,957	3,214	3,721	3,768	3,469	3,408
Expenditures	4,263	4,161	4,298	4,266	4,077	3,984
Biennial Change in Expenditures				141		(503)
Biennial % Change in Expenditures				2		(6)

Program: Local Aids

Activity: Payment in Lieu of Taxes (PILT)

revenue.state.mn.us

AT A GLANCE

In 2019:

- 8.5 million acres of natural resources land were enrolled in Payment in Lieu of Taxes (PILT) program
- All 87 counties received a PILT payment, with 19 counties receiving payments of at least \$500,000

PURPOSE AND CONTEXT

When land becomes tax-exempt, the resulting loss of property tax base can lead to financial strain for local governments. PILT payments compensate local governments for the property taxes lost when the Department of Natural Resources acquires land for the state.

Funding source: State General Fund

SERVICES PROVIDED

The state makes payments in lieu of taxes primarily to counties for certain natural resource and wildlife management lands. Counties distribute any PILT payments to townships, cities, and schools.

RESULTS

The potential fiscal impacts of tax-exempt state-owned land are reduced for local governments.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Acres of Natural Resources Land in PILT	8.51 million	8.54 million	2017 – 2019

Performance Measures Notes:

Acres of natural resources land compares calendar year 2017 (previous) to 2019 (current)

For more information, visit the Revenue website (www.revenue.state.mn.us) and search "PILT."

Legal Citation: M.S. 477A.11-477A.145 establish Payments in Lieu of Taxes.

<https://www.revisor.mn.gov/statutes/cite/477A.11>.

Payment in Lieu of Taxes (PILT)

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General	32,130	35,783	35,940	36,090	36,315	36,540
Total	32,130	35,783	35,940	36,090	36,315	36,540
Biennial Change				4,117		825
Biennial % Change				6		1

Expenditures by Category

Grants, Aids and Subsidies	32,130	35,783	35,940	36,090	36,315	36,540
Total	32,130	35,783	35,940	36,090	36,315	36,540

Payment in Lieu of Taxes (PILT)

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Transfers In	32,130	35,783	35,940	36,090	36,315	36,540
Expenditures	32,130	35,783	35,940	36,090	36,315	36,540
Biennial Change in Expenditures				4,117		825
Biennial % Change in Expenditures				6		1

Program: Local Aids
Activity: Township Aid

revenue.state.mn.us

AT A GLANCE

In 2020:

- 1,781 townships received Township Aid
- The average aid amount was \$5,615

PURPOSE AND CONTEXT

Township governments received Local Government Aid from the state until 2001. A 2013 law created a new aid program to help townships fund their services.

Funding source: State General Fund

SERVICES PROVIDED

Township Aid is a general-purpose aid that townships can use for any lawful purpose. It is also used for property tax relief by reducing the amount of revenue collected locally.

Aid payments are determined through a formula that considers the size of the township, its population, and the share of its property value that is farms and cabins.

RESULTS

Townships across the state are better able to offer their residents comparable services at a similar tax cost.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Township Aid percentage of township spending	3.8%	3.7%	2016 - 2018

Performance Measures Notes:

Township Aid percentage of township spending is based on State Auditor township finance reports for 2016 and 2018 and computes Township Aid as a percentage of total current expenditures. The most recent auditor data available is from 2018.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “township aid.”

Legal Citation: M.S. Chapter 477A establishes Township Aid. <https://www.revisor.mn.gov/statutes/cite/477A>.

Township Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General	10,000	10,190	9,997	10,000	10,000	10,000
Total	10,000	10,190	9,997	10,000	10,000	10,000
Biennial Change				(193)		3
Biennial % Change				(1)		0

Expenditures by Category

Grants, Aids and Subsidies	10,000	10,190	9,997	10,000	10,000	10,000
Total	10,000	10,190	9,997	10,000	10,000	10,000

Township Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Direct Appropriation	10,000	10,191	10,000	10,000	10,000	10,000
Cancellations		0	3			
Expenditures	10,000	10,190	9,997	10,000	10,000	10,000
Biennial Change in Expenditures				(193)		3
Biennial % Change in Expenditures				(1)		0

Program: Local Aids

Activity: Aquatic Invasive Species Prevention Aid

revenue.state.mn.us

AT A GLANCE

In 2020:

- There were 931 Minnesota waters infested with invasive species
- 83 Minnesota counties received Aquatic Invasive Species Prevention Aid

PURPOSE AND CONTEXT

Species that are not native to Minnesota can cause harm to the environment, the economy, and human health. Aquatic Invasive Species Prevention Aid assists counties in preventing or limiting the spread of invasive species in Minnesota waters.

Funding source: State General Fund

SERVICES PROVIDED

Aquatic Invasive Species Prevention Aid, created in 2014, helps counties cover the costs of protecting their waters from invasive species.

The aid amount is based on a county's share of the statewide total number of watercraft trailer launches and watercraft trailer parking spaces.

RESULTS

Aquatic Invasive Species Prevention Aid provides funds to limit the spread of invasive species.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of Minnesota waters infested	787	931	2018 – 2020

Performance Measures Notes:

Number of infested waters compares calendar year 2018 (previous) to 2020 (current), as of January 1.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search "invasive species."

Legal Citation: M.S. 477A.19 establishes Aquatic Invasive Species Prevention Aid.

<https://www.revisor.mn.gov/statutes/cite/477A.19>.

Aquatic Invasive Species Prevention Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General	10,000	10,000	10,000	10,000	10,000	10,000
Total	10,000	10,000	10,000	10,000	10,000	10,000
Biennial Change				0		0
Biennial % Change				0		0

Expenditures by Category

Grants, Aids and Subsidies	10,000	10,000	10,000	10,000	10,000	10,000
Total	10,000	10,000	10,000	10,000	10,000	10,000

Aquatic Invasive Species Prevention Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Direct Appropriation	10,000	10,000	10,000	10,000	10,000	10,000
Expenditures	10,000	10,000	10,000	10,000	10,000	10,000
Biennial Change in Expenditures				0		0
Biennial % Change in Expenditures				0		0

Program: Local Aids
Activity: Production Property Transition Aid

revenue.state.mn.us

AT A GLANCE

In 2020:

- 3 cities and towns received Production Property Transition Aid
- The average aid payment is \$8,000

PURPOSE AND CONTEXT

Property tax law changes can reduce the amount of tax base available to local governments, leading to financial strain. Production Property Transition Aid provides temporary aid for cities and towns that lost tax base due to a change in the method to value certain production facilities.

Funding source: State General Fund.

SERVICES PROVIDED

Production Property Transition Aid provides temporary aid for cities and towns with tax base reductions greater than 5% due to a change in the way ethanol, dairy, brewery, wine and distillery properties are valued for property tax purposes. The aid amount is the difference in net tax capacity due to the valuation change times the local tax rate. The aid was first paid in 2016 and phases out over five years.

RESULTS

Local tax rates in jurisdictions receiving aid are compensated for their loss of tax base.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of cities and towns receiving aid	3	3	2018 – 2020

Performance Measures Notes:

Number of eligible cities and towns compares aids payable year 2018 (previous) to 2020 (current).

The total amount of aid paid in 2020 was \$24,000. This amount will decrease each year until 2021, when the aid expires.

Legal Citation: M.S 477A.18 establishes Production Property Transition Aid.

<https://www.revisor.mn.gov/statutes/cite/477A.18>.

Production Property Transition Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base FY22	FY23
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Expenditures by Fund

1000 - General	105	85	56	24		
Total	105	85	56	24		
Biennial Change				(110)		(80)
Biennial % Change				(58)		(100)

Expenditures by Category

Grants, Aids and Subsidies	105	85	56	24		
Total	105	85	56	24		

Production Property Transition Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation	105	85	56	24	0	0
Expenditures	105	85	56	24		
Biennial Change in Expenditures				(110)		(80)
Biennial % Change in Expenditures				(58)		(100)

Program: Local Aids

Activity: Riparian Protection Aid

www.revenue.state.mn.us/**AT A GLANCE**

In 2020:

- 14 watershed districts and 75 counties received Riparian Protection Aid

PURPOSE AND CONTEXT

Riparian buffers – strips of vegetated land adjacent to streams, rivers, lakes, or wetlands – are used to protect and restore water quality and healthy aquatic life. State law requires riparian buffers along the shoreline of most lakes, rivers, and streams.

Riparian Protection Aid, created in 2017, provides funds to help watershed districts and counties oversee riparian protection and water quality practices.

Funding source: State General Fund

SERVICES PROVIDED

Riparian Protection Aid is distributed to watershed districts and counties based on their share of acres of agricultural land and miles of shoreline that require buffers.

If watershed districts and counties choose not to oversee the riparian protection and water quality practices required by law, their share of aid goes to the Board of Water and Soil Resources.

RESULTS

Riparian Protection Aid provides funds to oversee riparian protection and water quality practices.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Watershed Districts receiving aid	14	14	2018 – 2020
Quantity	Counties receiving aid	72	75	2018 – 2020

Performance Measures Notes

Watershed Districts and Counties receiving aid compares 2018 (previous) to 2020 (current).

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “Riparian Protection Aid.”

Legal Citation: M.S. 477A.21 establishes the Riparian Protection Aid program.

<https://www.revisor.mn.gov/statutes/cite/477A.21>.

Riparian Protection Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General	7,058	8,822	7,255	7,255	7,255	7,255
Total	7,058	8,822	7,255	7,255	7,255	7,255
Biennial Change				(1,370)		0
Biennial % Change				(9)		0

Expenditures by Category

Grants, Aids and Subsidies	7,058	8,822	7,255	7,255	7,255	7,255
Total	7,058	8,822	7,255	7,255	7,255	7,255

Riparian Protection Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Direct Appropriation	8,000	10,000	8,000	8,000	8,000	8,000
Transfers Out	942	1,178	745	745	745	745
Expenditures	7,058	8,822	7,255	7,255	7,255	7,255
Biennial Change in Expenditures				(1,370)		0
Biennial % Change in Expenditures				(9)		0

Program: Local Aids**Activity:** Indian Family Out-of-Home Placement Aidrevenue.state.mn.us**AT A GLANCE**

In 2020:

- 2 tribes received Indian Family Out-of-Home Placement Aid
- 57 counties received Indian Family Out-of-Home Placement Aid

PURPOSE AND CONTEXT

Payments made to provide foster care for children under the Indian Child Welfare Act can be a large expense for some tribes and local governments. Indian Family Out-of-Home Placement Aid reduces the cost incurred by local social service agencies to provide foster care.

Funding source: State General Fund

SERVICES PROVIDED

Indian Family Out-of-Home Placement Aid partially reimburses counties and tribes for the costs incurred to provide foster care for children under the Indian Child Welfare Act (ICWA).

Aid payments to counties are based on foster care payments made in the preceding calendar year. Aid payments to tribes are the greater of \$200,000 or 5% of the reimbursement amount received from the federal government for out-of-home placement costs for the previous calendar year.

RESULTS

Indian Family Out-of-Home Placement Aid reduces the cost to tribes and local governments of providing ICWA foster care.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Aid percentage of county spending on ICWA foster care	25.1%	22.0%	2018 – 2020

Performance Measures Notes

The aid percentage of county spending on ICWA foster care compares payable year 2018 (previous) to 2020 (current). This aid was first available in 2018.

County spending on ICWA foster care is based on expenditures reported to the Department of Human Services.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “placement aid.”

Legal Citation: M.S. 477A.0126 establishes Reimbursement for Certain Out-of-Home Placements.

www.revisor.mn.gov/statutes/cite/477A.0126.

Indian Family Out-of-Home Placement Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General		5,000	5,000	5,000	4,337	5,000
Total		5,000	5,000	5,000	4,337	5,000
Biennial Change				5,000		(663)
Biennial % Change						(7)

Expenditures by Category

Grants, Aids and Subsidies		5,000	5,000	5,000	4,337	5,000
Total		5,000	5,000	5,000	4,337	5,000

Indian Family Out-of-Home Placement Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Direct Appropriation		5,000	5,000	5,000	4,337	5,000
Expenditures		5,000	5,000	5,000	4,337	5,000
Biennial Change in Expenditures				5,000		(663)
Biennial % Change in Expenditures						(7)

Program: Credits**Activity: Agricultural Homestead Market Value Credit**revenue.state.mn.us**AT A GLANCE**

In 2019:

- 89,000 farm homesteads received the credit
- The average market value agricultural land credit amount was \$424

PURPOSE AND CONTEXT

For some taxpayers, property taxes are a significant cost to owning agricultural land. Agricultural credits reduce the tax for owners of homesteaded farm property.

Funding source: State General Fund

SERVICES PROVIDED

The Agricultural Market Value Credit reduces the tax on agricultural homestead land beyond the house, garage, and immediately surrounding acre of land. The credit is based on a percentage of land market value, with a maximum credit of \$490 per homestead.

RESULTS

The credit makes it more affordable to own homesteaded farmland.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Average market value agricultural land credit amount	\$421	\$424	2017 – 2019
Quantity	Effective tax rate without credit	0.43%	0.42%	2017 – 2019
Quantity	Effective tax rate with credit	0.38%	0.37%	2017 – 2019

Performance Measures Notes:

Average credit amount compares taxes payable year 2017 (previous) to 2019 (current).

Effective tax rate compares property tax as a percent of market value on all agricultural homestead land before and after the credit. The average effective tax rate for all property statewide was 1.45% for taxes payable 2019.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “Agricultural Homestead Market Value Credit.”

Legal Citation: M.S. 273.1384 establishes the Agricultural Homestead Market Value Credit.
<https://www.revisor.mn.gov/statutes/cite/273.1384>.

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General	38,104	37,704	37,546	36,894	35,520	35,489
Total	38,104	37,704	37,546	36,894	35,520	35,489
Biennial Change				(1,367)		(3,431)
Biennial % Change				(2)		(5)

Expenditures by Category

Grants, Aids and Subsidies	38,104	37,704	37,546	36,894	35,520	35,489
Total	38,104	37,704	37,546	36,894	35,520	35,489

Agricultural Homestead MV Credit

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation	38,104	37,704	37,546	36,894	35,520	35,489
Expenditures	38,104	37,704	37,546	36,894	35,520	35,489
Biennial Change in Expenditures				(1,367)		(3,431)
Biennial % Change in Expenditures				(2)		(5)

Program: Credits

Activity: Prior Year Credit Adjustments

revenue.state.mn.us

AT A GLANCE

In 2019:

- Prior year credit adjustments were 0.14% of the total credits

PURPOSE AND CONTEXT

Each year the Department of Revenue adjusts credit payments for accounting corrections. The state pays Prior Year Credit Adjustments to local governments to account for abatements, court orders, omissions, and other adjustments to credits.

Funding source: State General Fund

SERVICES PROVIDED

Prior Year Credit Adjustments are made for the Agricultural Preserve, Homestead Disaster, Agricultural Homestead Market Value, Local Option Disaster, Disparity Reduction, and School Building Bond Agricultural credits.

RESULTS

Prior Year Credit Adjustments ensure local governments receive the correct amount of credit payments.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Adjustment amounts	-\$288,000	\$146,000	2017 – 2019
Quantity	Prior year credit adjustments percentage of total credits	0.42%	0.14%	2017 – 2019

Performance Measures Notes:

Adjustment amount compares taxes payable year 2017 (previous) to 2019 (current).

Prior Year Credit Adjustment

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General	(14)	90	186	818	81	
Total	(14)	90	186	818	81	
Biennial Change				928		(923)
Biennial % Change				1,216		(92)

Expenditures by Category

Grants, Aids and Subsidies	(14)	90	186	818	81	
Total	(14)	90	186	818	81	

Prior Year Credit Adjustment

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation	(14)	90	186	818	81	0
Expenditures	(14)	90	186	818	81	
Biennial Change in Expenditures				928		(923)
Biennial % Change in Expenditures				1,216		(92)

Program: Credits

Activity: Border City Disparity Reduction Credit

revenue.state.mn.us

AT A GLANCE

In 2019:

- The average property tax decrease due to the Border City Disparity Reduction Credit was \$6,169
- Approximately 2,000 parcels received the credit

PURPOSE AND CONTEXT

Property taxes tend to be lower in North Dakota, putting some Minnesota businesses in bordering communities at a disadvantage. The Border City Disparity Reduction Credit provides property tax relief for businesses in certain border cities.

Funding source: State General Fund

SERVICES PROVIDED

The Border City Disparity Reduction Credit reduces property taxes for:

- Commercial/industrial property
- Public utility property
- Apartment property

The credit reduces property taxes to 1.6% of a property's market value. It helps businesses in the border cities of Breckenridge, Dilworth, East Grand Forks, Ortonville, and Moorhead.

RESULTS

The credit increases business competitiveness in border areas.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Average property tax reduction due to credit	\$5,872	\$6,169	2017 – 2019

Performance Measures Notes:

The average credit amount compares taxes payable year 2017 (previous) to 2019 (current).

Legal Citation: M.S. 273.1398 establishes the Disparity Reduction Credit.

<https://www.revisor.mn.gov/statutes/cite/273.1398>.

Border City Disparity Reduction Credit

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General	11,637	11,936	12,493	13,386	14,430	15,153
Total	11,637	11,936	12,493	13,386	14,430	15,153
Biennial Change				2,307		3,704
Biennial % Change				10		14

Expenditures by Category

Grants, Aids and Subsidies	11,637	11,936	12,493	13,386	14,430	15,153
Total	11,637	11,936	12,493	13,386	14,430	15,153

Border City Disparity Reduction Credit

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation	11,637	11,936	12,493	13,386	14,430	15,153
Expenditures	11,637	11,936	12,493	13,386	14,430	15,153
Biennial Change in Expenditures				2,307		3,704
Biennial % Change in Expenditures				10		14

Program: Credits**Activity: Supplemental Taconite Homestead Credit**revenue.state.mn.us**AT A GLANCE**

In 2019:

- The average property tax decrease from the Supplemental Taconite Homestead Credit was \$285
- 19,000 homesteads received the credit

PURPOSE AND CONTEXT

Property taxes increase the cost of owning a home. The Supplemental Taconite Homestead Credit reduces the property taxes for homesteads in the Taconite Tax Relief Area.

Funding source: State General Fund

SERVICES PROVIDED

The Supplemental Taconite Homestead Credit program was created in 1980. Depending on their location, homesteads receive a credit that is either 57% of the property tax up to \$289.80 or 66% of the property tax up to \$315.10.

RESULTS

Property taxes are more affordable for residential homesteads in the Taconite Tax Relief Area.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Average property tax reduction due to credit	\$282	\$285	2017 – 2019

Performance Measures Notes:

Average property tax reduction compares taxes payable year 2017 (previous) to 2019 (current).

91% of eligible homesteads received maximum credit amount.

The effective tax rate (ETR) for a property equals the net property tax divided by its market value. The ETR can be viewed as a measure of how much property tax is paid per \$1,000 in market value.

The ETR for homesteads receiving the Supplemental Taconite Homestead Credit was 0.88% for taxes payable in 2019. Without the credit, the ETR for those homesteads would have been 1.04%. The average ETR for homesteads statewide was 1.26% for taxes payable in 2019.

Legal Citation: M.S. 273.1391 establishes the Supplemental Taconite Homestead Credit.

<https://www.revisor.mn.gov/statutes/cite/273.1391>.

Supplemental Taconite Homestead Credit

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General	5,304	5,353	5,394	5,394	5,448	5,502
Total	5,304	5,353	5,394	5,394	5,448	5,502
Biennial Change				131		162
Biennial % Change				1		2

Expenditures by Category

Grants, Aids and Subsidies	5,304	5,353	5,394	5,394	5,448	5,502
Total	5,304	5,353	5,394	5,394	5,448	5,502

Supplemental Taconite Homestead Credit

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation	5,304	5,353	5,394	5,394	5,448	5,502
Expenditures	5,304	5,353	5,394	5,394	5,448	5,502
Biennial Change in Expenditures				131		162
Biennial % Change in Expenditures				1		2

Program: Credits**Activity: Agricultural Preservation Credit**revenue.state.mn.us**AT A GLANCE**

In 2019:

- 3,097 parcels in the Twin Cities metropolitan area received the Agricultural Preservation Credit

PURPOSE AND CONTEXT

For some taxpayers, property taxes are a significant cost to owning agricultural land. The Agricultural Preservation Credit reduces the tax on homesteaded farm property that is increasing in value due to development pressure.

Funding source: County Agricultural Preserve Funds, State Conservation Fund, State General Fund

SERVICES PROVIDED

The Metropolitan Agricultural Preserves Act, established in 1980, encourages agricultural use on land within the seven-county Twin Cities metropolitan area. Valuation for property tax is based on the land's agricultural use, irrespective of other market pressures. Unlike valuation deferments under the Green Acres law, land enrolled in this program is not required to repay any taxes or special assessments when exiting the program.

Lands in the program also receive a credit based on the difference between the local tax rate and the statewide average local tax rate for townships, but no less than \$1.50 per acre.

A \$5 fee on all mortgage registrations and deed transfers within the seven-county Twin Cities metropolitan area is split between each county's Agricultural Preserve Fund and the State Conservation Fund. If insufficient funds exist in the county fund to pay the credit, the balance is paid from the State Conservation Fund. If insufficient funds exist in the State Conservation Fund, the balance is paid from the State General Fund.

RESULTS

The credit makes it more affordable to keep land in agricultural production despite rising values and development pressure.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of acres enrolled	210,000	200,000	2017 – 2019
Quantity	Average credit	\$284	\$187	2017 – 2019

Performance Measures Notes:

Number of acres enrolled and average credit compare payable year 2017 (previous) to 2019 (current).

For more information, visit the Revenue website (www.revenue.state.mn.us) and search "ag preserve credit."

Legal Citation: M.S. 473H.10 establishes the Agricultural Preservation Credit.

<https://www.revisor.mn.gov/statutes/cite/473H.10>.

Agricultural Preservation Credit

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<u>Expenditures by Fund</u>						
1000 - General	410	234	202	118	101	101
2000 - Restrict Misc Special Revenue	50	190	132	180	200	200
2001 - Other Misc Special Revenue	218	213	162	127	128	128
Total	678	637	496	425	429	429
Biennial Change				(395)		(63)
Biennial % Change				(30)		(7)
<u>Expenditures by Category</u>						
Grants, Aids and Subsidies	678	637	496	425	429	429
Total	678	637	496	425	429	429

Agricultural Preservation Credit

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation	607	351	287	164	149	149
Transfers Out	197	117	85	46	48	48
Expenditures	410	234	202	118	101	101
Biennial Change in Expenditures				(324)		(118)
Biennial % Change in Expenditures				(50)		(37)

2000 - Restrict Misc Special Revenue

Balance Forward In	152	310	299	420	339	259
Receipts	253	272	309	180	200	200
Transfers Out	45	93	56	81	80	80
Balance Forward Out	310	299	420	339	259	179
Expenditures	50	190	132	180	200	200
Biennial Change in Expenditures				72		88
Biennial % Change in Expenditures				30		28

2001 - Other Misc Special Revenue

Balance Forward In	26	50	47	26	26	26
Transfers In	242	210	141	127	128	128
Balance Forward Out	50	47	26	26	26	26
Expenditures	218	213	162	127	128	128
Biennial Change in Expenditures				(142)		(33)
Biennial % Change in Expenditures				(33)		(11)

Program: Credits

Activity: School Building Bond Agricultural Credit

revenue.state.mn.us

AT A GLANCE

In 2019:

- The credit paid for 3.8% of school debt service levies statewide
- Approximately 507,000 parcels received the credit

PURPOSE AND CONTEXT

In some school districts, owners of agricultural land can pay a large portion of school building bond levies. The School Building Bond Agricultural Credit reduces the tax for owners of agricultural land. The credit began in 2018.

Funding source: State General Fund

SERVICES PROVIDED

The School Building Bond Agricultural Credit reduces school property taxes on agricultural, rural vacant, and managed forest land. The credit applies to all school debt levies, regardless of whether or not they are voter-approved.

The county calculates a school debt tax rate for each school district. The school debt tax rate is the school debt service levy divided by the total net tax capacity of all taxable property in the school district.

For taxes payable 2018 and 2019, the credit equals 40% of the qualifying property's net tax capacity – excluding the house, garage, and surrounding one acre of land of an agricultural homestead – multiplied by the school debt tax rate. The credit is subtracted from the gross taxes on a property to determine the net property taxes.

The credit increases to 50% of the property's net tax capacity multiplied by the school debt tax rate for taxes payable 2020. The percentage increases each year until it reaches 70% in taxes payable 2023.

RESULTS

The credit provides tax relief for owners of agricultural land, who can pay a large share of school debt service levies.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	School capital referendum passage rate – statewide	54.2%	64.5%	2017 - 2019
Results	School capital referendum passage rate – non-metro	45.9%	64.6%	2017 - 2019
Quantity	Share of school debt services levies paid for by the credit	3.9%	3.8%	2018 - 2019

Performance Measures Notes:

School capital referendum passage rates compares election years 2017 (previous) to 2019 (current).

The share of school debt service levies paid for by the credit compares taxes payable 2018 (previous) to 2019 (current).

The credit was created, in part, because school districts with a large share of agricultural land had more difficulty passing capital referendums than districts with little agricultural land. The passage rate for non-metro school districts, which have more agricultural land than metro districts, has increased since the credit began in 2018.

Legal Citation: M.S. 273.1387 establishes the School Building Bond Agricultural Credit.
<https://www.revisor.mn.gov/statutes/cite/273.1387>.

School Building Bond Agricultural Credit

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General		32,429	37,852	55,142	62,141	69,652
Total		32,429	37,852	55,142	62,141	69,652
Biennial Change				60,565		38,799
Biennial % Change						42

Expenditures by Category

Grants, Aids and Subsidies		32,429	37,852	55,142	62,141	69,652
Total		32,429	37,852	55,142	62,141	69,652

School Building Bond Agricultural Credit

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation		32,429	37,852	55,142	62,141	69,652
Expenditures		32,429	37,852	55,142	62,141	69,652
Biennial Change in Expenditures				60,565		38,799
Biennial % Change in Expenditures						42

Program: Pension-Related Aids

Activity: Police State Aid

revenue.state.mn.us

AT A GLANCE

In 2019:

- 396 local jurisdictions received Police State Aid

PURPOSE AND CONTEXT

State and local governments have historically shared responsibility for public safety pensions. Police State Aid provides pension aid to local governments that employ police officers.

Funding source: State General Fund

SERVICES PROVIDED

Police State Aid was established in 1971 to help support retirement pensions of local police officers.

The aid is funded by a tax on auto insurance premiums. Annual aid distributions to public safety departments are based on the number of months worked by each licensed officer employed by the department.

RESULTS

Police State Aid helps increase the affordability of local police officer pensions.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of jurisdictions receiving aid	401	396	2017 – 2019
Quantity	Aid as a percentage of employer pension cost	63%	64%	2017 – 2019

Performance Measures Notes:

Number of jurisdictions receiving aid compares payable year 2017 (previous) to 2019 (current).

Aid as a percentage of employer pension cost measures how much of a department's pension obligations are paid through Police State Aid. In 2019, Police State Aid paid for an average of 64% of a police department's pension obligations.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search "police state aid."

Legal Citation: M.S. Chapter 69 establishes Police State Aid. <https://www.revisor.mn.gov/statutes/cite/69>.

Police State Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General	72,559	76,273	81,241	84,181	88,100	92,070
Total	72,559	76,273	81,241	84,181	88,100	92,070
Biennial Change				16,590		14,748
Biennial % Change				11		9

Expenditures by Category

Grants, Aids and Subsidies	72,559	76,273	81,241	84,181	88,100	92,070
Total	72,559	76,273	81,241	84,181	88,100	92,070

Police State Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation	80,031	84,437	89,186	92,756	97,060	101,440
Transfers Out	7,472	8,164	7,944	8,575	8,960	9,370
Expenditures	72,559	76,273	81,241	84,181	88,100	92,070
Biennial Change in Expenditures				16,590		14,748
Biennial % Change in Expenditures				11		9

Program: Pension-Related Aids**Activity: Fire State Aid**revenue.state.mn.us**AT A GLANCE**

In 2019:

- 761 fire relief associations received state Fire State Aid

PURPOSE AND CONTEXT

State and local governments have historically shared responsibility for public safety pensions. Fire State Aid provides pension aid to fire relief associations.

Funding source: State General Fund

SERVICES PROVIDED

Fire State Aid was established in 1885 to help support retirement pensions of firefighters.

The total aid amount is equal to the revenues from the state fire insurance premiums tax. Annual aid distributions are based on population and property values within each department's coverage area.

RESULTS

Fire State Aid helps increase the affordability of firefighter pensions.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of fire relief associations receiving aid	762	761	2017 – 2019

Performance Measures Notes:

Number of fire relief associations receiving aid compares payable year 2017 (previous) to 2019 (current).

For more information, visit the Revenue website (www.revenue.state.mn.us) and search "fire state aid."

Legal Citation: M.S. Chapter 69 establishes Fire State Aid. <https://www.revisor.mn.gov/statutes/cite/69>.

Fire State Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General	28,757	29,572	30,445	32,493	33,480	34,460
Total	28,757	29,572	30,445	32,493	33,480	34,460
Biennial Change				4,609		5,002
Biennial % Change				8		8

Expenditures by Category

Grants, Aids and Subsidies	28,757	29,572	30,445	32,493	33,480	34,460
Total	28,757	29,572	30,445	32,493	33,480	34,460

Fire State Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation	28,757	29,572	30,445	32,493	33,480	34,460
Expenditures	28,757	29,572	30,445	32,493	33,480	34,460
Biennial Change in Expenditures				4,609		5,002
Biennial % Change in Expenditures				8		8

Program: Pension-Related Aids

Activity: Fire Insurance Surcharge Aid

revenue.state.mn.us

AT A GLANCE

In 2019:

- 4 firefighter relief associations received Fire Insurance Surcharge Aid

PURPOSE AND CONTEXT

State and local governments have historically shared responsibility for public safety pensions. Fire Insurance Surcharge Aid provides pension aid to fire relief associations.

Funding source: State General Fund

SERVICES PROVIDED

Fire Insurance Surcharge Aid helps support retirement pensions of firefighters in the cities of Minneapolis, St. Paul, Duluth, and Rochester.

The aid amount is equal to the revenues from a 2% surcharge on insurance premiums for fire, lightning, and sprinkler leakage coverage within each city.

RESULTS

Fire Insurance Surcharge Aid helps increase the affordability of firefighter pensions.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of jurisdictions receiving aid	4	4	2017 – 2019

Performance Measures Notes:

Number of jurisdictions receiving aid compares payable year 2017 (previous) to 2019 (current).

Legal Citation: M.S. 297I.10 establishes Fire Insurance Surcharge Aid.

<https://www.revisor.mn.gov/statutes/cite/297I.10>.

Fire Insurance Surcharge Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General	3,936	4,213	3,775	4,130	4,260	4,380
Total	3,936	4,213	3,775	4,130	4,260	4,380
Biennial Change				(243)		735
Biennial % Change				(3)		9

Expenditures by Category

Grants, Aids and Subsidies	3,936	4,213	3,775	4,130	4,260	4,380
Total	3,936	4,213	3,775	4,130	4,260	4,380

Fire Insurance Surcharge Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation	3,936	4,213	3,775	4,130	4,260	4,380
Expenditures	3,936	4,213	3,775	4,130	4,260	4,380
Biennial Change in Expenditures				(243)		735
Biennial % Change in Expenditures				(3)		9

Program: Pension-Related Aids

Activity: PERA Pension Aid

revenue.state.mn.us

AT A GLANCE

In 2019:

- 1,111 jurisdictions received Public Employees Retirement Association Pension Aid

PURPOSE AND CONTEXT

State law changes can increase costs to local governments by raising their pension contribution rates. Public Employees Retirement Association (PERA) Pension Aid is paid to local governments to offset an increase to the employer-paid PERA rates that began in 1998.

Funding source: State General Fund

SERVICES PROVIDED

PERA Pension Aid is 0.35% of a jurisdiction's 1997 PERA payroll. The amounts remain the same each year, unless an employer no longer participates in PERA.

By statute, the aid ended on June 30, 2020.

RESULTS

PERA Pension Aid helps increase the affordability of local government employee pensions.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of jurisdictions receiving aid	1,110	1,111	2017 – 2019

Performance Measures Notes:

Number of jurisdictions receiving aid compares payable year 2017 (previous) to 2019 (current).

Legal Citation: M.S. 273.1385 establishes PERA Pension Aid. <https://www.revisor.mn.gov/statutes/cite/273.1385>.

PERA Pension Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base FY22 FY23	
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Expenditures by Fund

1000 - General	14,065	13,921	13,900			
Total	14,065	13,921	13,900			
Biennial Change				(14,086)		(13,900)
Biennial % Change				(50)		

Expenditures by Category

Grants, Aids and Subsidies	14,065	13,921	13,900			
Total	14,065	13,921	13,900			

PERA Pension Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base FY22 FY23
1000 - General					
Open Appropriation	14,065	13,921	13,900		
Expenditures	14,065	13,921	13,900		
Biennial Change in Expenditures				(14,086)	(13,900)
Biennial % Change in Expenditures				(50)	

Program: Pension-Related Aids**Activity:** Police/Fire Amortization Aidrevenue.state.mn.us**AT A GLANCE**

In 2019:

- 3 jurisdictions received Police/Fire Amortization Aid

PURPOSE AND CONTEXT

State and local governments have historically shared responsibility for public safety pensions. Police/Fire Amortization Aid supports retirement pensions of local police officers, firefighters, and teachers.

Funding source: State General Fund

SERVICES PROVIDED

Police/Fire Amortization Aid was established in 1980 to assist underfunded police or salaried firefighters' pension associations, and teachers' retirement funds.

Aid payments are determined by a combination of fixed amounts and fixed percentages set in statute.

The number of jurisdictions receiving aid is decreasing as local pensions merge with the statewide pension systems or as local pensions become fully funded and no longer qualify for aid. Also, some of the amortization aid provisions ended in 2010.

RESULTS

Police/Fire Amortization Aid helps increase the affordability of local government employee pensions.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of jurisdictions receiving aid	3	3	2017 – 2019

Performance Measures Notes:

Number of jurisdictions receiving aid compares payable year 2017 (previous) to 2019 (current).

Legal Citation: M.S. 423A.02 establishes Police/Fire Amortization Aid.

<https://www.revisor.mn.gov/statutes/cite/423A.02>.

Amortization Aids

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General	4,823	4,823	4,823	4,823	4,823	4,823
Total	4,823	4,823	4,823	4,823	4,823	4,823
Biennial Change				0		0
Biennial % Change				0		0

Expenditures by Category

Grants, Aids and Subsidies	4,823	4,823	4,823	4,823	4,823	4,823
Total	4,823	4,823	4,823	4,823	4,823	4,823

Amortization Aids

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Direct Appropriation	4,823	4,823	4,823	4,823	4,823	4,823
Cancellations			0			
Expenditures	4,823	4,823	4,823	4,823	4,823	4,823
Biennial Change in Expenditures				0		0
Biennial % Change in Expenditures				0		0

Program: Pension-Related Aids**Activity: Firefighter Supplemental Benefits Reimbursement**revenue.state.mn.us**AT A GLANCE**

In 2019:

- 360 fire relief associations received Firefighter Supplemental Benefits Reimbursement payments

PURPOSE AND CONTEXT

State and local governments have historically shared responsibility for public safety pensions. The Firefighter Supplemental Benefits Reimbursement provides pension aid to fire relief associations.

Funding source: State General Fund

SERVICES PROVIDED

The Firefighter Supplemental Benefits Reimbursement was established in 1988 to help support retirement pensions of firefighters.

The state reimburses volunteer fire relief associations for supplemental benefits paid in the previous year. The payment helps fund retirement benefits, disability benefits, and survivor benefits.

For each qualifying firefighter, the supplemental benefit equals 10% of the lump-sum retirement distribution, but not more than \$1,000. For each qualifying survivor, the supplemental benefit equals 20% of the lump-sum survivor benefit, but not more than \$2,000.

RESULTS

Firefighter Supplemental Benefits Reimbursement helps increase the affordability of firefighter pensions.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of fire relief associations receiving aid	328	360	2017 – 2019

Performance Measures Notes:

Number of fire relief associations receiving aid compares payable year 2017 (previous) to 2019 (current).

Legal Citation: M.S. 424A.10 establishes the Firefighter Supplemental Benefits Reimbursement.

<https://www.revisor.mn.gov/statutes/cite/424A.10>.

Firefighter Supplemental Benefits Reimbursement

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General	629	705	606	606	612	612
Total	629	705	606	606	612	612
Biennial Change				(123)		12
Biennial % Change				(9)		1

Expenditures by Category

Grants, Aids and Subsidies	629	705	606	606	612	612
Total	629	705	606	606	612	612

Firefighter Supplemental Benefits Reimbursement

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation	629	705	606	606	612	612
Expenditures	629	705	606	606	612	612
Biennial Change in Expenditures				(123)		12
Biennial % Change in Expenditures				(9)		1

Program: Pension-Related Aids**Activity:** Police/Fire Retirement Supplemental State Aidrevenue.state.mn.us**AT A GLANCE**

In 2019:

- 742 fire relief associations received Police/Fire Retirement Supplemental State Aid

PURPOSE AND CONTEXT

State and local governments have historically shared responsibility for public safety pensions. Police/Fire Retirement Supplemental State Aid provides pension aid to fire relief associations and police retirement plans.

Funding source: State General Fund

SERVICES PROVIDED

Police/Fire Retirement Supplemental Aid was established in 2013 to help support retirement pensions of police officers and firefighters.

The total aid amount is equal to an appropriation set in statute. Annual aid distributions to the Public Employees Retirement Association (PERA) police and fire retirement fund, the State Patrol retirement fund, and volunteer fire relief associations are based on percentages set in statute.

The aid to PERA and the State Patrol will terminate once the funding levels of their retirement plans reach 90%.

RESULTS

Police/Fire Retirement Supplemental State Aid helps increase the affordability of police officer and firefighter pensions.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of fire relief associations receiving aid	745	742	2017 – 2019

Performance Measures Notes:

Number of fire relief associations receiving aid compares payable year 2017 (previous) to 2019 (current).

Legal Citation: M.S. 423A.022 establishes Police/Fire Retirement Supplemental Aid.

<https://www.revisor.mn.gov/statutes/cite/423A.022>.

Police/Fire Retirement Supplemental State Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General	14,498	14,498	14,495	14,500	14,500	14,500
Total	14,498	14,498	14,495	14,500	14,500	14,500
Biennial Change				(2)		5
Biennial % Change				(0)		0

Expenditures by Category

Grants, Aids and Subsidies	14,498	14,498	14,495	14,500	14,500	14,500
Total	14,498	14,498	14,495	14,500	14,500	14,500

Police/Fire Retirement Supplemental State Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Direct Appropriation	15,500	15,500	15,500	15,500	15,500	15,500
Transfers Out	1,000	1,000	1,000	1,000	1,000	1,000
Cancellations	2	2	5			
Expenditures	14,498	14,498	14,495	14,500	14,500	14,500
Biennial Change in Expenditures				(2)		5
Biennial % Change in Expenditures				(0)		0

Program: Other Local Govt Payments**Activity: Senior Property Tax Deferral Reimbursement**revenue.state.mn.us**AT A GLANCE**

In 2019:

- 308 taxpayers were enrolled in the program
- The average amount of property taxes deferred was \$4,000

PURPOSE AND CONTEXT

Property taxes account for a high share of income for some taxpayers. The Senior Citizens Property Tax Deferral program helps seniors stay in their homes by allowing them to postpone paying a portion of their property tax.

Funding source: State General Fund

SERVICES PROVIDED

This voluntary program, started in 1999, allows eligible senior citizens to postpone paying a portion of their homestead property taxes and special assessments. The state reimburses counties for the property taxes deferred each year. A homestead may remain eligible until a qualifying homeowner no longer lives in the property, at which point the deferred taxes and interest must be paid to the state.

Qualified homeowners must be age 65 or older, have owned and lived in their home for at least 15 years, and have household income less than \$60,000. They can postpone the portion of property taxes above 3% of their income.

RESULTS

Senior citizens can afford to stay in their homes by postponing payment of some of their property taxes.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of senior citizen taxpayers enrolled	336	308	2017 – 2019
Quantity	Average amount of property taxes deferred	\$3,600	\$4,000	2017 – 2019

Performance Measures Notes:

Number of taxpayers enrolled compares calendar year 2017 (previous) to 2019 (current).

A 2019 law changed the application deadline from July 1, to November 1.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “senior deferral.”

Legal Citation: M.S. Chapter 290B establishes the Senior Citizens’ Property Tax Deferral program.

<https://www.revisor.mn.gov/statutes/cite/290B>.

Senior Property Tax Deferral Reimbursement

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General				276	162	173
Total				276	162	173
Biennial Change				276		59
Biennial % Change						

Expenditures by Category

Grants, Aids and Subsidies				276	162	173
Total				276	162	173

Senior Property Tax Deferral Reimbursement

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation	1,257	1,248	1,311	1,452	1,338	1,349
Net Loan Activity	(1,257)	(1,248)	(1,311)	(1,176)	(1,176)	(1,176)
Expenditures				276	162	173
Biennial Change in Expenditures				276		59
Biennial % Change in Expenditures						

Program: Other Local Govt Payments

Activity: Performance Measurement Reimbursement

revenue.state.mn.us

AT A GLANCE

In 2020:

- 29% of counties and 4% of cities participated in the Performance Measurement program.

PURPOSE AND CONTEXT

The Performance Measurement reimbursement helps local governments develop performance measures. This type of transparency in government finances is important to establish the trust and understanding of taxpayers.

Funding source: State General Fund

SERVICES PROVIDED

The Performance Measurement program was created in 2010 to determine how effectively counties and cities provide services. Counties and cities in the program:

- Track 10 performance measures such as police response time, hours to plow streets, and water quality.
- Report their results annually to the state auditor and their residents.

This program is voluntary. The state reimburses participants 14 cents per capita (up to \$25,000) to help cover their costs. They are also exempt from property tax levy limits for the following year (if levy limits are in effect).

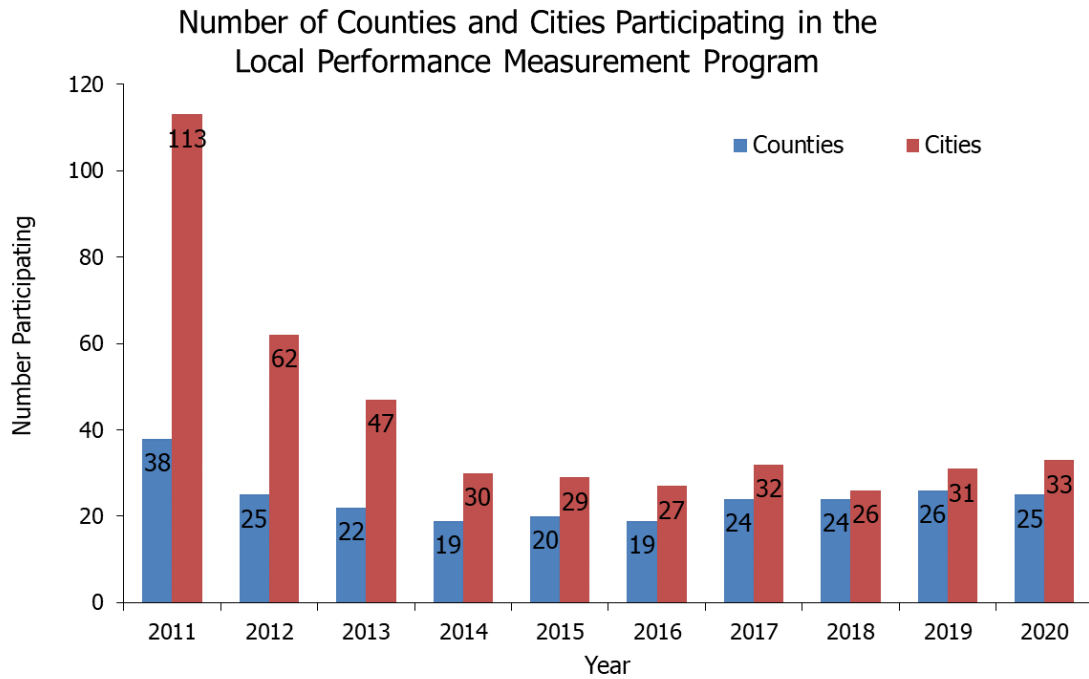
RESULTS

Taxpayers receive helpful information about the cost and quality of services provided by local governments.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percentage of counties participating	28%	29%	2018 – 2020
Quantity	Percentage of cities participating	3%	4%	2018 – 2020

Performance Measure Note:

Annual participation compares calendar year 2018 (previous) to 2020 (current).



Performance Measure Notes:

The decrease in participation from 2011 to 2012 reflects additional requirements for implementing local performance measures in the second year. Many local jurisdictions elected to explore the program in 2011 but decided against full implementation in 2012.

Legal Citation: M.S. 6.91 establishes the Performance Measurement Reimbursement payments.
<https://www.revisor.mn.gov/statutes/cite/6.91>.

Performance Measurement Reimbursement

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<u>Expenditures by Fund</u>						
1000 - General	457	423	466	458	461	464
Total	457	423	466	458	461	464
Biennial Change				44		1
Biennial % Change				5		0

Expenditures by Category

Grants, Aids and Subsidies	457	423	466	458	461	464
Total	457	423	466	458	461	464

Performance Measurement Reimbursement

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation	457	423	466	458	461	464
Expenditures	457	423	466	458	461	464
Biennial Change in Expenditures				44		1
Biennial % Change in Expenditures				5		0

Program: Other Local Govt Payments

Activity: Mahnomen Property Tax Reimbursement

revenue.state.mn.us

AT A GLANCE

In 2019:

- 3 local governments in Mahnomen County received combined payments totaling \$1.2 million

PURPOSE AND CONTEXT

When land becomes tax-exempt, the resulting loss of property tax base can lead to financial strain for local governments. Mahnomen Property Tax Reimbursement provides payments for the loss of tax base when the Shooting Star Casino became tax-exempt.

Funding source: State General Fund

SERVICES PROVIDED

The Shooting Star Casino was placed into tax-exempt trust status, starting in 2007.

The state makes annual payments to compensate for property taxes not collected on the tax-exempt land:

- Mahnomen County (\$900,000)
- City of Mahnomen (\$160,000)
- Mahnomen School District #432 (\$140,000)

The payment was first made in 2006, became permanent in 2008, and was increased in 2013.

RESULTS

The fiscal impacts of tax exempt tribal owned property are reduced for local governments in Mahnomen County.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	City tax base percentage of pre-exemption tax base	56%	64%	2017 – 2019
Quantity	County tax base percentage of pre-exemption tax base	180%	204%	2017 – 2019
Quantity	School district tax base percentage of pre-exemption tax base	169%	193%	2017 – 2019

Performance Measures Notes:

City tax base percentage compares assessment year 2017 (previous) to assessment year 2019 (current) for the City of Mahnomen, Mahnomen County, and Mahnomen School District #432. The pre-exemption tax base is assessment year 2006.

The total tax base for the city of Mahnomen decreased to 52% of its pre-exemption tax base when the exemption began in assessment year 2007. In recent years, the city tax base percentage has grown to 64% of pre-exemption

levels. The homestead exclusion reduced the taxable value of homesteads and the tax base of local taxing jurisdictions statewide.

Legal Citation: Laws 2008 Chapter 154, Article 1 established the payments. It was amended by: Laws 2013 Chapter 143, Article 2, Section 33.

Mahnomen Property Tax Reimbursement

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General	1,200	1,200	1,200	1,200	1,200	1,200
Total	1,200	1,200	1,200	1,200	1,200	1,200
Biennial Change				0		0
Biennial % Change				0		0

Expenditures by Category

Grants, Aids and Subsidies	1,200	1,200	1,200	1,200	1,200	1,200
Total	1,200	1,200	1,200	1,200	1,200	1,200

Mahnomen Property Tax Reimbursement

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Direct Appropriation	1,200	1,200	1,200	1,200	1,200	1,200
Expenditures	1,200	1,200	1,200	1,200	1,200	1,200
Biennial Change in Expenditures				0		0
Biennial % Change in Expenditures				0		0

Program: Other Local Govt Payments
Activity: Taconite Aid Reimbursement

revenue.state.mn.us

AT A GLANCE

In 2019:

- 1 school district received Taconite Aid Reimbursement

PURPOSE AND CONTEXT

The Taconite Aid Reimbursement is paid to Deer River School District #317 in Itasca County to compensate the district for the mining Occupation Tax distribution received before the law was changed in 1978.

Funding source: State General Fund

SERVICES PROVIDED

The Deer River School District receives an annual payment of \$561,050. This payment has remained the same since 1980.

RESULTS

The fiscal impacts of a 1978 Occupation Tax law change are reduced for the school district.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Payment's percentage of total school district revenues	3.8%	3.6%	2017 – 2019

Performance Measures Notes:

Payment's percentage of total school district revenue compares calendar year 2017 (previous) to 2019 (current).

In fiscal year 2019, the Taconite Aid Reimbursement payment accounted for 3.6% of total school district revenues.

Legal Citation: M.S. 477A.15 establishes Taconite Aid Reimbursement.

<https://www.revisor.mn.gov/statutes/cite/477A.15>.

Taconite Aid Reimbursement

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General	561	561	561	561	561	561
Total	561	561	561	561	561	561
Biennial Change				0		0
Biennial % Change				0		0

Expenditures by Category

Grants, Aids and Subsidies	561	561	561	561	561	561
Total	561	561	561	561	561	561

Taconite Aid Reimbursement

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation	561	561	561	561	561	561
Expenditures	561	561	561	561	561	561
Biennial Change in Expenditures				0		0
Biennial % Change in Expenditures				0		0

Program: Other Local Govt Payments
Activity: Border City Reimbursement

revenue.state.mn.us

AT A GLANCE

In 2019:

- 2 jurisdictions received a Border City Reimbursement payment

PURPOSE AND CONTEXT

Property taxes tend to be lower in North Dakota, putting some Minnesota businesses in bordering communities at a disadvantage. The Border City Reimbursement provides property tax relief for businesses in certain border cities.

Funding source: State General Fund

SERVICES PROVIDED

The Border City Reimbursement reduces property taxes for:

- Commercial/industrial property
- Public utility property
- Apartment property

The reimbursement provides additional property tax relief to the border cities of Breckenridge, Dilworth, East Grand Forks, and Moorhead. These cities must request the state reimbursement, and then determine payments to businesses.

RESULTS

Border City Reimbursement increases business competitiveness in border areas.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of jurisdictions receiving reimbursement	2	2	2017 – 2019

Performance Measures Notes:

Number of jurisdictions receiving reimbursement compares taxes payable year 2017 (previous) to 2019 (current).

The two jurisdictions receiving reimbursement payments in 2017 and 2019 were the City of Breckenridge and the City of East Grand Forks.

Legal Citation: M.S. 469.1735 establishes the Border City Reimbursement program.

<https://www.revisor.mn.gov/statutes/cite/469.1735>.

Border City Reimbursement

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General	103	111	65	32	42	42
Total	103	111	65	32	42	42
Biennial Change				(117)		(13)
Biennial % Change				(55)		(13)

Expenditures by Category

Grants, Aids and Subsidies	103	111	65	32	42	42
Total	103	111	65	32	42	42

Border City Reimbursement

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation	103	111	65	32	42	42
Expenditures	103	111	65	32	42	42
Biennial Change in Expenditures				(117)		(13)
Biennial % Change in Expenditures				(55)		(13)

Program: Other Local Govt Payments**Activity: Disaster Credits**revenue.state.mn.us**AT A GLANCE**

In 2018 and 2019:

- 663 parcels received Disaster Credits

PURPOSE AND CONTEXT

Damage caused by natural disasters and other events can lead to financial strain for households and businesses. The credit provides property tax relief for property damaged in a declared disaster or emergency area.

Funding source: State General Fund

SERVICES PROVIDED

The Disaster Credit, which started in 1984, reduces the property tax of damaged homestead property within a declared disaster or emergency area. The damaged property is revalued, and the credit is equal to difference in tax between the original value and the value after damage. The state reimburses local governments for the credit in the year following the damage.

In addition, a county may:

- Grant an abatement of property tax in the year in which the damage occurred if 50% of the homestead was destroyed.
- Grant a credit for taxes payable in the year following the damage for homestead property that does not qualify for the Disaster Credit and non-homestead property.

The state reimburses the local governments for abatements and credits for property located in a declared disaster or emergency area.

RESULTS

Property tax relief helps individuals, businesses, and communities recover from the impacts of damage caused by a disaster.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of parcels receiving credits	917	663	2016/2017 – 2018/2019

Performance Measures Notes:

The number of parcels receiving credits compares payable years 2016 and 2017 (previous) to 2018 and 2019 (current). The amount of payment is dependent on the number and severity of disasters. In payable years 2016 and 2018, no parcels received the credit.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “disaster.”

Legal Citation: M.S. 273.1231-273.1235 establish Disaster Credits.

<https://www.revisor.mn.gov/statutes/cite/273.1231>.

Disaster Credits

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General	278	7	100	2,280	2,430	277
Total	278	7	100	2,280	2,430	277
Biennial Change				2,095		327
Biennial % Change				734		14

Expenditures by Category

Grants, Aids and Subsidies	278	7	100	2,280	2,430	277
Total	278	7	100	2,280	2,430	277

Disaster Credits

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation	278	7	100	2,280	2,430	277
Expenditures	278	7	100	2,280	2,430	277
Biennial Change in Expenditures				2,095		327
Biennial % Change in Expenditures				734		14

Program: Other Local Govt Payments**Activity: Miscellaneous Payments**revenue.state.mn.us**AT A GLANCE**

From 2018 to 2022:

- 9 local governments and 11 tribal nations received temporary relief payments

PURPOSE AND CONTEXT

Unforeseen events can strain local government finances. State payments provide financial assistance to help local governments through unforeseen events.

Funding source: State General Fund

SERVICES PROVIDED

Occasionally payments are authorized by law to local governments experiencing an extraordinary or unusual circumstance and where other financial assistance is unavailable. Examples include:

- \$2,400,000 to the county of Wadena between 2018 and 2021 for health care costs
- \$3,000,000 to the county of Beltrami in 2020 for out-of-home placement costs
- \$500,000 to the county of Otter Tail in 2020 for debt service on state leased building
- \$500,000 to the county of Mahnommen in 2020 for health center and costs of child welfare services
- \$275,000 to the city of Lilydale in 2020 for state highway construction bond payments
- \$129,000 to the city of Austin in 2020 to reimburse the city for state pension aids
- \$38,400 to the city of Flensburg in 2020 for repayment of Local Government Aid penalties
- \$5,000 to the city of Mazeppa and county of Wabasha in 2020 for fire damage tax abatements
- \$5,400,000 to the city of Virginia in 2022 for state highway construction utility relocation
- \$11 million in 2020 to tribal nations to fund emergency response activities in response to COVID-19

The payments are made outside of existing aid distribution formulas.

RESULTS

Relief payments help communities recover from the impacts of unusual circumstances.

Performance Measures Notes:

The amount and frequency of payments is dependent on legislative approval.

Legal Citation: Laws 2017 First Special Session, Chapter 1, Article 4, Section 32; Laws 2019 First Special Session, Chapter 6, Article 5, Section 10; Laws 2020, Chapter 71, Article 1, Section 10.

Miscellaneous Payments

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base FY22	FY23
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Expenditures by Fund

1000 - General	600	600	16,047	600	5,400	
Total	600	600	16,047	600	5,400	
Biennial Change				15,447		(11,247)
Biennial % Change				1,287		(68)

Expenditures by Category

Grants, Aids and Subsidies	600	600	16,047	600	5,400	
Total	600	600	16,047	600	5,400	

Miscellaneous Payments

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Direct Appropriation	600	600	16,047	600	5,400	0
Expenditures	600	600	16,047	600	5,400	
Biennial Change in Expenditures				15,447		(11,247)
Biennial % Change in Expenditures				1,287		(68)

Program: Other Local Govt Payments**Activity: Minneapolis Debt Service Aid**revenue.state.mn.us**AT A GLANCE**

In 2019:

- The state paid \$4.12 million of Minneapolis's library referendum bonds

PURPOSE AND CONTEXT

Regional infrastructure projects often need state assistance to be affordable. This program provides state aid to Minneapolis to pay part of the city's library referendum bonds.

Funding source: State General Fund

SERVICES PROVIDED

The state makes annual payments to the city of Minneapolis equal to 40% of the annual levy for payments for the city's library referendum bonds. These payments began in 2016.

RESULTS

Minneapolis Debt Service Aid decreases property taxes for properties in the city of Minneapolis.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	State aid payment as a percent of the city's total property taxes paid	0.4%	0.4%	2017 – 2019

Performance Measures Notes:

The state aid payment as a percent of the city's total property taxes paid compare taxes payable year 2017 (previous) to 2019 (current).

Legal Citation: M.S. 477A.085 establishes the Minneapolis Debt Service Aid.

<https://www.revisor.mn.gov/statutes/cite/477A.085>.

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base FY22 FY23
<u>Expenditures by Fund</u>					
1000 - General	4,120	4,120	4,120	3,610	
Total	4,120	4,120	4,120	3,610	
Biennial Change				(510)	(7,730)
Biennial % Change				(6)	(100)
<u>Expenditures by Category</u>					
Grants, Aids and Subsidies	4,120	4,120	4,120	3,610	
Total	4,120	4,120	4,120	3,610	

Minneapolis Debt Service Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation	4,120	4,120	4,120	3,610	0	0
Expenditures	4,120	4,120	4,120	3,610		
Biennial Change in Expenditures				(510)		(7,730)
Biennial % Change in Expenditures				(6)		(100)

Program: Tax Aids, Credits, and Refunds**Activity: Other Taxes and Refunds**revenue.state.mn.us/**AT A GLANCE**

- The Department of Revenue collects and transfers numerous taxes on behalf of other state agencies.

PURPOSE & CONTEXT

The Department of Revenue collects certain taxes on behalf of other state agencies. Those include revenue for the Highway User & Tax Distribution, Restricted Miscellaneous Special Revenue, State Airports, Environmental, and Remediation funds. That revenue is then transferred to the appropriate agencies.

SERVICES PROVIDED

For some of these funds collected and transferred by the Department of Revenue, the agency provides interest on refunds to taxpayers when necessary.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Projected</i>	<i>Dates</i>
Quantity	Amount of interest on refunds on taxes for the state airport fund	\$0	\$0	2019 – 2021
Quantity	Amount of interest on refunds on taxes for the environmental fund	\$0	\$1,000	2019 – 2021

Performance Measures Notes:

The previous and current measures show data from fiscal year 2019 (previous) to 2021 (projected).

Other Taxes and Refunds

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<u>Expenditures by Fund</u>						
2800 - Environmental				1	1	1
2801 - Remediation		0	0			
6000 - Miscellaneous Agency	1	0		57	57	57
Total	1	0	0	58	58	58
Biennial Change				57		58
Biennial % Change				5,545		100
<u>Expenditures by Category</u>						
Other Financial Transaction	1	0	0	58	58	58
Total	1	0	0	58	58	58

Other Taxes and Refunds

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
2000 - Restrict Misc Special Revenue						
Balance Forward In	57	70	8	8	18	28
Receipts	6,591	7,070	6,683	6,641	6,641	6,641
Transfers Out	6,578	7,132	6,682	6,631	6,631	6,631
Balance Forward Out	70	8	8	18	28	38

2710 - Highway Users Tax Distribution

Open Appropriation	23,028	23,274	23,066	21,288	22,901	22,673
Transfers Out	23,028	23,274	23,066	21,288	22,901	22,673

2800 - Environmental

Open Appropriation				1	1	1
Receipts	15	15	15	15	15	15
Cancellations	15	15	15	15	15	15
Expenditures				1	1	1
Biennial Change in Expenditures				1		1
Biennial % Change in Expenditures						

2801 - Remediation

Open Appropriation	0	0				
Expenditures	0	0				
Biennial Change in Expenditures				0		0
Biennial % Change in Expenditures						

6000 - Miscellaneous Agency

Balance Forward In	129	266	312	349	349	349
Receipts	137	46	38	57	57	57
Balance Forward Out	266	312	349	349	349	349
Expenditures	1	0		57	57	57
Biennial Change in Expenditures				56		57
Biennial % Change in Expenditures				5,444		

Program: Tax Aids, Credits, and Refunds

Activity: Political Contribution Refund

revenue.state.mn.us/

AT A GLANCE

In FY 2019:

- This program provided \$2.8 million in refunds for political contributions.

PURPOSE & CONTEXT

The Political Contribution Refund program was enacted in 1990. Individuals who make qualifying contributions to qualified candidates may receive a state refund up to a total of \$50 per person (or \$100 per couple) in any calendar year.

The program provides funds to qualifying political candidates and parties through contributions by Minnesotans who request the refund. Only contributions to candidates that have signed an agreement with the Minnesota Campaign Finance and Public Disclosure Board to observe the state campaign spending limit law are eligible for the political contribution refund.

Funding source: State General Fund

SERVICES PROVIDED

The program provides refunds to individuals who make qualified contributions to candidates who agree to limit their spending by signing a Public Subsidy Agreement.

Candidates and parties provide contributors documentation about their contribution on forms. Contributors submit those forms and documentation to the Department of Revenue. The department sends a refund to contributors who apply for a refund of contributions they made to qualified Minnesota political parties or candidates for the following Minnesota offices:

- Legislature (State House or Senate)
- Governor, Lieutenant Governor, or Attorney General
- Secretary of State
- State Auditor

RESULTS

Individuals who contribute money to a qualifying party or candidate may receive a refund of up to \$50 for their contribution. The program was suspended for FY 2009-2013 and FY 2016-2017. It was in effect for FY 2014-2015.

To qualify for a refund of political contributions made during 2020, taxpayers must apply by April 15, 2021.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Political Contribution Refunds Paid	\$3,695,000	\$2,808,000	2018-2019
Quantity	Total Political Contribution Refunds	0	33,000	2018-2019

Performance Measure Notes:

Compares refunds paid in tax year 2018 (previous) to tax year 2019 (current).

Legal Citation: M.S. 290.06, subdivision 23, establishes the Political Contribution Refund program.

www.revisor.mn.gov/statutes/?id=290.06.

Political Contribution Refunds

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

Expenditures by Fund

1000 - General	3,695	2,808	2,707	3,500	3,000	3,500
Total	3,695	2,808	2,707	3,500	3,000	3,500
Biennial Change				(296)		293
Biennial % Change				(5)		5

Expenditures by Category

Grants, Aids and Subsidies	3,695	2,808	2,705	3,495	2,995	3,495
Other Financial Transaction	0	0	2	5	5	5
Total	3,695	2,808	2,707	3,500	3,000	3,500

Political Contribution Refunds

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation	3,695	2,808	2,707	3,500	3,000	3,500
Expenditures	3,695	2,808	2,707	3,500	3,000	3,500
Biennial Change in Expenditures				(296)		293
Biennial % Change in Expenditures				(5)		5

Program: Other Taxes and Refunds

Activity: Tax Refund Interest

revenue.state.mn.us/

AT A GLANCE

In Fiscal Year 2019:

- Over \$14 million in tax refund interest was paid to taxpayers who did not receive refunds within the statutory time frame. The interest rate has been 5% since 2019.

PURPOSE & CONTEXT

The Department of Revenue must pay interest to taxpayers on certain tax refunds if they are not paid within the time frame set by statute. The interest rate was 4% in 2017 – 2018 and has been 5% since 2019; it is the same rate taxpayers owe on underpayments.

The department calculates the interest rate based on the prime rate charged by banks and announces the rate prior to each calendar year.

SERVICES PROVIDED

Interest can accrue on tax refunds for various reasons, such as disputes that are resolved in court cases, tax audits, and administrative appeals. The Department of Revenue works to minimize interest accruals, which can fluctuate greatly from year to year depending on resolution of court cases and appeals. The date interest starts to accrue on a tax refund is specified in statute, as shown below.

<i>Type of Tax or Refund</i>	<i>Interest Starts to Accrue</i>
Individual Income Tax	90 days after the return is due or filed (whichever is later)
Corporate Franchise Tax	90 days after the return is due or filed (whichever is later)
Withholding Taxes	On the date taxes were paid to the Department of Revenue
Sales and Use Taxes	Usually on the date taxes were paid to the Department of Revenue However , interest starts to accrue 90 days after refund claims filed for: <ul style="list-style-type: none"> Sales tax paid on exempt capital equipment or building materials Purchaser refunds (of sales tax incorrectly charged by a retailer or vendor)

RESULTS

Taxpayers receive interest payments on any refunds that are not paid within the statutory timeline.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Tax Refund Interest Paid	\$10,632,000	\$14,476,000	2018-2019

Performance Measure Notes:

Compares tax refund interest paid in FY2018 (previous) to FY2019 (current).

Legal Citation: M.S. 289A.56 establishes tax refund interest payments. www.revisor.mn.gov/statutes/?id=289A.56

Tax Refund Interest

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<u>Expenditures by Fund</u>						
1000 - General	10,637	14,483	25,738	18,900	14,000	12,900
2360 - Health Care Access	165	142	239	103	108	113
2710 - Highway Users Tax Distribution	20	110	20	30	30	30
Total	10,822	14,735	25,996	19,033	14,138	13,043
Biennial Change				19,472		(17,848)
Biennial % Change				76		(40)
<u>Expenditures by Category</u>						
Other Financial Transaction	10,822	14,735	25,996	19,033	14,138	13,043
Total	10,822	14,735	25,996	19,033	14,138	13,043

Tax Refund Interest

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation	10,637	14,483	25,738	18,900	14,000	12,900
Expenditures	10,637	14,483	25,738	18,900	14,000	12,900
Biennial Change in Expenditures				19,517		(17,738)
Biennial % Change in Expenditures				78		(40)

2360 - Health Care Access

Open Appropriation	165	142	239	103	108	113
Expenditures	165	142	239	103	108	113
Biennial Change in Expenditures				35		(121)
Biennial % Change in Expenditures				11		(35)

2710 - Highway Users Tax Distribution

Open Appropriation	20	110	20	30	30	30
Expenditures	20	110	20	30	30	30
Biennial Change in Expenditures				(80)		10
Biennial % Change in Expenditures				(62)		21

Program: Other Taxes and Refunds

Activity: Discontinued Programs

revenue.state.mn.us

PURPOSE AND CONTEXT

The Bloomington Fiscal Disparities Loan Repayment program relieved the City of Bloomington of its obligation to repay a loan it received from the Fiscal Disparities Property Tax program for the initial construction of infrastructure for the Mall of America. For the last four years of repayment, the state made the repayment to the fiscal disparities program on Bloomington's behalf. The final payment was made in 2018.

The Small Cities Assistance program was established in 2015 and provided formula-based transportation aid for 705 small cities in Minnesota that did not receive municipal state-aid street funding. Qualifying cities had a population under 5,000. Funds were for construction and maintenance of roads. The program was funded through fiscal year 2019.

The Volunteer Retention Stipend was established in 2014 as a three-year pilot program to help recruit and retain volunteer firefighters, ambulance attendants, and medical responders. The stipend was \$500 for each qualified volunteer in the pilot area, which includes 14 counties. The final year of the three-year pilot program was in 2017.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Loan repayment paid by the state on behalf of the City of Bloomington	\$4,700,000	\$0	2018 – 2020
Quantity	Number of cities eligible for small cities assistance	705	\$0	2018-2019
Quantity	Amount of state aid paid in small cities assistance	\$8,000,000	\$0	2018-2019
Quantity	Aid paid to volunteer firefighters, ambulance attendants, and medical responders	\$1,559,000	\$0	2018-2019

Performance Measure Notes:

The previous and current measures show data from taxes payable years 2018 (previous) to 2019/2020 (Current).

Discontinued Programs

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base FY22FY23	
<u>Expenditures by Fund</u>						
1000 - General	6,416	4,704				
2001 - Other Misc Special Revenue	7,979	7,980				
Total	14,395	12,683				
Biennial Change				(27,078)	0	
Biennial % Change				(100)		
<u>Expenditures by Category</u>						
Grants, Aids and Subsidies	14,395	12,683				
Total	14,395	12,683				

Discontinued Programs

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Open Appropriation	6,416	4,704				
Expenditures	6,416	4,704				
Biennial Change in Expenditures				(11,119)		0
Biennial % Change in Expenditures				(100)		
2001 - Other Misc Special Revenue						
Balance Forward In	4	25	45	45	45	45
Transfers In	8,000	8,000				
Balance Forward Out	25	45	45	45	45	45
Expenditures	7,979	7,980				
Biennial Change in Expenditures				(15,959)		0
Biennial % Change in Expenditures				(100)		

Program: COVID 19 Response Aid

Activity: COVID-19 Aid to Local Governments and Businesses

revenue.state.mn.us

AT A GLANCE

In 2020:

- \$841 million was authorized for distribution to local governments
- \$838 million was paid to eligible jurisdictions which submitted certifications
- 1,615 out of 1,888 eligible jurisdictions received an aid payment from the federal Coronavirus Relief Fund
- \$88 million was authorized for distribution to affected businesses

PURPOSE AND CONTEXT

The Coronavirus Disease 2019 (COVID-19) public health emergency created costs for local governments, created a financial strain. COVID Aid provides financial support to some counties, cities, and towns.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress and signed by President Trump on March 27, 2020. The CARES Act established the \$150 billion Coronavirus Relief Fund. The State of Minnesota was allocated \$2.187 billion from the federal Coronavirus Relief Fund. Hennepin and Ramsey Counties received a total of \$317 million directly from the U.S. Treasury. Of the remaining state allocation, \$841 million was authorized through the Legislative Advisory Commission review process for distribution to local governments.

On December 14, the Minnesota Legislature passed an aid package to provide assistance to businesses that have been closed due to the COVID-19 pandemic and response. These payments will go to businesses in the following industries who have experienced a 30% or greater reduction in taxable sales from 2019: full- and limited-service restaurants, cafeterias and buffets, caterers, bars, breweries with taprooms, family wineries with tasting rooms, distilleries with tasting rooms, bowling centers and gyms and fitness centers. The payment size is determined based on the number of employees a business has registered for unemployment tax purposes.

Funding source: federal Coronavirus Relief Fund and state General Fund

SERVICES PROVIDED

The federal government, through the CARES Act, provided states with aid to cover costs resulting from the COVID-19 outbreak. The State of Minnesota created a formula that allowed certain counties, and cities and towns with a population over 200 to apply for this aid. Counties, cities, and towns that chose to apply for and accept this aid agreed to follow federal and state guidelines.

RESULTS

COVID Aid payments help local governments pay costs associated with the COVID-19 outbreak.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of jurisdictions receiving payment	0	1,615	2018 – 2020
Quantity	Average payment for all local governments	0	\$519,000	2018 – 2020

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Average amount of payments distributed to counties	0	\$5,497,000	2018 – 2020
Quantity	Average amount of payments distributed to cities	0	\$542,000	2018 – 2020
Quantity	Average amount of payments distributed to towns	0	\$23,000	2018 – 2020

Performance Measures Notes:

Number of jurisdictions receiving payment compares taxes payable year 2018 (previous) to 2020 (current). The number of jurisdictions receiving aid is dependent on how many local jurisdictions qualify for aid and how many chose to apply to receive aid.

Average payment amount compares taxable year 2018 (previous) to 2020 (current). The size of the aid payments is dependent on the type of government and its population. For more information, visit the Revenue website (www.revenue.state.mn.us) and search “Coronavirus Relief Fund.” Additional data is also available on the TransparencyMN website (<https://mn.gov/mmb/transparency-mn/covid19-checkbook/>), which provides checkbook-level data on how the state CRF funds (and all other COVID-19 funding) have been spent.

COVID-19 Response Aid Payments

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base FY22 FY23
<u>Expenditures by Fund</u>					
1000 - General				87,750	
3010 - Coronavirus Relief				837,729	
Total				925,479	
Biennial Change				925,479	(925,479)
Biennial % Change					
<u>Expenditures by Category</u>					
Grants, Aids and Subsidies				925,479	
Total				925,479	

COVID-19 Response Aid Payments

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Direct Appropriation				87,750	0	0
Expenditures				87,750		
Biennial Change in Expenditures				87,750	(87,750)	
Biennial % Change in Expenditures						
3010 - Coronavirus Relief						
Direct Appropriation				841,464	0	0
Cancellations				3,735		
Expenditures				837,729		
Biennial Change in Expenditures				837,729	(837,729)	
Biennial % Change in Expenditures						