

Table of Contents

Tax Aids, Credits and Refunds

Agency Profile	1
Agency Expenditure Overview	3
Agency Financing by Fund	4
Agency Change Summary	7
<u>Program</u>	10
Refunds	10
<u>Activity</u>	10
Homestead Credit Refund	10
Activity Narrative	10
Activity Expenditure Overview	12
Activity Financing by Fund	13
Renters Property Tax Refund	14
Activity Narrative	14
Activity Expenditure Overview	16
Activity Financing by Fund	17
Special Property Tax Refund	18
Activity Narrative	18
Activity Expenditure Overview	20
Activity Financing by Fund	21
Sustainable Forest Incentive Payments	22
Activity Narrative	22
Activity Expenditure Overview	23
Activity Financing by Fund	24
<u>Program</u>	25
Local Aids	25
<u>Activity</u>	25
Local Government Aid (City Aid)	25
Activity Narrative	25
Activity Expenditure Overview	27
Activity Financing by Fund	28
County Program Aid	29
Activity Narrative	29
Activity Expenditure Overview	31
Activity Financing by Fund	32
Disparity Reduction Aid	33
Activity Narrative	33
Activity Expenditure Overview	35
Activity Financing by Fund	36
Casino Aid to Counties	37
Activity Narrative	37
Activity Expenditure Overview	38
Activity Financing by Fund	39
Utility Valuation Transition Aid	40

<i>Activity Narrative</i>	40
Activity Expenditure Overview	41
Activity Financing by Fund	42
State Taconite Aid	43
<i>Activity Narrative</i>	43
Activity Expenditure Overview	44
Activity Financing by Fund	45
Payment in Lieu of Taxes (PILT)	46
<i>Activity Narrative</i>	46
Activity Expenditure Overview	47
Activity Financing by Fund	48
Township Aid	49
<i>Activity Narrative</i>	49
Activity Expenditure Overview	50
Activity Financing by Fund	51
Aquatic Invasive Species Prevention Aid	52
<i>Activity Narrative</i>	52
Activity Expenditure Overview	53
Activity Financing by Fund	54
Small Cities Assistance	55
<i>Activity Narrative</i>	55
Activity Expenditure Overview	56
Activity Financing by Fund	57
Riparian Protection Aid	58
<i>Activity Narrative</i>	58
Activity Expenditure Overview	59
Activity Financing by Fund	60
Indian Family Out-of-Home Placement Aid	61
<i>Activity Narrative</i>	61
Activity Expenditure Overview	62
Activity Financing by Fund	63
Local Homeless Prevention Aid	64
<i>Activity Narrative</i>	64
Activity Expenditure Overview	65
Activity Financing by Fund	66
<u>Program</u>	67
Credits	67
<u>Activity</u>	67
Agricultural Homestead Market Value Credit	67
<i>Activity Narrative</i>	67
Activity Expenditure Overview	68
Activity Financing by Fund	69
Prior Year Credit Adjustment	70
<i>Activity Narrative</i>	70
Activity Expenditure Overview	71
Activity Financing by Fund	72
Border City Disparity Reduction Credit	73
<i>Activity Narrative</i>	73

Activity Expenditure Overview	74
Activity Financing by Fund	75
Supplemental Taconite Homestead Credit	76
<i>Activity Narrative</i>	76
Activity Expenditure Overview	77
Activity Financing by Fund	78
Agricultural Preservation Credit	79
<i>Activity Narrative</i>	79
Activity Expenditure Overview	80
Activity Financing by Fund	81
School Building Bond Agricultural Credit	82
<i>Activity Narrative</i>	82
Activity Expenditure Overview	84
Activity Financing by Fund	85
<u>Program</u>	86
Pension-Related Aids	86
<u>Activity</u>	86
Police State Aid	86
<i>Activity Narrative</i>	86
Activity Expenditure Overview	87
Activity Financing by Fund	88
Fire State Aid	89
<i>Activity Narrative</i>	89
Activity Expenditure Overview	90
Activity Financing by Fund	91
Fire Insurance Surcharge Aid	92
<i>Activity Narrative</i>	92
Activity Expenditure Overview	93
Activity Financing by Fund	94
Police/Fire Amortization Aids	95
<i>Activity Narrative</i>	95
Activity Expenditure Overview	96
Activity Financing by Fund	97
Firefighter Supplemental Benefits Reimbursement	98
<i>Activity Narrative</i>	98
Activity Expenditure Overview	99
Activity Financing by Fund	100
Police/Fire Retirement Supplemental State Aid	101
<i>Activity Narrative</i>	101
Activity Expenditure Overview	102
Activity Financing by Fund	103
<u>Program</u>	104
Other Local Government Payments	104
<u>Activity</u>	104
Senior Property Tax Deferral Reimbursement	104
<i>Activity Narrative</i>	104
Activity Financing by Fund	105
Performance Measurement Reimbursement	106

<i>Activity Narrative</i>	106
Activity Expenditure Overview	108
Activity Financing by Fund	109
Mahnomen Property Tax Reimbursement	110
<i>Activity Narrative</i>	110
Activity Expenditure Overview	111
Activity Financing by Fund	112
Taconite Aid Reimbursement	113
<i>Activity Narrative</i>	113
Activity Expenditure Overview	114
Activity Financing by Fund	115
Border City Reimbursement	116
<i>Activity Narrative</i>	116
Activity Expenditure Overview	117
Activity Financing by Fund	118
Disaster Credits	119
<i>Activity Narrative</i>	119
Activity Expenditure Overview	120
Activity Financing by Fund	121
Miscellaneous Payments	122
<i>Activity Narrative</i>	122
Activity Expenditure Overview	123
Activity Financing by Fund	124
<u>Program</u>	125
Other Taxes and Refunds	125
<u>Activity</u>	125
Other Taxes and Refunds	125
<i>Activity Narrative</i>	125
Activity Expenditure Overview	126
Activity Financing by Fund	127
Political Contribution Refunds	128
<i>Activity Narrative</i>	128
Activity Expenditure Overview	129
Activity Financing by Fund	130
Tax Refund Interest	131
<i>Activity Narrative</i>	131
Activity Expenditure Overview	132
Activity Financing by Fund	133
Discontinued Programs	134
<i>Activity Narrative</i>	134
Activity Expenditure Overview	136
Activity Financing by Fund	137
<u>Program</u>	138
COVID Aid	138
<u>Activity</u>	138
COVID Aid Grants	138
<i>Activity Narrative</i>	138
Activity Expenditure Overview	140
Activity Financing by Fund	141

<http://www.revenue.state.mn.us>

AT A GLANCE

In 2021 the Department of Revenue paid:

- \$1.042 billion in aids to local governments
- \$826 million in property tax refunds to about 902,000 individuals
- \$131 million in credits to reduce individuals' and businesses' property taxes
- \$29 million in other programs

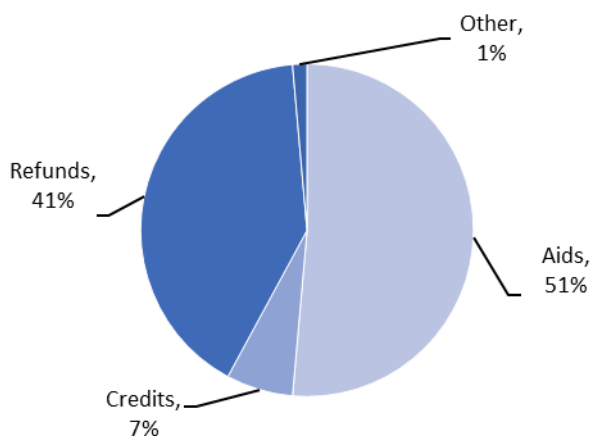
PURPOSE

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.

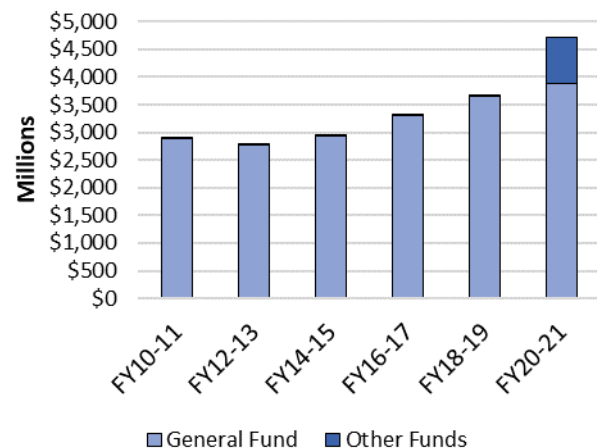
BUDGET

**Spending by Category
FY 21 Actual**



Source: Budget Planning and Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The Department of Revenue administers 35 Property Tax Aid, Credit and Refund programs that make payments to individual taxpayers and local governments. In 2021, we disbursed more than \$2 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

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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<u>Expenditures by Fund</u>						
1000 - General	1,861,252	2,020,293	2,047,480	2,590,345	2,203,865	2,256,472
2000 - Restrict Misc Special Revenue	132	180	196	216	220	220
2001 - Other Misc Special Revenue	162	127	18,051	81	89	90
2360 - Health Care Access	239	696	1,270	223	221	227
2710 - Highway Users Tax Distribution	20	45	39	50	50	50
2720 - State Airports				1	1	1
2800 - Environmental		0		1	1	1
2801 - Remediation	0					
3000 - Federal			376,364			
3010 - Coronavirus Relief		835,926	66,695			
Total	1,861,804	2,857,268	2,510,096	2,590,917	2,204,447	2,257,061
Biennial Change				381,941		(639,505)
Biennial % Change				8		(13)

Expenditures by Program

Refunds	783,953	825,512	808,353	870,030	944,920	981,700
Local Aids	783,281	913,601	937,527	925,445	945,155	944,963
Credits	93,967	112,609	118,248	126,859	140,655	151,069
Pension-Related Aids	135,385	141,255	141,702	149,227	154,533	159,905
Other Local Government Payments	18,439	4,590	39,997	2,731	2,861	2,595
Other Taxes and Refunds	46,779	23,775	21,210	16,625	16,323	16,829
COVID Aid		835,926	443,059	500,000		
Total	1,861,804	2,857,268	2,510,096	2,590,917	2,204,447	2,257,061

Expenditures by Category

Operating Expenses	4,413	4,363	4,169	4,042	3,904	3,819
Grants, Aids and Subsidies	1,831,243	2,835,823	2,490,373	2,573,450	2,187,014	2,239,601
Other Financial Transaction	26,148	17,082	15,553	13,425	13,529	13,641
Total	1,861,804	2,857,268	2,510,096	2,590,917	2,204,447	2,257,061

Tax Aids, Credits and Refunds

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Balance Forward In				500,000		
Direct Appropriation	762,427	965,157	1,418,712	882,701	903,621	903,289
Open Appropriation	1,078,460	1,123,152	1,109,442	1,188,897	1,277,602	1,330,830
Transfers In	35,940	36,090	36,358	36,488	40,927	41,152
Transfers Out	14,210	14,876	15,134	16,020	16,532	17,015
Net Loan Activity	(1,311)	(1,479)	(1,743)	(1,721)	(1,753)	(1,784)
Cancellations	56	87,750	155			
Balance Forward Out			500,000			
Expenditures	1,861,252	2,020,293	2,047,480	2,590,345	2,203,865	2,256,472
Biennial Change in Expenditures				756,280		(177,488)
Biennial % Change in Expenditures				19		(4)

2000 - Restrict Misc Special Revenue

Balance Forward In	307	428	601	729	1,070	1,408
Receipts	6,992	7,675	9,626	8,729	8,729	8,729
Transfers Out	6,738	7,322	9,302	8,172	8,171	8,171
Balance Forward Out	428	601	729	1,070	1,408	1,746
Expenditures	132	180	196	216	220	220
Biennial Change in Expenditures				100		28
Biennial % Change in Expenditures				32		7

2001 - Other Misc Special Revenue

Balance Forward In	92	71	71	110	110	110
Transfers In	141	127	18,090	81	89	90
Balance Forward Out	71	71	110	110	110	110
Expenditures	162	127	18,051	81	89	90
Biennial Change in Expenditures				17,843		(17,953)
Biennial % Change in Expenditures				6,166		(99)

2360 - Health Care Access

Open Appropriation	239	696	1,270	223	221	227
Expenditures	239	696	1,270	223	221	227
Biennial Change in Expenditures				559		(1,045)

Tax Aids, Credits and Refunds

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
Biennial % Change in Expenditures				60		(70)

2710 - Highway Users Tax Distribution

Open Appropriation	23,086	20,362	21,436	22,775	22,837	22,677
Transfers Out	23,066	20,317	21,397	22,725	22,787	22,627
Expenditures	20	45	39	50	50	50
Biennial Change in Expenditures				24		11
Biennial % Change in Expenditures				37		13

2720 - State Airports

Open Appropriation			1		1	1
Expenditures			1		1	1
Biennial Change in Expenditures			1			1
Biennial % Change in Expenditures						

2800 - Environmental

Balance Forward In				342	342	342
Open Appropriation		0		1	1	1
Receipts	15	15	342			
Cancellations	15	15				
Balance Forward Out			342	342	342	342
Expenditures		0		1	1	1
Biennial Change in Expenditures				1		1
Biennial % Change in Expenditures						

2801 - Remediation

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

3000 - Federal

Balance Forward In			188,466	284	284	284
--------------------	--	--	---------	-----	-----	-----

Tax Aids, Credits and Refunds

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25	
Receipts		188,466	188,182			
Balance Forward Out		188,466	284	284	284	284
Expenditures			376,364			
Biennial Change in Expenditures				376,364		(376,364)
Biennial % Change in Expenditures						

3010 - Coronavirus Relief

Direct Appropriation	840,125	66,885	
Cancellations	4,199	190	
Expenditures	835,926	66,695	
Biennial Change in Expenditures		(769,231)	(66,695)
Biennial % Change in Expenditures			

Tax Aids, Credits and Refunds

Agency Change Summary

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
Direct				
Fund: 1000 - General				
FY2023 Appropriations	882,196	882,196	882,196	1,764,392
Base Adjustments				
Current Law Base Change		20,000	20,000	40,000
Forecast Open Appropriation Adjustment		1,813	1,393	3,206
November Forecast Adjustment	505	(388)	(300)	(688)
Forecast Base	882,701	903,621	903,289	1,806,910
Open				
Fund: 1000 - General				
FY2023 Appropriations	1,174,324	1,174,324	1,174,324	2,348,648
Base Adjustments				
All Other One-Time Appropriations		(5,516)	(5,516)	(11,032)
Forecast Open Appropriation Adjustment	(3,582)	50,098	89,974	140,072
November Forecast Adjustment	18,155	58,696	72,048	130,744
Forecast Base	1,188,897	1,277,602	1,330,830	2,608,432
Fund: 2360 - Health Care Access				
FY2023 Appropriations	700	700	700	1,400
Base Adjustments				
All Other One-Time Appropriations	(548)	(541)	(535)	(1,076)
November Forecast Adjustment	71	62	62	124
Forecast Base	223	221	227	448
Fund: 2710 - Highway Users Tax Distribution				
FY2023 Appropriations	23,179	23,179	23,179	46,358
Base Adjustments				
Forecast Open Appropriation Adjustment		185	370	555
November Forecast Adjustment	(404)	(527)	(872)	(1,399)
Forecast Base	22,775	22,837	22,677	45,514
Fund: 2720 - State Airports				
FY2023 Appropriations	1	1	1	2
Forecast Base	1	1	1	2
Fund: 2800 - Environmental				
FY2023 Appropriations	1	1	1	2
Forecast Base	1	1	1	2

Tax Aids, Credits and Refunds

Agency Change Summary

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
<i>Dedicated</i>				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	216	220	220	440
Forecast Base	216	220	220	440
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	81	89	90	179
Forecast Base	81	89	90	179
<i>Revenue Change Summary</i>				
<i>Dedicated</i>				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	8,729	8,729	8,729	17,458
<i>Non-Dedicated</i>				
Fund: 1000 - General				
Forecast Revenues	27,591,720	28,147,267	29,038,220	57,185,487
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	26,287	26,287	26,287	52,574
Fund: 2107 - State Pks & Trls Lott In Lieu				
Forecast Revenues	7,089	7,354	7,619	14,973
Fund: 2109 - Local Trls Grants Lott In Lieu				
Forecast Revenues	946	981	1,016	1,997
Fund: 2110 - Zoos Lottery In Lieu				
Forecast Revenues	630	654	677	1,331
Fund: 2209 - Heritage Enhancement				
Forecast Revenues	15,754	16,342	16,931	33,273
Fund: 2300 - Outdoor Heritage				
Forecast Revenues	142,744	142,569	147,428	289,997
Fund: 2301 - Arts & Cultural Heritage				

Tax Aids, Credits and Refunds

Agency Change Summary

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
Forecast Revenues	85,430	85,326	88,233	173,559
Fund: 2302 - Clean Water				
Forecast Revenues	142,744	142,569	147,428	289,997
Fund: 2303 - Parks and Trails				
Forecast Revenues	61,640	61,564	63,662	125,226
Fund: 2350 - Petroleum Tank Release Cleanup				
Forecast Revenues	25,000	25,000	25,000	50,000
Fund: 2360 - Health Care Access				
Forecast Revenues	866,574	876,142	971,591	1,847,733
Fund: 2710 - Highway Users Tax Distribution				
Forecast Revenues	1,094,337	1,098,162	1,093,660	2,191,822
Fund: 2720 - State Airports				
Forecast Revenues	17,827	17,827	17,827	35,654
Fund: 2800 - Environmental				
Forecast Revenues	76,257	78,198	80,427	158,625

Program: Refunds**Activity: Homestead Credit Refund**<http://www.revenue.state.mn.us/>**AT A GLANCE**

For refunds based on taxes paid in 2020:

- Approximately 556,000 homeowners received refunds
- The average refund was \$1,045

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.

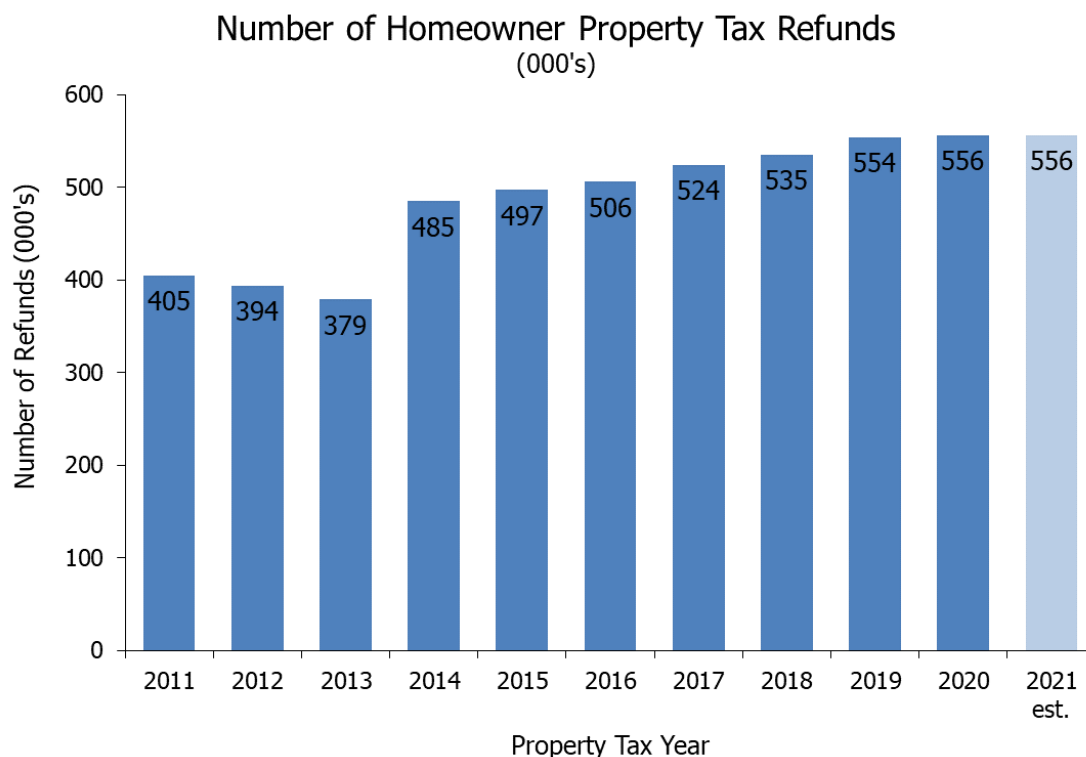
Funding source: State General Fund

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).

Type of Measure	Name of Measure	Previous Value	Date	Current Value	Date
Results	Suits index - homeowner property taxes before PTR	-0.165	2016	-0.181	2018
Results	Suits index - homeowner property taxes after PTR	-0.106	2016	-0.130	2018
Results	Reduction in regressivity due to PTR	36%	2016	28%	2018

Performance Measure Notes:

The Suits index compares the 2019 Tax Incidence Study based on calendar year 2016 property taxes and refunds (previous) with the most recently available 2021 Tax Incidence Study based on calendar year 2018 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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

1000 - General	531,467	576,390	571,271	616,700	675,200	711,800
Total	531,467	576,390	571,271	616,700	675,200	711,800
Biennial Change				80,114		199,029
Biennial % Change				7		17

Expenditures by Category

Grants, Aids and Subsidies	531,407	576,279	571,162	616,583	675,078	711,673
Other Financial Transaction	60	111	109	117	122	127
Total	531,467	576,390	571,271	616,700	675,200	711,800

Homestead Credit Refund

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Open Appropriation	531,467	576,390	571,271	616,700	675,200	711,800
Expenditures	531,467	576,390	571,271	616,700	675,200	711,800
Biennial Change in Expenditures				80,114		199,029
Biennial % Change in Expenditures				7		17

Program: Refunds

Activity: Renters Property Tax Refund

<http://www.revenue.state.mn.us/>**AT A GLANCE**

For refunds based on taxes paid in 2020:

- Approximately 321,000 renters received refunds
- The average refund was \$704

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.

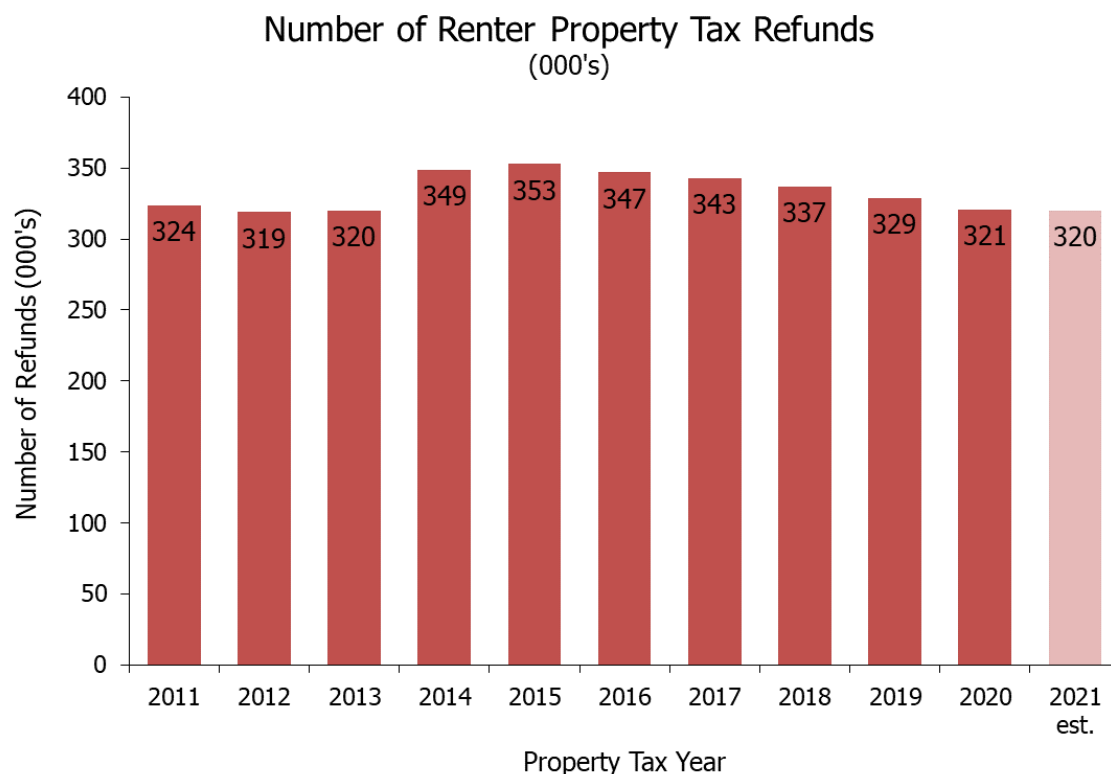
Funding source: State General Fund

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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Results	Suits index - renter property taxes before PTR	-0.293	2016	-0.299	2018
Results	Suits index - renter property taxes after PTR	-0.102	2016	-0.130	2018
Results	Reduction in regressivity due to PTR	65%	2016	57%	2018

Performance Measure Notes:

The Suits index compares the 2019 Tax Incidence Study based on calendar year 2016 property taxes and refunds (previous) with the most recently available 2021 Tax Incidence Study based on calendar year 2018 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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<u>Expenditures by Fund</u>						
1000 - General	229,888	225,736	220,814	232,200	238,000	247,500
Total	229,888	225,736	220,814	232,200	238,000	247,500
Biennial Change				(2,610)		32,486
Biennial % Change				(1)		7
<u>Expenditures by Category</u>						
Operating Expenses	115	82	74	76	78	79
Grants, Aids and Subsidies	229,687	225,589	220,666	232,048	237,844	247,342
Other Financial Transaction	87	64	74	76	78	79
Total	229,888	225,736	220,814	232,200	238,000	247,500

Renters Property Tax Refund

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Open Appropriation	229,888	225,736	220,814	232,200	238,000	247,500
Expenditures	229,888	225,736	220,814	232,200	238,000	247,500
Biennial Change in Expenditures				(2,610)		32,486
Biennial % Change in Expenditures				(1)		7

Program: Refunds

Activity: Special Property Tax Refund

<http://www.revenue.state.mn.us/>**AT A GLANCE**

In 2021:

- Approximately 31,000 homeowners received a special refund
- The average refund was \$97

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.

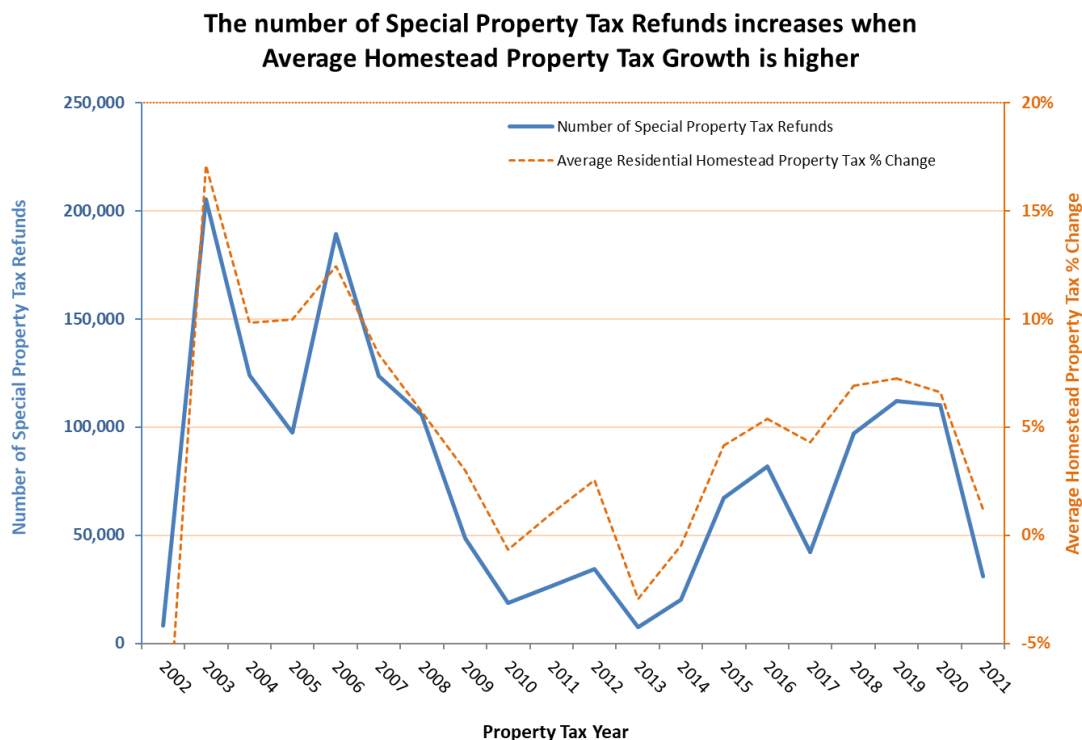
Funding source: State General Fund

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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Annual special refunds processed	112,000	2019	31,000	2021

Performance Measure Notes:

Results from year to year can be highly variable. Since 2010, the average annual number of special refunds processed is 54,000. The average refund has ranged from \$84 to \$152.

Annual refunds processed compares to taxes payable year 2019 (previous) to 2021 (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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

1000 - General	10,722	10,878	3,148	7,360	17,400	7,500
Total	10,722	10,878	3,148	7,360	17,400	7,500
Biennial Change				(11,091)		14,392
Biennial % Change				(51)		137

Expenditures by Category

Grants, Aids and Subsidies	10,720	10,876	3,146	7,356	17,397	7,497
Other Financial Transaction	2	1	2	4	3	3
Total	10,722	10,878	3,148	7,360	17,400	7,500

Special Property Tax Refund

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Open Appropriation	10,722	10,878	3,148	7,360	17,400	7,500
Expenditures	10,722	10,878	3,148	7,360	17,400	7,500
Biennial Change in Expenditures				(11,091)		14,392
Biennial % Change in Expenditures				(51)		137

Program: Refunds**Activity: Sustainable Forest Incentive Payment**<http://www.revenue.state.mn.us/>**AT A GLANCE**

In 2021:

- 2,913 landowners received an incentive payment
- The average incentive payment was \$4,499

PURPOSE AND CONTEXT

Property taxes can be a significant cost to owning forest land, which can discourage long-term investments in forest management. 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 landowner who meets all the qualifications of the Sustainable Forest Incentive Act is eligible for a payment. Land is enrolled for eight, twenty, or fifty years, with higher per-acre 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 landowners 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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Acres of forest land enrolled	1,027,000	2019	1,055,000	2021

Performance Measure Notes:

Acres of forest land enrolled compares calendar year 2019 (previous) to 2021 (current).

The average incentive payment increased from \$4,434 in 2019 to \$4,499 in 2021.

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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

1000 - General	11,876	12,508	13,120	13,770	14,320	14,900
Total	11,876	12,508	13,120	13,770	14,320	14,900
Biennial Change				2,506		2,330
Biennial % Change				10		9

Expenditures by Category

Grants, Aids and Subsidies	11,875	12,508	13,119	13,769	14,319	14,899
Other Financial Transaction	1	0	1	1	1	1
Total	11,876	12,508	13,120	13,770	14,320	14,900

Sustainable Forest Incentive Payments

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Open Appropriation	11,876	12,508	13,120	13,770	14,320	14,900
Expenditures	11,876	12,508	13,120	13,770	14,320	14,900
Biennial Change in Expenditures				2,506		2,330
Biennial % Change in Expenditures				10		9

Program: Local Aids**Activity:** Local Government Aid (City Aid)<http://www.revenue.state.mn.us/>**AT A GLANCE**

In 2022:

- 744 cities out of 854 receive Local Government Aid

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).

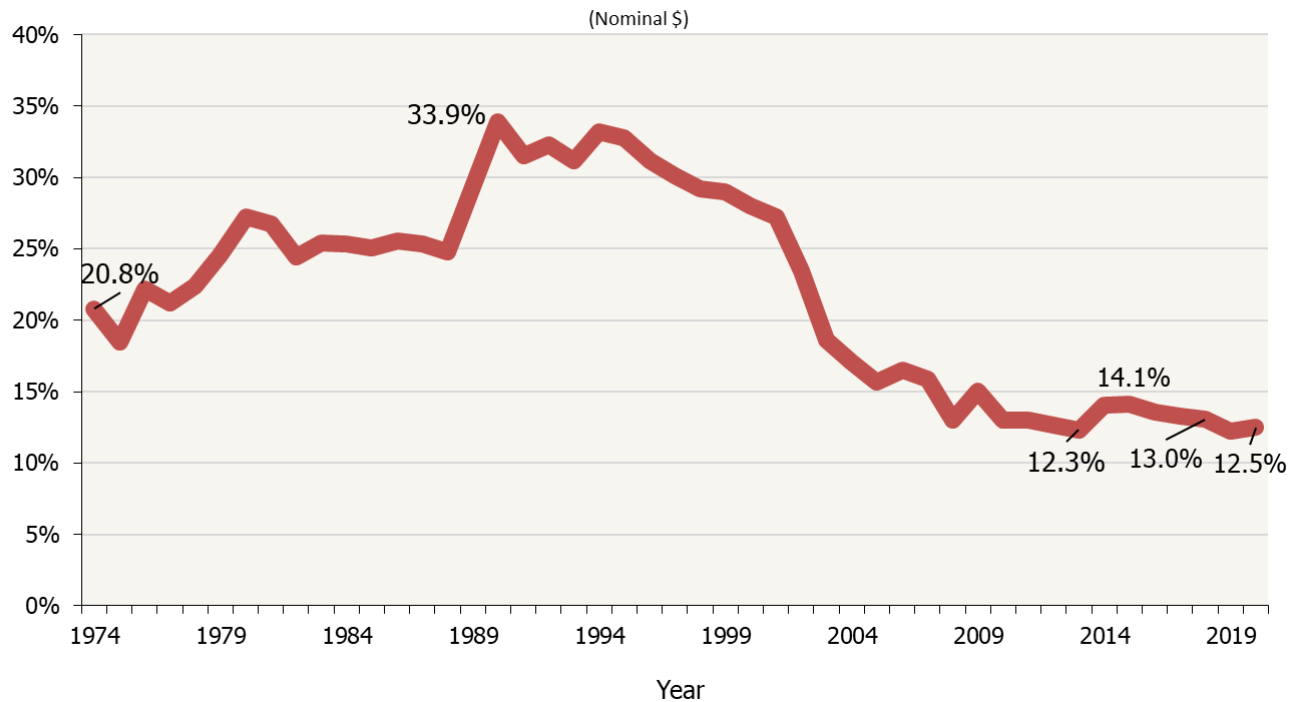
The formula attempts to target aid to those cities with the lowest property values and highest need.

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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Percentage of cities receiving LGA	89%	2018	89%	2020
Quality	LGA percentage of city spending	13.0%	2018	12.5%	2020

LGA Percentage of City General Spending



Performance Measure Notes:

Percentage of cities receiving LGA compares payable year 2018 (previous) to 2020 (current).

LGA percentage of city spending is based on State Auditor city finance reports for 2018 and 2020 and computes LGA as a percentage of total current expenditures. 2020 is the most recent auditor data available.

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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

1000 - General	457,137	561,353	564,247	569,914	564,398	564,398
Total	457,137	561,353	564,247	569,914	564,398	564,398
Biennial Change				115,671		(5,365)
Biennial % Change				11		(0)

Expenditures by Category

Grants, Aids and Subsidies	457,137	561,353	564,247	569,914	564,398	564,398
Total	457,137	561,353	564,247	569,914	564,398	564,398

Local Government Aid (City Aid)

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Direct Appropriation	457,185	561,353	564,398	564,398	564,398	564,398
Open Appropriation				5,516	0	0
Cancellations	47		151			
Expenditures	457,137	561,353	564,247	569,914	564,398	564,398
Biennial Change in Expenditures				115,671		(5,365)
Biennial % Change in Expenditures				11		(0)

Program: Local Aids
Activity: County Program Aid

<http://www.revenue.state.mn.us/>

AT A GLANCE

In 2022:

- All 87 counties received County Program Aid

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:

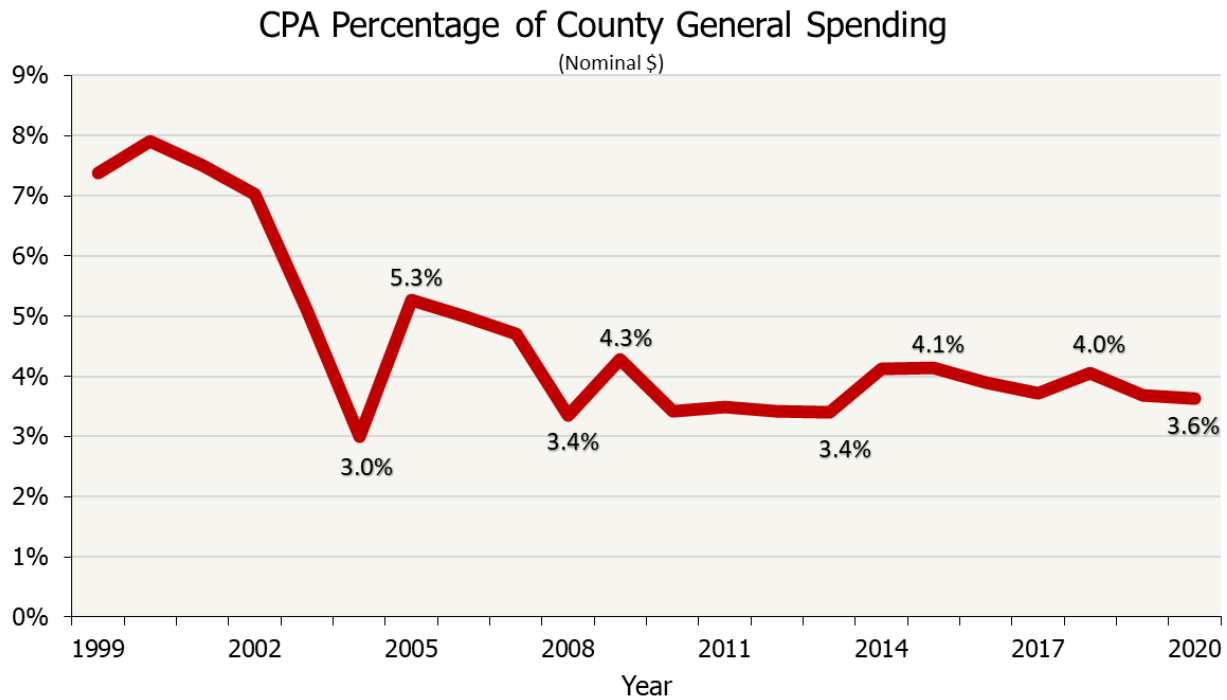
1. Need aid, based on a county's measure of crime rate, poverty, and population.
2. Tax base equalization aid, based on a county's population and property values.

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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Percentage of counties receiving CPA - Need Aid	100%	2018	100%	2020
Quantity	Percentage of counties receiving CPA - Tax Base Equalization Aid	100%	2018	100%	2020
Quality	CPA percentage of county spending	4.0%	2018	3.6%	2020



Performance Measure Notes:

Percentage of counties receiving CPA compares payable year 2018 (previous) to 2020 (current).

CPA percentage of county spending is based on State Auditor county finance reports for 2018 and 2020 and computes CPA as a percentage of total current expenditures. 2020 is the most recent auditor data available.

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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

1000 - General	233,958	260,216	263,971	264,012	264,374	264,154
Total	233,958	260,216	263,971	264,012	264,374	264,154
Biennial Change				33,809		545
Biennial % Change				7		0

Expenditures by Category

Grants, Aids and Subsidies	233,958	260,216	263,971	264,012	264,374	264,154
Total	233,958	260,216	263,971	264,012	264,374	264,154

County Program Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Direct Appropriation	234,672	260,930	264,685	264,726	265,088	264,868
Transfers Out	714	714	714	714	714	714
Expenditures	233,958	260,216	263,971	264,012	264,374	264,154
Biennial Change in Expenditures				33,809		545
Biennial % Change in Expenditures				7		0

Program: Local Aids

Activity: Disparity Reduction Aid

<http://www.revenue.state.mn.us/>**AT A GLANCE**

In 2021:

- 15% of 6,200 taxing areas received Disparity Reduction Aid
- The average aid payment was \$19,229

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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Number of taxing areas receiving DRA	946	2019	943	2021
Quantity	Number of taxing areas with a tax rate above 90%	2,902	2019	2,832	2021
Quantity	Percentage of taxing areas with a tax rate above 90% that receive DRA	33%	2019	33%	2021

Performance Measure Notes:

The percentage of taxing areas receiving DRA compares payable year 2019 (previous) to 2021 (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 2019 and 2021. The average aid payment increased from \$19,122 in 2019 to \$19,229 in 2021.

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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

1000 - General	18,076	18,269	18,118	18,133	18,133	18,133
Total	18,076	18,269	18,118	18,133	18,133	18,133
Biennial Change				(93)		15
Biennial % Change				(0)		0

Expenditures by Category

Grants, Aids and Subsidies	18,076	18,269	18,118	18,133	18,133	18,133
Total	18,076	18,269	18,118	18,133	18,133	18,133

Disparity Reduction Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Open Appropriation	18,076	18,269	18,118	18,133	18,133	18,133
Expenditures	18,076	18,269	18,118	18,133	18,133	18,133
Biennial Change in Expenditures				(93)		15
Biennial % Change in Expenditures				(0)		0

Program: Local Aids**Activity:** Casino Aid to Counties<http://www.revenue.state.mn.us/>**AT A GLANCE**

In 2022:

- 13 counties received Casino Aid
- The average aid payment was \$91,000

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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Number of Counties Receiving Casino Aid	13	2020	13	2022

Performance Measure Notes:

Number of counties receiving casino aid compares calendar year 2020 (previous) to 2022 (current).

The average aid payment decreased from \$124,000 in 2020 to \$91,000 in 2022.

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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

1000 - General	1,614	1,135	1,171	1,614	1,614	1,614
Total	1,614	1,135	1,171	1,614	1,614	1,614
Biennial Change				36		443
Biennial % Change				1		16

Expenditures by Category

Grants, Aids and Subsidies	1,614	1,135	1,171	1,614	1,614	1,614
Total	1,614	1,135	1,171	1,614	1,614	1,614

Casino Aid to Counties

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Open Appropriation	1,614	1,135	1,171	1,614	1,614	1,614
Expenditures	1,614	1,135	1,171	1,614	1,614	1,614
Biennial Change in Expenditures				36		443
Biennial % Change in Expenditures				1		16

Program: Local Aids**Activity:** Utility Valuation Transition Aid<http://www.revenue.state.mn.us/>**AT A GLANCE**

In 2022:

- 3 towns receive Utility Valuation Transition Aid
- The average aid payment was \$3,124

PURPOSE AND CONTEXT

Property tax law changes reduce the amount of tax base available to local governments, leading to financial strain. 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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Number of eligible cities and towns where the current utility tax base remains lower than the 2007 amount	3	2020	3	2022

Performance Measure Notes:

Number of eligible cities and towns compares aid payable year 2020 (previous) to 2022 (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 (<http://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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

1000 - General	5	3	11	9	16	17
Total	5	3	11	9	16	17
Biennial Change				12		13
Biennial % Change				162		66

Expenditures by Category

Grants, Aids and Subsidies	5	3	11	9	16	17
Total	5	3	11	9	16	17

Utility Valuation Transition Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Open Appropriation	5	3	11	9	16	17
Expenditures	5	3	11	9	16	17
Biennial Change in Expenditures				12		13
Biennial % Change in Expenditures				162		66

Program: Local Aids
Activity: State Taconite Aid

<http://www.revenue.state.mn.us/>

AT A GLANCE

In 2021:

- The state paid 22 cents per taxable ton of iron ore concentrates produced (\$7.8 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 Co. 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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Taconite Production as a Percentage of Base Year 2000 Production	70%	2001	67%	2020

Performance Measure Notes:

Base year 2000 production is for the calendar year.

Taconite production percentage compares calendar year 2001 (previous) to calendar year 2020 (current).

The State Taconite Aid contribution accounted for 7.2% of total Production Tax distributions in 2021.

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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

1000 - General	4,298	4,281	4,096	3,966	3,826	3,740
Total	4,298	4,281	4,096	3,966	3,826	3,740
Biennial Change				(517)		(496)
Biennial % Change				(6)		(6)

Expenditures by Category

Operating Expenses	4,298	4,281	4,096	3,966	3,826	3,740
Total	4,298	4,281	4,096	3,966	3,826	3,740

State Taconite Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Open Appropriation	8,019	8,076	7,783	7,565	7,480	7,406
Transfers Out	3,721	3,795	3,688	3,599	3,654	3,666
Expenditures	4,298	4,281	4,096	3,966	3,826	3,740
Biennial Change in Expenditures				(517)		(496)
Biennial % Change in Expenditures				(6)		(6)

Program: Local Aids

Activity: Payment in Lieu of Taxes (PILT)

<http://www.revenue.state.mn.us/>

AT A GLANCE

In 2021:

- 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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Acres of Natural Resources Land in PILT	8.54 million	2019	8.54 million	2021

Performance Measure Notes:

Acres of natural resources land compares calendar year 2019 (previous) to 2021 (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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

1000 - General	35,940	36,090	36,358	36,488	40,927	41,152
Total	35,940	36,090	36,358	36,488	40,927	41,152
Biennial Change				816		9,233
Biennial % Change				1		13

Expenditures by Category

Grants, Aids and Subsidies	35,940	36,090	36,358	36,488	40,927	41,152
Total	35,940	36,090	36,358	36,488	40,927	41,152

Payment in Lieu of Taxes (PILT)

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25	
1000 - General						
Transfers In	35,940	36,090	36,358	36,488	40,927	41,152
Expenditures	35,940	36,090	36,358	36,488	40,927	41,152
Biennial Change in Expenditures				816		9,233
Biennial % Change in Expenditures				1		13

Program: Local Aids
Activity: Township Aid

<http://www.revenue.state.mn.us/>

AT A GLANCE

In 2022:

- 1,780 townships received Township Aid
- The average aid amount was \$5,618

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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Aid percentage of township expenses	3.6%	2018	3.1%	2020

Performance Measure Notes:

Aid percentage (of township expenses) is based on State Auditor township finance reports for 2018 and 2020 and computes Township Aid as a percentage of total current expenditures. The most recent auditor data available is from 2020.

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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

1000 - General	9,997	10,000	10,000	10,000	9,612	9,500
Total	9,997	10,000	10,000	10,000	9,612	9,500
Biennial Change				3		(888)
Biennial % Change				0		(4)

Expenditures by Category

Grants, Aids and Subsidies	9,997	10,000	10,000	10,000	9,612	9,500
Total	9,997	10,000	10,000	10,000	9,612	9,500

Township Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Direct Appropriation	10,000	10,000	10,000	10,000	9,612	9,500
Cancellations	3					
Expenditures	9,997	10,000	10,000	10,000	9,612	9,500
Biennial Change in Expenditures				3		(888)
Biennial % Change in Expenditures				0		(4)

Program: Local Aids**Activity:** Aquatic Invasive Species Prevention Aid<http://www.revenue.state.mn.us/>**AT A GLANCE**

In 2022:

- There were 1,023 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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Number of infested waters	924	2020	1,023	2022

Performance Measure Notes:

Number of infested waters compares calendar year 2020 (previous) to 2022 (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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
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: Small Cities Assistance

<http://www.revenue.state.mn.us/>**AT A GLANCE**

In 2021:

- The state paid \$18 million in small cities assistance

PURPOSE AND CONTEXT

The Small Cities Assistance program was established in 2015 and provides formula-based transportation aid for 705 small cities in Minnesota that do not receive municipal state-aid street funding. Qualifying cities have a population under 5,000. Funds are for construction and maintenance of roads.

Funding source: Small Cities Assistance Account

SERVICES PROVIDED

The funding is for the construction and maintenance of roads located within the city and can include land acquisition, environmental analysis, design, engineering, construction, reconstruction, and maintenance. The aid is formula based, so that cities do not apply or compete for funds. Small Cities Assistance does not have a standing appropriation and has not been funded every year.

RESULTS

The Small Cities Assistance program increases aid to small cities to assist in the construction and maintenance of roads.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Number of cities eligible for small cities assistance	0	2019	705	2021
Quantity	Amount of state aid paid in small cities assistance	\$0	2019	\$18 million	2021

Performance Measure Notes:

The previous and current measures show data from aids payable year 2019 (previous) to 2021 (current).

Small Cities Assistance was not funded by the legislature for aids payable year 2019. A one-time appropriation of \$18 million was provided for aids payable 2021.

Legal Citation: M.S. 162.145 establishes the Small Cities Assistance program.

<https://www.revisor.mn.gov/statutes/2017/cite/162.145>.

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25	
--	----------------	----------------	----------------	------------------	----------------------------	--

Expenditures by Fund

2001 - Other Misc Special Revenue			17,962			
Total			17,962			
Biennial Change				17,962		(17,962)
Biennial % Change						

Expenditures by Category

Grants, Aids and Subsidies			17,962			
Total			17,962			

Small Cities Assistance

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
2001 - Other Misc Special Revenue						
Balance Forward In	45	45	45	84	84	84
Transfers In			18,000			
Balance Forward Out	45	45	84	84	84	84
Expenditures			17,962			
Biennial Change in Expenditures				17,962		(17,962)
Biennial % Change in Expenditures						

Program: Local Aids**Activity:** Riparian Protection Aid<http://www.revenue.state.mn.us/>**AT A GLANCE**

In 2022:

- 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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Watershed Districts receiving aid	14	2020	14	2022
Quantity	Counties receiving aid	75	2020	75	2022

Performance Measures Notes

Watershed Districts and Counties receiving aid compares 2020 (previous) to 2022 (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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

1000 - General	7,255	7,255	7,255	7,255	7,255	7,255
Total	7,255	7,255	7,255	7,255	7,255	7,255
Biennial Change				0		0
Biennial % Change				0		0

Expenditures by Category

Grants, Aids and Subsidies	7,255	7,255	7,255	7,255	7,255	7,255
Total	7,255	7,255	7,255	7,255	7,255	7,255

Riparian Protection Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Direct Appropriation	8,000	8,000	8,000	8,000	8,000	8,000
Transfers Out	745	745	745	745	745	745
Expenditures	7,255	7,255	7,255	7,255	7,255	7,255
Biennial Change in Expenditures				0		0
Biennial % Change in Expenditures				0		0

Program: Local Aids**Activity:** Indian Family Out-of-Home Placement Aid<http://www.revenue.state.mn.us/>**AT A GLANCE**

In 2022:

- 2 tribes received Indian Family Out-of-Home Placement Aid
- 53 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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Aid percentage of county expenses on ICWA foster care	22.0%	2020	21.0%	2022

Performance Measure Notes:

Aid percentage (of county expenses on ICWA foster care) compares payable year 2020 (previous) to 2022 (current). This aid was first available in 2018.

County expenses on ICWA foster care are 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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

1000 - General	5,000	5,000	4,337	4,054	5,000	5,000
Total	5,000	5,000	4,337	4,054	5,000	5,000
Biennial Change				(1,609)		1,609
Biennial % Change				(16)		19

Expenditures by Category

Grants, Aids and Subsidies	5,000	5,000	4,337	4,054	5,000	5,000
Total	5,000	5,000	4,337	4,054	5,000	5,000

Indian Family Out-of-Home Placement Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Direct Appropriation	5,000	5,000	4,337	4,054	5,000	5,000
Expenditures	5,000	5,000	4,337	4,054	5,000	5,000
Biennial Change in Expenditures				(1,609)		1,609
Biennial % Change in Expenditures				(16)		19

Program: Local Aids**Activity:** Local Homeless Prevention Aid<http://www.revenue.state.mn.us/>**AT A GLANCE**

Between 2019 and 2021:

- On average, 7,501 students in Minnesota experienced homelessness

PURPOSE AND CONTEXT

Thousands of students in Minnesota experience homelessness. Local Homeless Prevention Aid payments provide support for programs to help keep families from losing their housing and provide housing to families experiencing homelessness. The aid will be paid from 2023 to 2028.

Funding source: State General Fund

SERVICES PROVIDED

Local Homeless Prevention Aid is distributed to counties based on population and the three-year average of students experiencing homelessness.

Counties must spend the aid directly on family homeless prevention and assistance programs or projects administered by cities, Tribes, or community-based nonprofit organizations.

RESULTS

Local Homeless Prevention Aid provides funds to limit the number of students experiencing homelessness.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Three-year average of students experiencing homelessness	8,609	2017 - 2019	7,501	2019 - 2021

Performance Measure Notes:

Three-year average of students experiencing homelessness compares calendar years 2017 - 2019 (previous) to 2019 - 2021 (current).

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

Legal Citation: M.S. 477A.30 establishes the Local Homeless Prevention Aid program.

<https://www.revisor.mn.gov/statutes/cite/477A.30>

Local Homeless Prevention Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

1000 - General					20,000	20,000
Total					20,000	20,000
Biennial Change				0		40,000
Biennial % Change						

Expenditures by Category

Grants, Aids and Subsidies					20,000	20,000
Total					20,000	20,000

Local Homeless Prevention Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Direct Appropriation					20,000	20,000
Expenditures					20,000	20,000
Biennial Change in Expenditures				0		40,000
Biennial % Change in Expenditures						

Program: Credits

Activity: Agricultural Homestead Market Value Credit

<http://www.revenue.state.mn.us/>

AT A GLANCE

In 2021:

- 91,000 farm homesteads received the credit
- The average market value agricultural land credit amount was \$401

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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Average market value agricultural land credit amount	\$424	2019	\$401	2021
Quantity	Effective tax rate without credit	0.42%	2019	0.41%	2021
Quantity	Effective tax rate with credit	0.37%	2019	0.37%	2021

Performance Measure Notes:

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 1.39% for taxes payable 2021.

Average credit amount compares to taxes payable year 2019 (previous) to 2021 (current).

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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

1000 - General	37,546	36,877	36,140	36,467	34,845	34,810
Total	37,546	36,877	36,140	36,467	34,845	34,810
Biennial Change				(1,817)		(2,952)
Biennial % Change				(2)		(4)

Expenditures by Category

Grants, Aids and Subsidies	37,546	36,877	36,140	36,467	34,845	34,810
Total	37,546	36,877	36,140	36,467	34,845	34,810

Agricultural Homestead Market Value Credit

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Open Appropriation	37,546	36,877	36,140	36,467	34,845	34,810
Expenditures	37,546	36,877	36,140	36,467	34,845	34,810
Biennial Change in Expenditures				(1,817)		(2,952)
Biennial % Change in Expenditures				(2)		(4)

Program: Credits**Activity: Prior Year Credit Adjustment**<http://www.revenue.state.mn.us/>**AT A GLANCE**

In 2021:

- Prior year credit adjustments were 0.07% 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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Adjustment amounts	\$133,000	2019	\$91,000	2021
Quantity	Prior year credit adjustments percentage of total credits	0.13%	2019	0.07%	2021

Performance Measure Notes:

Adjustment amount compares to taxes payable year 2019 (previous) to 2021 (current).

Prior Year Credit Adjustment

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

1000 - General	186	688	96	75	2	
Total	186	688	96	75	2	
Biennial Change				(704)		(169)
Biennial % Change				(81)		(99)

Expenditures by Category

Grants, Aids and Subsidies	186	688	96	75	2	
Total	186	688	96	75	2	

Prior Year Credit Adjustment

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Open Appropriation	186	688	96	75	2	0
Expenditures	186	688	96	75	2	
Biennial Change in Expenditures				(704)		(169)
Biennial % Change in Expenditures				(81)		(99)

Program: Credits**Activity: Border City Disparity Reduction Credit**<http://www.revenue.state.mn.us/>**AT A GLANCE**

In 2021:

- The average property tax decrease due to the Border City Disparity Reduction Credit was \$6,909
- 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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Average property tax reduction due to credit	\$6,169	2019	\$6,909	2021

Performance Measure Notes:

The average credit amounts compare taxes payable 2018 (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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

1000 - General	12,493	13,385	14,084	14,516	13,648	14,070
Total	12,493	13,385	14,084	14,516	13,648	14,070
Biennial Change				2,721		(882)
Biennial % Change				11		(3)

Expenditures by Category

Grants, Aids and Subsidies	12,493	13,385	14,084	14,516	13,648	14,070
Total	12,493	13,385	14,084	14,516	13,648	14,070

Border City Disparity Reduction Credit

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Open Appropriation	12,493	13,385	14,084	14,516	13,648	14,070
Expenditures	12,493	13,385	14,084	14,516	13,648	14,070
Biennial Change in Expenditures				2,721		(882)
Biennial % Change in Expenditures				11		(3)

Program: Credits**Activity: Supplemental Taconite Homestead Credit**<http://www.revenue.state.mn.us/>**AT A GLANCE**

In 2021:

- 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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Average property tax reduction due to credit	\$285	2019	\$285	2021

Performance Measure Notes:

Average property tax reduction compares taxes payable year 2019 (previous) to 2021 (current).

87% of eligible homesteads received the 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 0.86% for taxes payable in 2021. Without the credit, the ETR for those homesteads would have been 1.01%. The average ETR for homesteads statewide was 1.23% for taxes payable in 2021.

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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

1000 - General	5,394	5,394	5,408	5,454	5,509	5,564
Total	5,394	5,394	5,408	5,454	5,509	5,564
Biennial Change				74		211
Biennial % Change				1		2

Expenditures by Category

Grants, Aids and Subsidies	5,394	5,394	5,408	5,454	5,509	5,564
Total	5,394	5,394	5,408	5,454	5,509	5,564

Supplemental Taconite Homestead Credit

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Open Appropriation	5,394	5,394	5,408	5,454	5,509	5,564
Expenditures	5,394	5,394	5,408	5,454	5,509	5,564
Biennial Change in Expenditures				74		211
Biennial % Change in Expenditures				1		2

Program: Credits**Activity: Agricultural Preservation Credit**<http://www.revenue.state.mn.us/>**AT A GLANCE**

In 2021:

- 3,007 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 of land within the seven-county Twin Cities metropolitan area. Valuation for property taxes is based on the land's agricultural use, irrespective of other market pressures. Unlike valuation deferments under the Green Acres law, landowners are not required to repay any taxes or special assessments when exiting the program. In addition, landowners 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 development pressure.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Number of acres enrolled	202,000	2019	196,000	2021
Quantity	Average credit	\$187	2019	\$154	2021

Performance Measure Notes:

Number of acres enrolled and average credit compare payable year 2019 (previous) to 2021 (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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<u>Expenditures by Fund</u>						
1000 - General	202	118	53		40	40
2000 - Restrict Misc Special Revenue	132	180	196	216	220	220
2001 - Other Misc Special Revenue	162	127	90	81	89	90
Total	496	425	339	297	349	350
Biennial Change				(285)		63
Biennial % Change				(31)		10
<u>Expenditures by Category</u>						
Grants, Aids and Subsidies	496	425	339	297	349	350
Total	496	425	339	297	349	350

Agricultural Preservation Credit

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Open Appropriation	287	164	53		49	50
Transfers Out	85	46			9	10
Expenditures	202	118	53		40	40
Biennial Change in Expenditures				(266)		27
Biennial % Change in Expenditures				(83)		

2000 - Restrict Misc Special Revenue

Balance Forward In	299	420	588	723	1,059	1,392
Receipts	309	429	420	633	633	633
Transfers Out	56	81	90	81	80	80
Balance Forward Out	420	588	723	1,059	1,392	1,725
Expenditures	132	180	196	216	220	220
Biennial Change in Expenditures				100		28
Biennial % Change in Expenditures				32		7

2001 - Other Misc Special Revenue

Balance Forward In	47	26	26	26	26	26
Transfers In	141	127	90	81	89	90
Balance Forward Out	26	26	26	26	26	26
Expenditures	162	127	90	81	89	90
Biennial Change in Expenditures				(119)		8
Biennial % Change in Expenditures				(41)		5

Program: Credits**Activity: School Building Bond Agricultural Credit**<http://www.revenue.state.mn.us/>**AT A GLANCE**

In 2021:

- The credit paid for 5.7% of school debt service levies statewide
- Approximately 526,000 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.

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, 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 2019, the credit equaled 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 was 50% of the property's net tax capacity multiplied by the school debt tax rate for taxes payable 2020 and 55% for taxes payable in 2021. 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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Results	School capital referendum passage rate – statewide	64.5%	2019	47.9%	2021
Results	School capital referendum passage rate – non-metro	64.6%	2019	46.0%	2021
Quantity	Share of school debt services levies paid for by the credit	3.8%	2019	5.7%	2021

Performance Measure Notes:

The results compare taxes payable 2019 (previous) to 2021 (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, increased after the credit began in 2018. The lower passage rate in 2021 may have been affected by the COVID pandemic, among other factors.

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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

1000 - General	37,852	55,839	62,182	70,050	86,302	96,275
Total	37,852	55,839	62,182	70,050	86,302	96,275
Biennial Change				38,541		50,345
Biennial % Change				41		38

Expenditures by Category

Grants, Aids and Subsidies	37,852	55,839	62,182	70,050	86,302	96,275
Total	37,852	55,839	62,182	70,050	86,302	96,275

School Building Bond Agricultural Credit

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25	
1000 - General						
Open Appropriation	37,852	55,839	62,182	70,050	86,302	96,275
Expenditures	37,852	55,839	62,182	70,050	86,302	96,275
Biennial Change in Expenditures				38,541		50,345
Biennial % Change in Expenditures				41		38

Program: Pension-Related Aids**Activity:** Police State Aid<http://www.revenue.state.mn.us/>**AT A GLANCE**

In 2021:

- 392 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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Number of jurisdictions receiving aid	396	2019	392	2021
Quantity	Aid percentage of employer pension costs	64%	2019	54%	2021

Performance Measure Notes:

Number of jurisdictions receiving aid compares payable year 2019 (previous) to 2021 (current).

Aid percentage (of employer pension costs) measures how much of a department's pension obligations are paid through Police State Aid. In 2021, Police State Aid paid for an average of 54% 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 477C establishes Police State Aid. <https://www.revisor.mn.gov/statutes/cite/477C>

Police State Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

1000 - General	81,241	84,185	82,181	86,800	90,750	94,830
Total	81,241	84,185	82,181	86,800	90,750	94,830
Biennial Change				3,555		16,599
Biennial % Change				2		10

Expenditures by Category

Grants, Aids and Subsidies	81,241	84,185	82,181	86,800	90,750	94,830
Total	81,241	84,185	82,181	86,800	90,750	94,830

Police State Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Open Appropriation	89,186	92,760	91,169	96,762	101,160	105,710
Transfers Out	7,944	8,575	8,987	9,962	10,410	10,880
Expenditures	81,241	84,185	82,181	86,800	90,750	94,830
Biennial Change in Expenditures				3,555		16,599
Biennial % Change in Expenditures				2		10

Program: Pension-Related Aids**Activity:** Fire State Aid<http://www.revenue.state.mn.us/>**AT A GLANCE**

In 2021:

- 758 fire relief associations received 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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Number of fire relief associations receiving aid	761	2019	758	2021

Performance Measure Notes:

Number of fire relief associations receiving aid compares payable year 2019 (previous) to 2021 (current).

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

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

Fire State Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

1000 - General	30,445	32,500	34,191	36,931	38,090	39,210
Total	30,445	32,500	34,191	36,931	38,090	39,210
Biennial Change				8,177		6,178
Biennial % Change				13		9

Expenditures by Category

Grants, Aids and Subsidies	30,445	32,500	34,191	36,931	38,090	39,210
Total	30,445	32,500	34,191	36,931	38,090	39,210

Fire State Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Open Appropriation	30,445	32,500	34,191	36,931	38,090	39,210
Expenditures	30,445	32,500	34,191	36,931	38,090	39,210
Biennial Change in Expenditures				8,177		6,178
Biennial % Change in Expenditures				13		9

Program: Pension-Related Aids

Activity: Fire Insurance Surcharge Aid

<http://www.revenue.state.mn.us/>

AT A GLANCE

In 2021:

- 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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Number of jurisdictions receiving aid	4	2019	4	2021

Performance Measure Notes:

Number of jurisdictions receiving aid compares payable year 2019 (previous) to 2021 (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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

1000 - General	3,775	4,611	5,404	5,566	5,733	5,905
Total	3,775	4,611	5,404	5,566	5,733	5,905
Biennial Change				2,584		668
Biennial % Change				31		6

Expenditures by Category

Grants, Aids and Subsidies	3,775	4,611	5,404	5,566	5,733	5,905
Total	3,775	4,611	5,404	5,566	5,733	5,905

Fire Insurance Surcharge Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Open Appropriation	3,775	4,611	5,404	5,566	5,733	5,905
Expenditures	3,775	4,611	5,404	5,566	5,733	5,905
Biennial Change in Expenditures				2,584		668
Biennial % Change in Expenditures				31		6

Program: Pension-Related Aids**Activity:** Police/Fire Amortization Aid<http://www.revenue.state.mn.us/>**AT A GLANCE**

In 2021:

- 3 entities 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 entities receiving aid has decreased over time 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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Number of entities receiving aid	3	2019	3	2021

Performance Measure Notes:

Number of entities receiving aid compares payable year 2019 (previous) to 2021 (current).

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

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

Police/Fire Amortization Aids

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<u>Expenditures by Fund</u>						
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
<u>Expenditures by Category</u>						
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

Police/Fire Amortization Aids

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25	
1000 - General						
Direct Appropriation	4,823	4,823	4,823	4,823	4,823	4,823
Cancellations	0	0	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<http://www.revenue.state.mn.us/>**AT A GLANCE**

In 2021:

- 327 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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Number of fire relief associations receiving aid	360	2019	327	2021

Performance Measure Notes:

Number of fire relief associations receiving aid compares payable year 2019 (previous) to 2021 (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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<u>Expenditures by Fund</u>						
1000 - General	606	637	607	607	637	637
Total	606	637	607	607	637	637
Biennial Change				(29)		60
Biennial % Change				(2)		5
<u>Expenditures by Category</u>						
Grants, Aids and Subsidies	606	637	607	607	637	637
Total	606	637	607	607	637	637

Firefighter Supplemental Benefits Reimbursement

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Open Appropriation	606	637	607	607	637	637
Expenditures	606	637	607	607	637	637
Biennial Change in Expenditures				(29)		60
Biennial % Change in Expenditures				(2)		5

Program: Pension-Related Aids**Activity:** Police/Fire Retirement Supplemental State Aid<http://www.revenue.state.mn.us/>**AT A GLANCE**

In 2021:

- 738 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. Independent fire relief associations did not begin receiving aid until 2014.

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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Number of fire relief associations receiving aid	742	2019	738	2021

Performance Measure Notes:

Number of fire relief associations receiving aid compares payable year 2019 (previous) to 2021 (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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<u>Expenditures by Fund</u>						
1000 - General	14,495	14,500	14,496	14,500	14,500	14,500
Total	14,495	14,500	14,496	14,500	14,500	14,500
Biennial Change				1		4
Biennial % Change				0		0

Expenditures by Category

Grants, Aids and Subsidies	14,495	14,500	14,496	14,500	14,500	14,500
Total	14,495	14,500	14,496	14,500	14,500	14,500

Police/Fire Retirement Supplemental State Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
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	5		4			
Expenditures	14,495	14,500	14,496	14,500	14,500	14,500
Biennial Change in Expenditures				1		4
Biennial % Change in Expenditures				0		0

Program: Other Local Government Payments

Activity: Senior Property Tax Deferral Reimbursement

<http://www.revenue.state.mn.us/>

AT A GLANCE

In 2021:

- 375 taxpayers were enrolled in the program
- The average amount of property taxes deferred was \$4,500

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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Number of senior citizen taxpayers enrolled	315	2019	375	2021
Quantity	Average amount of property taxes deferred	\$4,000	2019	\$4,500	2021

Performance Measure Notes:

Number of taxpayers enrolled compares calendar year 2019 (previous) to 2021 (current).

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 Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Open Appropriation	1,311	1,479	1,743	1,721	1,753	1,784
Net Loan Activity	(1,311)	(1,479)	(1,743)	(1,721)	(1,753)	(1,784)

Program: Other Local Government Payments

Activity: Performance Measurement Reimbursement

<http://www.revenue.state.mn.us/>

AT A GLANCE

In 2022:

- 32% of counties and 4% of cities participated in the Performance Measurement program.

PURPOSE AND CONTEXT

The Performance Measurement reimbursement program 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:

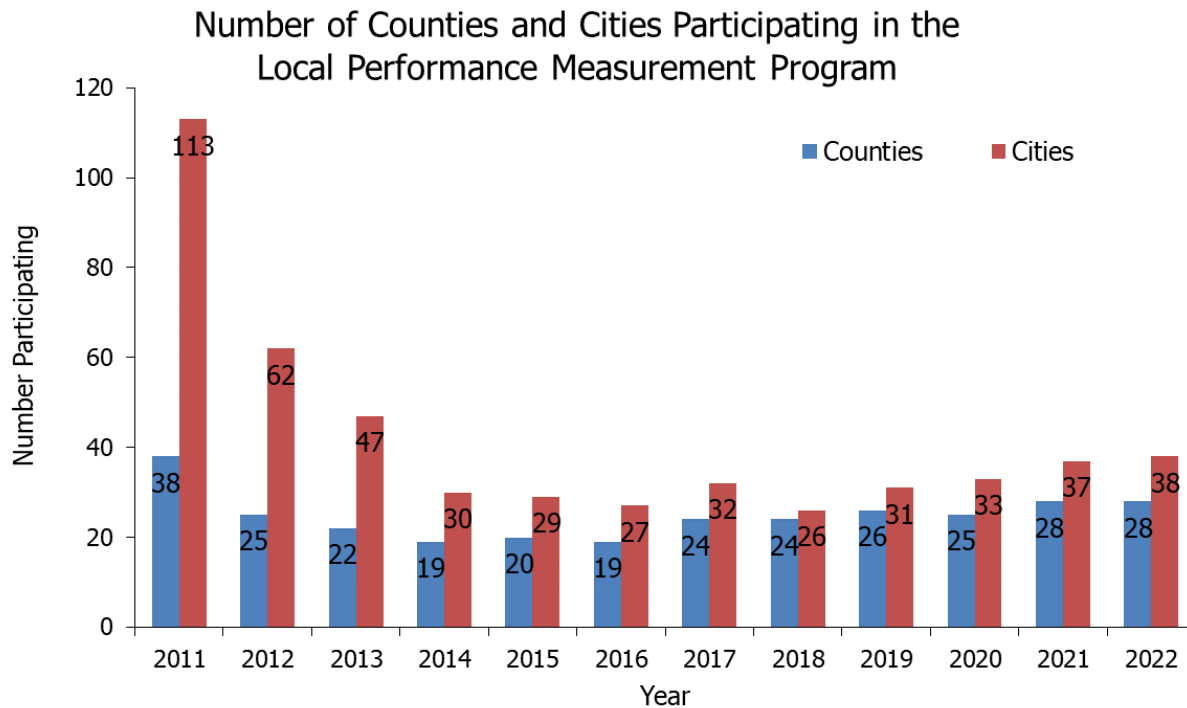
- Track 10 performance measures such as police response time, hours to plow streets, and water quality.
- Report their results annually to the state auditor and their residents.

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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Percentage of counties participating	29%	2020	32%	2022
Quantity	Percentage of cities participating	4%	2020	4%	2022



Performance Measure Notes:

Annual participation compares calendar year 2020 (previous) to 20202 (current).

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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<u>Expenditures by Fund</u>						
1000 - General	466	458	497	514	516	519
Total	466	458	497	514	516	519
Biennial Change				87		24
Biennial % Change				9		2
<u>Expenditures by Category</u>						
Grants, Aids and Subsidies	466	458	497	514	516	519
Total	466	458	497	514	516	519

Performance Measurement Reimbursement

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Open Appropriation	466	458	497	514	516	519
Expenditures	466	458	497	514	516	519
Biennial Change in Expenditures				87		24
Biennial % Change in Expenditures				9		2

Program: Other Local Government Payments

Activity: Mahnomen Property Tax Reimbursement

<http://www.revenue.state.mn.us/>

AT A GLANCE

In 2021:

- 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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	City tax base percentage of pre-exemption tax base	64%	2019	63%	2021
Quantity	County tax base percentage of pre-exemption tax base	204%	2019	235%	2021
Quantity	School district tax base percentage of pre-exemption tax base	193%	2019	227%	2021

Performance Measure Notes:

City tax base percentage compares assessment year 2019 (previous) to assessment year 2021 (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 63% 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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
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 Government Payments**Activity:** Taconite Aid Reimbursement<http://www.revenue.state.mn.us/>**AT A GLANCE**

In 2021:

- 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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Payment's percentage of total school district revenues	3.6%	2019	3.3%	2021

Performance Measure Notes:

Payment's percentage of total school district revenue compares calendar year 2019 (previous) to 2021 (current).

In fiscal year 2021, the Taconite Aid Reimbursement payment accounted for 3.3% 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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
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 Government Payments**Activity: Border City Reimbursement**<http://www.revenue.state.mn.us/>**AT A GLANCE**

In 2021:

- 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. The 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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Number of jurisdictions receiving reimbursement	2	2019	2	2021

Performance Measure Notes:

Number of jurisdictions receiving reimbursement compares taxes payable year 2019 (previous) to 2021 (current).

The two jurisdictions receiving reimbursement payments in 2019 and 2021 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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

1000 - General	65	32	32	83	83	83
Total	65	32	32	83	83	83
Biennial Change				18		51
Biennial % Change				18		44

Expenditures by Category

Grants, Aids and Subsidies	65	32	32	83	83	83
Total	65	32	32	83	83	83

Border City Reimbursement

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Open Appropriation	65	32	32	83	83	83
Expenditures	65	32	32	83	83	83
Biennial Change in Expenditures				18		51
Biennial % Change in Expenditures				18		44

Program: Other Local Government Payments**Activity: Disaster Credits**<http://www.revenue.state.mn.us/>**AT A GLANCE**

In 2020 and 2021:

- 105 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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Number of parcels receiving credits	663	2018/2019	105	2020/2021

Performance Measure Notes:

The number of parcels receiving credits compares payable years 2018 and 2019 (previous) to 2020 and 2021 (current). The amount of payment is dependent on the number and severity of disasters. In payable years 2014, 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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

1000 - General	100	1,739	1,939	373	501	232
Total	100	1,739	1,939	373	501	232
Biennial Change				473		(1,579)
Biennial % Change				26		(68)

Expenditures by Category

Grants, Aids and Subsidies	100	1,739	1,939	373	501	232
Total	100	1,739	1,939	373	501	232

Disaster Credits

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Open Appropriation	100	1,739	1,939	373	501	232
Expenditures	100	1,739	1,939	373	501	232
Biennial Change in Expenditures				473		(1,579)
Biennial % Change in Expenditures				26		(68)

Program: Other Local Government Payments**Activity: Miscellaneous Payments**<http://www.revenue.state.mn.us/>**AT A GLANCE**

From 2018 to 2022:

- 25 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
- \$250,000 to the city of Floodwood in 2022 to pay for a city-wide street and infrastructure project
- \$643,729 to the city of Merlose in 2022 to be used to remediate the effects of fires in the city
- \$120,000 to the city of Alexandria in 2022 to be used to remediate the effects of fires in the city
- \$29,354,688 to 13 counties in 2022 for grants to pay for refunding the overpayment of property taxes
- \$11,000,000 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 Measure 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 77, Article 1, Section 10; Laws 2021 First Special Session Chapter 14, Article 7, Sections 6-7; Laws 2021 First Special Session Chapter 14, Article 11, Section 46, Subd. 1-2.

Miscellaneous Payments

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

1000 - General	16,047	600	35,768			
Total	16,047	600	35,768			
Biennial Change				19,121		(35,768)
Biennial % Change				115		

Expenditures by Category

Grants, Aids and Subsidies	16,047	600	35,768			
Total	16,047	600	35,768			

Miscellaneous Payments

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25
1000 - General					
Direct Appropriation	16,047	600	35,768		
Expenditures	16,047	600	35,768		
Biennial Change in Expenditures				19,121	(35,768)
Biennial % Change in Expenditures				115	

Program: Other Taxes and Refunds**Activity: Other Taxes and Refunds**<http://www.revenue.state.mn.us/>**AT A GLANCE**

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

PURPOSE AND 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	\$1,000	2021 – 2023
Quantity	Amount of interest on refunds on taxes for the environmental fund	\$0	\$1,000	2021 – 2023

Performance Measures Notes:

The previous and current measures show data from fiscal year 2021 (previous) to 2023 (projected).

Other Taxes and Refunds

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<u>Expenditures by Fund</u>						
2720 - State Airports				1	1	1
2800 - Environmental		0		1	1	1
2801 - Remediation	0					
Total	0	0		2	2	2
Biennial Change				2		2
Biennial % Change				3,802		
<u>Expenditures by Category</u>						
Other Financial Transaction	0	0		2	2	2
Total	0	0		2	2	2

Other Taxes and Refunds

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
2000 - Restrict Misc Special Revenue						
Balance Forward In	8	8	12	6	11	16
Receipts	6,683	7,245	9,206	8,096	8,096	8,096
Transfers Out	6,682	7,241	9,213	8,091	8,091	8,091
Balance Forward Out	8	12	6	11	16	21

2710 - Highway Users Tax Distribution

Open Appropriation	23,066	20,317	21,397	22,725	22,787	22,627
Transfers Out	23,066	20,317	21,397	22,725	22,787	22,627

2720 - State Airports

Open Appropriation			1		1	1
Expenditures			1		1	1
Biennial Change in Expenditures			1			1
Biennial % Change in Expenditures						

2800 - Environmental

Balance Forward In				342	342	342
Open Appropriation		0		1	1	1
Receipts	15	15	342			
Cancellations	15	15				
Balance Forward Out			342	342	342	342
Expenditures		0		1	1	1
Biennial Change in Expenditures				1		1
Biennial % Change in Expenditures						

2801 - Remediation

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

Program: Other Taxes and Refunds
Activity: Political Contribution Refund

<http://www.revenue.state.mn.us/>

AT A GLANCE

In FY 2021:

- This program provided \$3.2 million in refunds for political contributions.

PURPOSE AND 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 2022, taxpayers must apply by April 15, 2023.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Political Contribution Refunds Paid	\$2,707,000	\$3,220,000	2020-2021
Quantity	Total Political Contribution Refunds	36,585	43,720	2020-2021

Performance Measure Notes:

Compares refunds paid in FY 2020 (previous) to FY 2021 (current).

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

<https://www.revisor.mn.gov/statutes/cite/290.06>.

Political Contribution Refunds

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

1000 - General	2,707	3,220	2,468	3,400	3,000	3,400
Total	2,707	3,220	2,468	3,400	3,000	3,400
Biennial Change				(59)		532
Biennial % Change				(1)		9

Expenditures by Category

Grants, Aids and Subsidies	2,705	3,220	2,460	3,398	2,998	3,398
Other Financial Transaction	2	0	8	2	2	2
Total	2,707	3,220	2,468	3,400	3,000	3,400

Political Contribution Refunds

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Open Appropriation	2,707	3,220	2,468	3,400	3,000	3,400
Expenditures	2,707	3,220	2,468	3,400	3,000	3,400
Biennial Change in Expenditures				(59)		532
Biennial % Change in Expenditures				(1)		9

Program: Other Taxes and Refunds

Activity: Tax Refund Interest

<http://www.revenue.state.mn.us/>

AT A GLANCE

In Fiscal Year 2021:

- Almost \$17 million in tax refund interest was paid to taxpayers who did not receive refunds within the statutory time frame. The interest rate was 5% in 2020 and 3% in 2021.

PURPOSE AND 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 5% in 2019 – 2020 and has been 3% since 2021; 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	\$25,996,000	\$16,921,000	2020-2021

Performance Measure Notes:

Compares tax refund interest paid in FY2020 (previous) to FY2021 (current).

Legal Citation: M.S. 289A.56 establishes tax refund interest payments.

<https://www.revisor.mn.gov/statutes/cite/289A.56>

Tax Refund Interest

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<u>Expenditures by Fund</u>						
1000 - General	25,738	16,180	14,058	12,950	13,050	13,150
2360 - Health Care Access	239	696	1,270	223	221	227
2710 - Highway Users Tax Distribution	20	45	39	50	50	50
Total	25,996	16,921	15,368	13,223	13,321	13,427
Biennial Change				(14,327)		(1,843)
Biennial % Change				(33)		(6)

Expenditures by Category

Grants, Aids and Subsidies			9			
Other Financial Transaction	25,996	16,921	15,359	13,223	13,321	13,427
Total	25,996	16,921	15,368	13,223	13,321	13,427

Tax Refund Interest

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base	
	FY20	FY21	FY22	FY23	FY24	FY25
1000 - General						
Open Appropriation	25,738	16,180	14,058	12,950	13,050	13,150
Expenditures	25,738	16,180	14,058	12,950	13,050	13,150
Biennial Change in Expenditures				(14,910)		(808)
Biennial % Change in Expenditures				(36)		(3)
2360 - Health Care Access						
Open Appropriation	239	696	1,270	223	221	227
Expenditures	239	696	1,270	223	221	227
Biennial Change in Expenditures				559		(1,045)
Biennial % Change in Expenditures				60		(70)
2710 - Highway Users Tax Distribution						
Open Appropriation	20	45	39	50	50	50
Expenditures	20	45	39	50	50	50
Biennial Change in Expenditures				24		11
Biennial % Change in Expenditures				37		13

Program: Other Taxes and Refunds

Activity: Discontinued Programs

<http://www.revenue.state.mn.us/>**Production Property Transition Aid****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.

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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Number of cities and towns receiving aid	3	2020	0	2022

Performance Measure Notes:

Number of eligible cities and towns compares aids payable year 2020 (previous) to 2022 (current).

Public Employees Retirement Association (PERA) 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.

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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Number of jurisdictions receiving aid	1,111	2019	0	2021

Performance Measure Notes:

Number of jurisdictions receiving aid compares payable year 2019 (previous) to 2021 (current).

Minneapolis Debt Service Aid

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.

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 Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quality	State aid payment as a percent of the city's total property taxes paid	0.3%	2020	0.0%	2022

Performance Measure Notes:

The state aid payment as a percent of the city's total property taxes paid compare taxes payable year 2020 (previous) to 2022 (current).

Discontinued Programs

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

1000 - General	18,076	3,634	3,374			
Total	18,076	3,634	3,374			
Biennial Change				(18,336)		(3,374)
Biennial % Change				(84)		

Expenditures by Category

Grants, Aids and Subsidies	18,076	3,634	3,374			
Total	18,076	3,634	3,374			

Discontinued Programs

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25	
1000 - General						
Open Appropriation	18,076	3,634	3,374			
Expenditures	18,076	3,634	3,374			
Biennial Change in Expenditures				(18,336)		(3,374)
Biennial % Change in Expenditures				(84)		

Program: COVID Aid
Activity: COVID Aid Grants

<http://www.revenue.state.mn.us/>

AT A GLANCE

In 2020:

- 1,615 jurisdictions received an aid payment from the Coronavirus Relief Fund

In 2021:

- 3,891 businesses received COVID business relief payments from the General Fund

In 2021 and 2022:

- 2,107 jurisdictions received aid payments from the State and Local Fiscal Recovery Fund

PURPOSE AND CONTEXT

The coronavirus public health emergency created additional costs for local governments and businesses while simultaneously reducing their revenues. This resulted in financial strain for many local governments and businesses. COVID Aid provides financial relief to some counties, cities, towns, and businesses.

Funding source: General Fund; Coronavirus Aid, Relief, and Economic Security (CARES) Act -Coronavirus Relief Fund; American Rescue Plan (ARP) -Coronavirus State and Local Fiscal Recovery Fund

SERVICES PROVIDED

The federal government, through the CARES Act and the ARP Act, provided states with aid to cover additional costs resulting from the coronavirus outbreak.

The CARES Act encouraged states to allocate a portion of the CRF to local governments. The state created a formula that allowed some counties, cities, and towns to apply for this aid. Counties, cities, and towns that applied for and accepted this aid were required to follow federal and state guidelines for using the aid.

The American Rescue Plan Act established states as pass-through entities for State and Local Fiscal Recovery Funds and required funds be allocated directly to local units of government. Local units of government with a population of 50,000 and larger received their payments from the US Treasury.

Additionally, the legislature appropriated funds for COVID business relief to help restaurants, bars, gyms, and bowling centers impacted by the COVID-19 pandemic. This program was originally financed with general fund dollars but was later refinanced with CARES act funding.

RESULTS

COVID Aid payments help local governments and businesses with costs associated with the coronavirus outbreak.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous Value</i>	<i>Date</i>	<i>Current Value</i>	<i>Date</i>
Quantity	Number of Jurisdictions Receiving Payment from the Coronavirus Relief Fund	1,615	2020	0	2022
Quantity	Number of Business Receiving Grants	3,891	2021	0	2022
Quantity	Number of Jurisdictions Receiving Payment from the State and Local Fiscal Recovery Fund (funds went out in two payments within state FY 2022)	2,107	2021	2,107	2022

Performance Measure Notes:

Number of Jurisdictions Receiving Payment compares taxes payable year 2020 (previous) and 2021 (previous) to 2022 (current). The number depends on how many local jurisdictions qualify and apply for this aid as well as the number of businesses eligible for grants.

For more information, visit the Revenue website (<http://www.revenue.state.mn.us/>) and search “Coronavirus Relief Fund.”

Additionally, visit the Minnesota COVID-19 Response Accountability Office website <https://mn.gov/mmb/covid-19-response-accountability-office/>.

COVID Aid Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25
<u>Expenditures by Fund</u>					
1000 - General				500,000	
3000 - Federal			376,364		
3010 - Coronavirus Relief		835,926	66,695		
Total		835,926	443,059	500,000	
Biennial Change				107,133	(943,059)
Biennial % Change					(100)

Expenditures by Category

Grants, Aids and Subsidies	835,942	443,059	500,000	
Other Financial Transaction	(16)			
Total	835,926	443,059	500,000	

COVID Aid Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25	
1000 - General						
Balance Forward In				500,000		
Direct Appropriation		87,750	500,000			
Cancellations		87,750				
Balance Forward Out			500,000			
Expenditures				500,000		
Biennial Change in Expenditures				500,000		(500,000)
Biennial % Change in Expenditures						
3000 - Federal						
Balance Forward In			188,466	284	284	284
Receipts	188,466		188,182			
Balance Forward Out	188,466		284	284	284	284
Expenditures			376,364			
Biennial Change in Expenditures				376,364		(376,364)
Biennial % Change in Expenditures						
3010 - Coronavirus Relief						
Direct Appropriation	840,125		66,885			
Cancellations	4,199		190			
Expenditures	835,926		66,695			
Biennial Change in Expenditures				(769,231)		(66,695)
Biennial % Change in Expenditures						