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Tax Aids, Credits and Refunds (Minnesota Department of Revenue)

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

AT A GLANCE

In 2023 the Department of Revenue paid:

- \$1.072 billion in aids to local governments
- \$841 million in property tax refunds to about 866,000 individuals
- \$145 million in credits to reduce individuals' and businesses' property taxes
- \$25 million in other programs

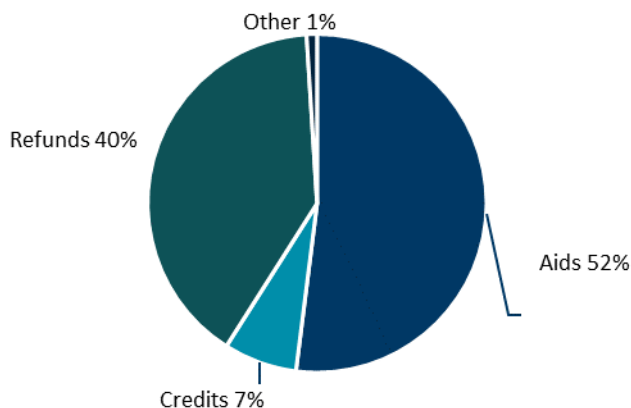
PURPOSE

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.

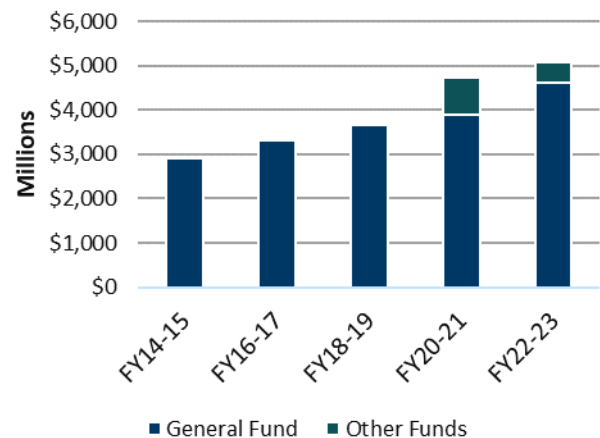
BUDGET

**Spending by Program
FY 2023 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The Department of Revenue administers 42 Property Tax Aid, Credit and Refund programs that make payments to individual taxpayers and local governments. In 2023, we disbursed more than \$2.0 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 FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
<u>Expenditures by Fund</u>						
1000 - General	2,047,480	2,563,916	2,812,515	2,720,534	2,317,313	2,406,078
2000 - Restrict Misc Special Revenue	196	215	6,036	53,240	52,869	65,659
2001 - Other Misc Special Revenue	18,051	80	109	28,372	17,638	22,554
2310 - Housing Assistance				48,314	127,300	127,300
2360 - Health Care Access	1,270	1,850	800	1,080	930	560
2710 - Highway Users Tax Distribution	39	72	78	50	71	71
2800 - Environmental				1	1	1
3000 - Federal	376,364		11			
3010 - Coronavirus Relief	66,695					
6000 - Miscellaneous Agency	30,349	41,822	39,508			
Total	2,540,445	2,607,956	2,859,056	2,851,591	2,516,122	2,622,223
Biennial Change				562,246		(572,302)
Biennial % Change				11		(10)

Expenditures by Program

Refunds	808,353	840,801	1,209,063	1,080,840	821,940	832,880
Local Aids	937,516	925,221	978,236	1,344,529	1,252,923	1,332,022
Credits	118,248	126,765	142,282	163,163	174,557	182,666
Pension-Related Aids	141,702	149,960	161,608	182,980	191,138	199,508
Other Local Government Payments	39,997	2,904	303,361	2,682	2,843	2,796
Other Taxes and Refunds	494,629	562,306	64,506	77,397	72,721	72,351
Total	2,540,445	2,607,956	2,859,056	2,851,591	2,516,122	2,622,223

Expenditures by Category

Operating Expenses	4,169	4,032	3,957	3,827	3,626	3,661
Grants, Aids and Subsidies	2,490,373	2,543,960	2,793,270	2,778,251	2,443,758	2,550,194
Other Financial Transaction	45,902	59,965	61,830	69,513	68,738	68,368
Total	2,540,445	2,607,956	2,859,056	2,851,591	2,516,122	2,622,223

Tax Aids, Credits and Refunds

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Balance Forward In		500,000		4,000		
Direct Appropriation	1,418,712	882,872	1,245,671	1,220,268	1,056,545	1,117,757
Open Appropriation	1,109,442	1,162,234	1,551,511	1,469,828	1,232,123	1,259,361
Transfers In	36,358	36,567	39,736	48,400	49,210	50,360
Transfers Out	15,134	16,033	18,353	19,945	18,320	18,926
Net Loan Activity	(1,743)	(1,649)	(1,752)	(2,017)	(2,245)	(2,474)
Cancellations	155	75	299			
Balance Forward Out	500,000		4,000			
Expenditures	2,047,480	2,563,916	2,812,515	2,720,534	2,317,313	2,406,078
Biennial Change in Expenditures				921,653		(809,658)
Biennial % Change in Expenditures				20		(15)

2000 - Restrict Misc Special Revenue

Balance Forward In	601	729	644	3,178	5,846	14,538
Receipts	9,626	9,831	24,551	66,220	71,820	77,220
Transfers In			1,232			
Transfers Out	9,302	9,700	17,215	10,312	10,259	10,253
Balance Forward Out	729	644	3,177	5,846	14,538	15,846
Expenditures	196	215	6,036	53,240	52,869	65,659
Biennial Change in Expenditures				58,864		59,252
Biennial % Change in Expenditures				14,305		100

2001 - Other Misc Special Revenue

Balance Forward In	71	110	110	3,149	26	26
Transfers In	18,090	80	3,148	25,249	17,638	22,554
Balance Forward Out	110	110	3,149	26	26	26
Expenditures	18,051	80	109	28,372	17,638	22,554
Biennial Change in Expenditures				10,349		11,711
Biennial % Change in Expenditures				57		41

2310 - Housing Assistance

Balance Forward In				79,856	157,242	160,442
Receipts			79,856	125,700	130,500	135,225

Tax Aids, Credits and Refunds

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
Balance Forward Out			79,856	157,242	160,442	168,367
Expenditures				48,314	127,300	127,300
Biennial Change in Expenditures				48,314		206,286
Biennial % Change in Expenditures						

2360 - Health Care Access

Open Appropriation	1,270	1,850	800	1,080	930	560
Expenditures	1,270	1,850	800	1,080	930	560
Biennial Change in Expenditures				(1,241)		(390)
Biennial % Change in Expenditures				(40)		(21)

2710 - Highway Users Tax Distribution

Open Appropriation	21,436	21,592	21,692	22,591	24,240	24,419
Transfers Out	21,397	21,520	21,614	22,541	24,169	24,348
Expenditures	39	72	78	50	71	71
Biennial Change in Expenditures				17		14
Biennial % Change in Expenditures				15		11

2800 - Environmental

Open Appropriation				1	1	1
Receipts	342					
Balance Forward Out	342					
Expenditures				1	1	1
Biennial Change in Expenditures				1		1
Biennial % Change in Expenditures						

3000 - Federal

Balance Forward In	188,466	309	309	14		
Receipts	188,182		(284)	(14)		
Balance Forward Out	284	309	14			
Expenditures	376,364		11			
Biennial Change in Expenditures				(376,353)		(11)
Biennial % Change in Expenditures						

Tax Aids, Credits and Refunds

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base	
	FY22	FY23	FY24	FY25	FY26	FY27

3010 - Coronavirus Relief

Direct Appropriation	66,885					
Cancellations	190					
Expenditures	66,695					
Biennial Change in Expenditures				(66,695)		0
Biennial % Change in Expenditures						

6000 - Miscellaneous Agency

Balance Forward In	290	262	361			
Receipts	36,525	49,637	40,379			
Transfers Out	6,205	7,742	1,232			
Balance Forward Out	261	334				
Expenditures	30,349	41,822	39,508			
Biennial Change in Expenditures				(32,663)		(39,508)
Biennial % Change in Expenditures				(45)		

6002 - Taxes Clearing Agency

Balance Forward In			14			
Receipts		14	(14)	0	0	0
Balance Forward Out		14				

Tax Aids, Credits and Refunds

Agency Change Summary

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Direct				
Fund: 1000 - General				
FY2025 Appropriations	1,220,268	1,220,268	1,220,268	2,440,536
Base Adjustments				
All Other One-Time Appropriations		(23,940)	(23,940)	(47,880)
Forecast Open Appropriation Adjustment		(140,137)	(79,579)	(219,716)
November Forecast Adjustment		354	1,008	1,362
Forecast Base	1,220,268	1,056,545	1,117,757	2,174,302
Open				
Fund: 1000 - General				
FY2025 Appropriations	1,418,149	1,418,149	1,418,149	2,836,298
Base Adjustments				
Biennial Appropriations		580	580	1,160
Forecast Open Appropriation Adjustment	(195)	(241,318)	(217,907)	(459,225)
November Forecast Adjustment	51,874	54,712	58,539	113,251
Forecast Base	1,469,828	1,232,123	1,259,361	2,491,484
Fund: 2360 - Health Care Access				
FY2025 Appropriations	1,800	1,800	1,800	3,600
Base Adjustments				
November Forecast Adjustment	(720)	(870)	(1,240)	(2,110)
Forecast Base	1,080	930	560	1,490
Fund: 2710 - Highway Users Tax Distribution				
FY2025 Appropriations	22,696	22,696	22,696	45,392
Base Adjustments				
Forecast Open Appropriation Adjustment		1,514	1,768	3,282
November Forecast Adjustment	(105)	30	(45)	(15)
Forecast Base	22,591	24,240	24,419	48,659
Fund: 2800 - Environmental				
FY2025 Appropriations	1	1	1	2
Forecast Base	1	1	1	2
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	53,240	52,869	65,659	118,528
Forecast Base	53,240	52,869	65,659	118,528

Tax Aids, Credits and Refunds

Agency Change Summary

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	28,372	17,638	22,554	40,192
Forecast Base	28,372	17,638	22,554	40,192
Fund: 2310 - Housing Assistance				
Planned Spending	48,314	127,300	127,300	254,600
Forecast Base	48,314	127,300	127,300	254,600
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	66,220	71,820	77,220	149,040
Fund: 2310 - Housing Assistance				
Forecast Revenues	125,700	130,500	135,225	265,725
Fund: 3000 - Federal				
Forecast Revenues	(14)			
Fund: 6002 - Taxes Clearing Agency				
Forecast Revenues	0			
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	29,117,623	29,765,929	30,913,084	60,679,013
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	26,038	26,038	26,038	52,076
Fund: 2107 - State Pks & Trls Lott In Lieu				
Forecast Revenues	8,350	8,611	8,808	17,419
Fund: 2109 - Local Trls Grants Lott In Lieu				
Forecast Revenues	1,113	1,148	1,174	2,322
Fund: 2110 - Zoos Lottery In Lieu				
Forecast Revenues	742	765	783	1,548

Tax Aids, Credits and Refunds

Agency Change Summary

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Fund: 2121 - Rgnl Pks and Trls Lott In Lieu				
Forecast Revenues	683	704	720	1,424
Fund: 2122 - Underserved Comms Lott In Lieu				
Forecast Revenues	683	704	720	1,424
Fund: 2209 - Heritage Enhancement				
Forecast Revenues	17,627	18,179	18,594	36,773
Fund: 2300 - Outdoor Heritage				
Forecast Revenues	146,148	151,348	156,483	307,831
Fund: 2301 - Arts & Cultural Heritage				
Forecast Revenues	87,467	90,580	93,653	184,233
Fund: 2302 - Clean Water				
Forecast Revenues	146,148	151,348	156,483	307,831
Fund: 2303 - Parks and Trails				
Forecast Revenues	63,109	65,355	67,572	132,927
Fund: 2350 - Petroleum Tank Release Cleanup				
Forecast Revenues	20,996	27,996	27,996	55,992
Fund: 2360 - Health Care Access				
Forecast Revenues	936,120	976,950	1,035,230	2,012,180
Fund: 2710 - Highway Users Tax Distribution				
Forecast Revenues	1,134,954	1,205,962	1,221,821	2,427,783
Fund: 2720 - State Airports				
Forecast Revenues	21,500	21,500	21,500	43,000
Fund: 2800 - Environmental				
Forecast Revenues	86,178	88,289	90,560	178,849

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

For refunds based on taxes paid in 2022:

- Approximately 548,000 homeowners received refunds
- The average refund was \$1,108

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.

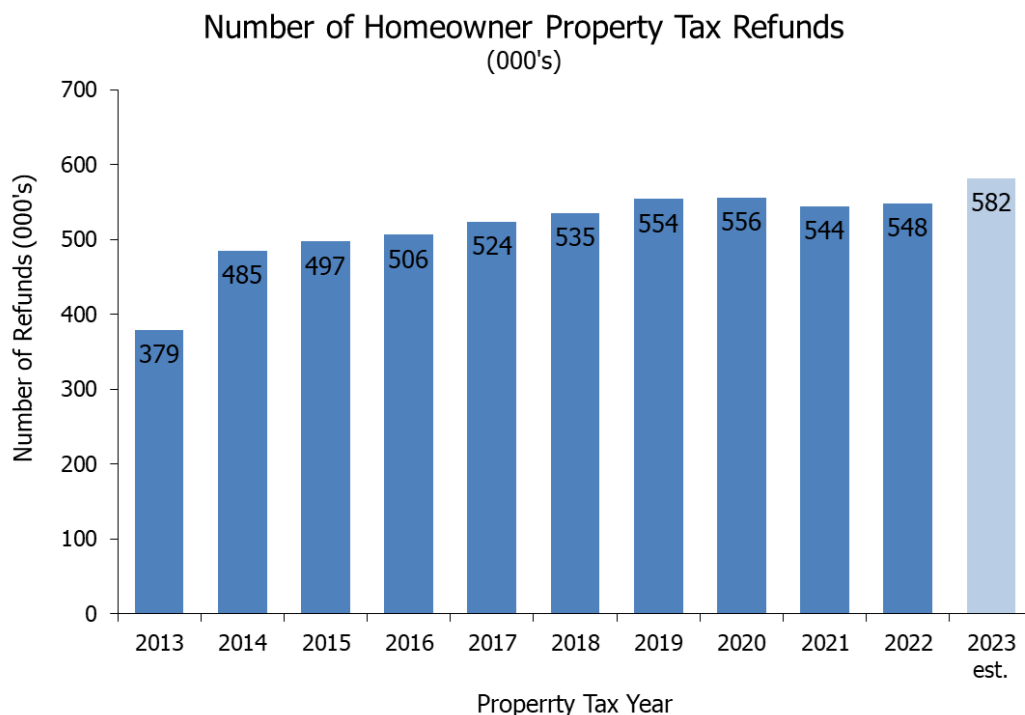
Funding source: State General Fund

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).

Measure name	Measure type	Measure data source	Historical trend	Most recent data
<i>Suits index - homeowner property taxes before PTR</i>	<i>Results</i>	<i>Tax Incidence Study</i>	<i>Since 2006, the Suits index for homeowner property taxes before PTR has ranged from -0.165 to -0.314.</i>	<i>-0.314 in 2021</i>
<i>Suits index - homeowner property taxes after PTR</i>	<i>Results</i>	<i>Tax Incidence Study</i>	<i>Since 2006, the Suits index for homeowner property taxes after PTR has ranged from -0.106 to -0.271.</i>	<i>-0.271 in 2021</i>
<i>Reduction in regressivity due to PTR</i>	<i>Results</i>	<i>Tax Incidence Study</i>	<i>Since 2006, the reduction in regressivity due to the PTR has ranged from 14% to 36%.</i>	<i>14% in 2021</i>

Performance Measurement Notes:

The Suits index data is from the most recently available 2024 Tax Incidence Study based on calendar year 2021 property taxes and refunds.

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.

A 2023 law change increased the amount of refunds paid to homeowners by increasing the average refund paid.

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

M.S. 290A.04 Subd. 2 (www.revisor.mn.gov/statutes/cite/290A.04) establishes the Homestead Credit Refund program.

Homestead Credit Refund

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General	571,271	593,632	843,982	776,900	798,100	810,300
Total	571,271	593,632	843,982	776,900	798,100	810,300
Biennial Change				455,979		(12,482)
Biennial % Change				39		(1)

Expenditures by Category

Grants, Aids and Subsidies	571,162	593,485	843,636	776,609	797,809	810,009
Other Financial Transaction	109	147	346	291	291	291
Total	571,271	593,632	843,982	776,900	798,100	810,300

Homestead Credit Refund

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Open Appropriation	571,271	593,632	843,982	776,900	798,100	810,300
Expenditures	571,271	593,632	843,982	776,900	798,100	810,300
Biennial Change in Expenditures				455,979		(12,482)
Biennial % Change in Expenditures				39		(1)

Program: Refunds**Activity: Renters Property Tax Refund**<http://www.revenue.state.mn.us/>**AT A GLANCE**

For refunds based on taxes paid in 2022:

- Approximately 311,000 renters received refunds
- The average refund was \$731

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.

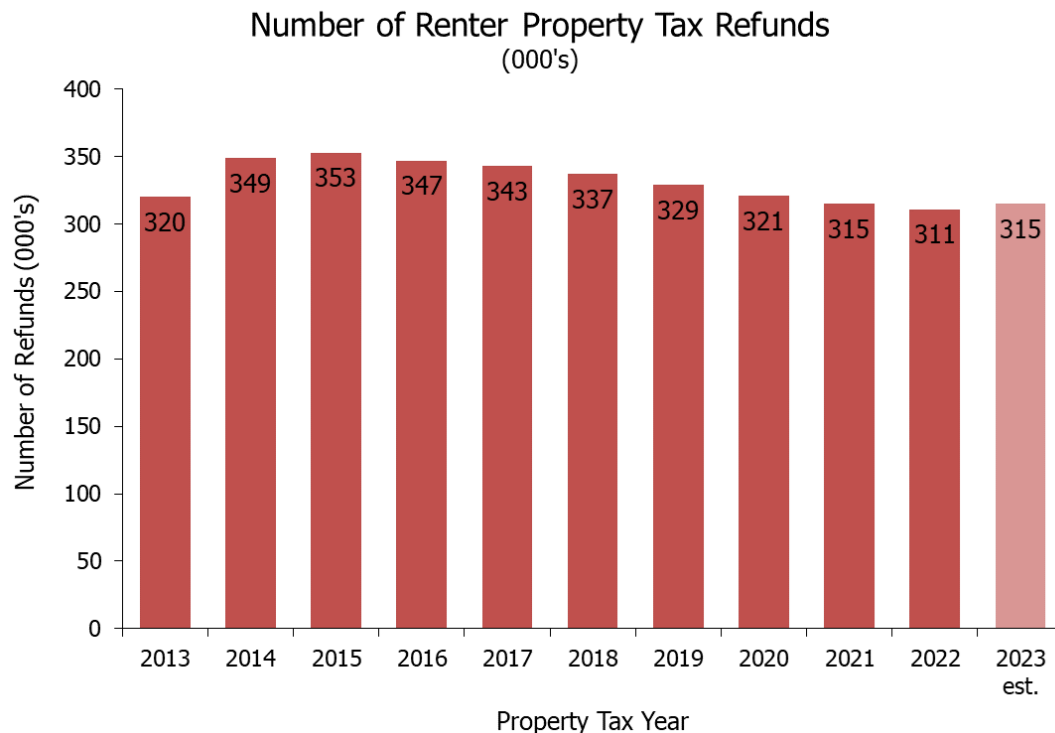
Funding source: State General Fund

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).

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Suits index - renter property taxes before PTR	Results	Tax Incidence Study	Since 2006, the Suits index for renter property taxes before PTR has ranged from -0.277 to -0.391.	-0.340 in 2021
Suits index - renter property taxes after PTR	Results	Tax Incidence Study	Since 2006, the Suits index for renter property taxes after PTR has ranged from -0.102 to -0.209.	-0.209 in 2021
Reduction in regressivity due to PTR	Results	Tax Incidence Study	Since 2006, the reduction in regressivity due to the PTR has ranged from 39% to 65%.	39% in 2021

Performance Measurement Notes

The Suits index data is from the most recently available 2024 Tax Incidence Study based on calendar year 2021 property taxes and refunds.

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.

A 2023 law change converted the renters property tax refund to an income tax credit.

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

M.S. 290A.04 Subd. 2a (www.revisor.mn.gov/statutes/cite/290A.04) establishes the Renter’s Property Tax Refund program.

Renters Property Tax Refund

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27
<u>Expenditures by Fund</u>					
1000 - General	220,814	226,453	303,528	276,000	
Total	220,814	226,453	303,528	276,000	
Biennial Change				132,261	(579,528)
Biennial % Change				30	(100)
<u>Expenditures by Category</u>					
Operating Expenses	74	67	110	113	
Grants, Aids and Subsidies	220,666	226,270	303,296	275,788	
Other Financial Transaction	74	116	123	99	
Total	220,814	226,453	303,528	276,000	

Renters Property Tax Refund

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Open Appropriation	220,814	226,453	303,528	276,000	0	0
Expenditures	220,814	226,453	303,528	276,000		
Biennial Change in Expenditures				132,261	(579,528)	
Biennial % Change in Expenditures				30	(100)	

Program: Refunds

Activity: Special Property Tax Refund

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

AT A GLANCE

In 2023:

- Approximately 257,000 homeowners received a special refund
- The average refund was \$184

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.

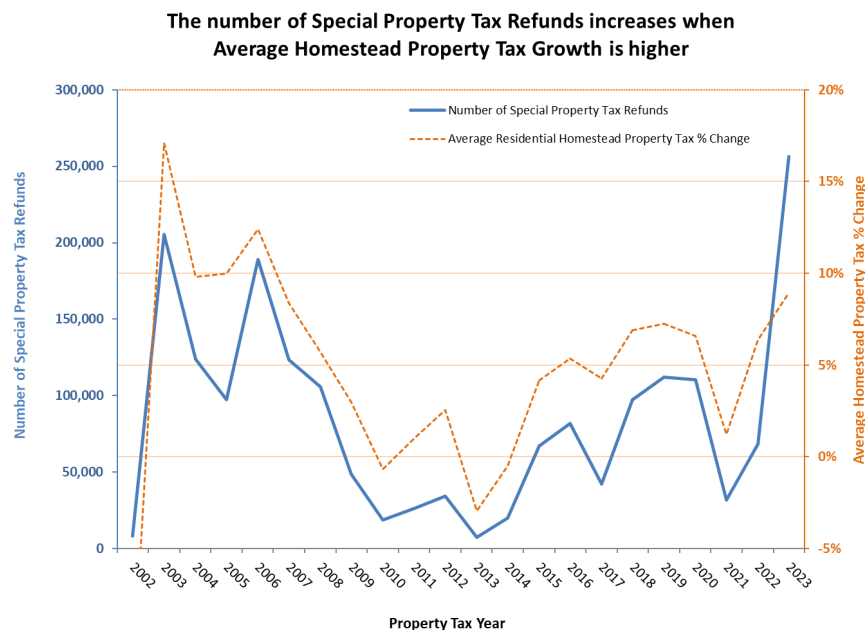
Funding source: State General Fund

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. For 2023 only, the one-year increase to qualify for the refund was lowered to 6% and the maximum refund was increased to \$2,500.

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.



Measure name	Measure type	Measure data source	Historical trend	Most recent data
Annual special refunds processed	Quantity	Actual special refunds processed	Since 2010, the average annual number of special refunds processed is 70,000.	257,000 in 2023
Average special refund	Quantity	Actual special refunds processed	Since 2010, the average refund has ranged from \$84 to \$184.	\$184 in 2023

Performance Measurement Notes:

Measures are in taxes payable years.

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

M.S. 290A.04 Subd. 2h (www.revisor.mn.gov/statutes/cite/290A.04) establishes the Special Property Tax program.

Special Property Tax Refund

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General	3,148	7,072	47,092	12,560	7,200	5,100
Total	3,148	7,072	47,092	12,560	7,200	5,100
Biennial Change				49,431		(47,352)
Biennial % Change				484		(79)

Expenditures by Category

Grants, Aids and Subsidies	3,146	7,070	47,064	12,541	7,181	5,081
Other Financial Transaction	2	2	27	19	19	19
Total	3,148	7,072	47,092	12,560	7,200	5,100

Special Property Tax Refund

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Open Appropriation	3,148	7,072	47,092	12,560	7,200	5,100
Expenditures	3,148	7,072	47,092	12,560	7,200	5,100
Biennial Change in Expenditures				49,431		(47,352)
Biennial % Change in Expenditures				484		(79)

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

In 2023:

- 3,070 landowners received an incentive payment
- The average incentive payment was \$4,708

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.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Total acreage	Quantity	Sustainable Forest Incentive Act payment data	Since 2014, when 938,000 acres were enrolled, the total acreage in the program has been increasing.	1.11 million in 2023

Performance Measurement Notes:

Measures are in payment years.

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

M.S. 290C (www.revisor.mn.gov/statutes/cite/290C) establishes the Sustainable Forest Incentive.

Sustainable Forest Incentive Payments

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General	13,120	13,643	14,462	15,380	16,640	17,480
Total	13,120	13,643	14,462	15,380	16,640	17,480
Biennial Change				3,078		4,278
Biennial % Change				12		14

Expenditures by Category

Grants, Aids and Subsidies	13,119	13,643	14,462	15,375	16,635	17,475
Other Financial Transaction	1	0		5	5	5
Total	13,120	13,643	14,462	15,380	16,640	17,480

Sustainable Forest Incentive Payments

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Open Appropriation	13,120	13,643	14,462	15,380	16,640	17,480
Expenditures	13,120	13,643	14,462	15,380	16,640	17,480
Biennial Change in Expenditures				3,078		4,278
Biennial % Change in Expenditures				12		14

Program: Local Aids

Activity: Local Government Aid (City Aid)

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

AT A GLANCE

In 2024:

- 761 cities out of 855 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.

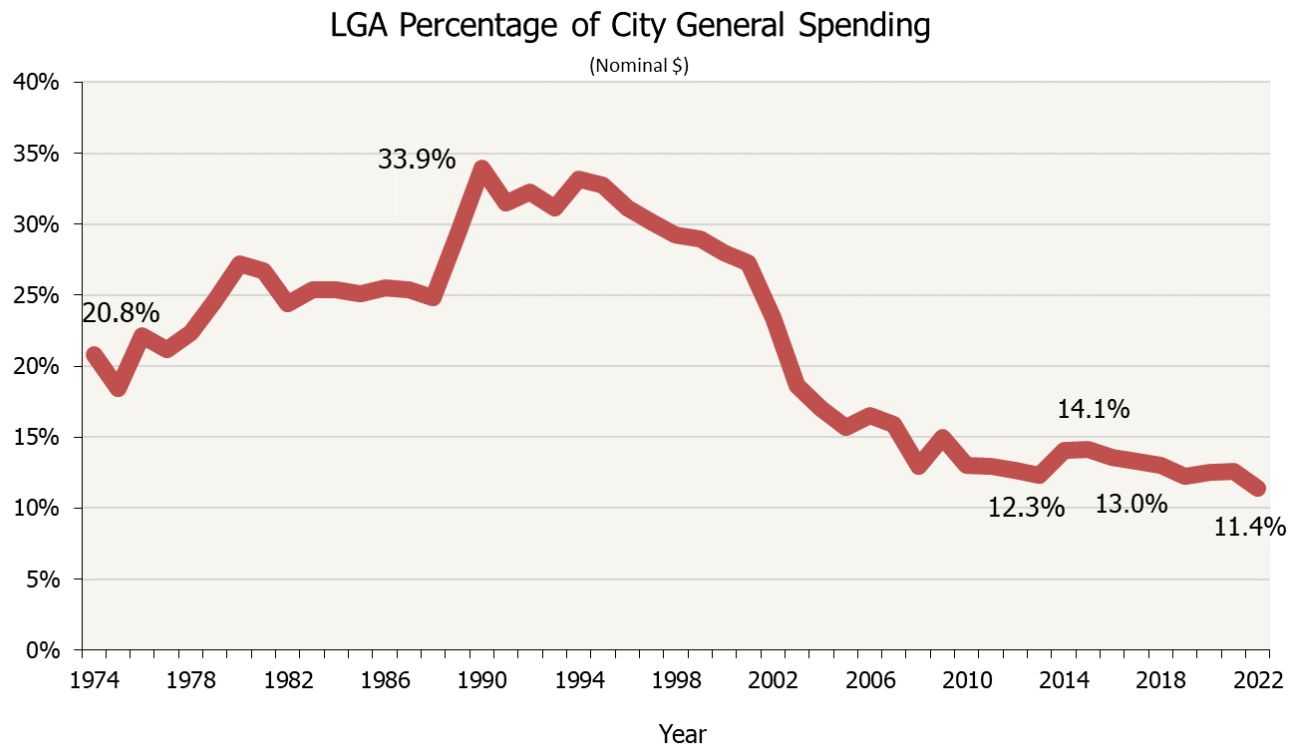
The LGA formula has changed many times since it started in 1971. The current formula measures a city's need by comparing factors like its population and age of housing to its ability to pay (based on local property values).

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.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Percentage of cities receiving LGA	Quantity	LGA Certifications	The percentage of cities receiving LGA has ranged between 86% to 90% over the last 10 years.	89% in 2024
LGA percentage of city spending	Quantity	Office of the State Auditor city finance reports	The LGA percentage of city spending has declined in recent years. See chart below.	11.4% in 2022



Performance Measure Notes:

Percentage of cities receiving LGA is based on payable year 2024.

LGA percentage of city spending is based on State Auditor city finance reports for 2022 and computes LGA as a percentage of total current expenditures. The most recent auditor data available is for 2022.

A 2023 law change increased the LGA appropriation by \$80 million and modified the formula for aids payable 2024 and thereafter.

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

M.S. Chapter 477A (www.revisor.mn.gov/statutes/cite/477A) establishes the Local Government Aid program.

Local Government Aid (City Aid)

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General	564,247	569,904	564,102	704,984	583,812	644,398
Total	564,247	569,904	564,102	704,984	583,812	644,398
Biennial Change				134,934		(40,876)
Biennial % Change				12		(3)

Expenditures by Category

Grants, Aids and Subsidies	564,247	569,904	564,102	704,984	583,812	644,398
Total	564,247	569,904	564,102	704,984	583,812	644,398

Local Government Aid (City Aid)

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27	
1000 - General						
Direct Appropriation	564,398	564,398	564,398	704,984	583,812	644,398
Open Appropriation		5,516				
Cancellations	151	9	296			
Expenditures	564,247	569,904	564,102	704,984	583,812	644,398
Biennial Change in Expenditures				134,934		(40,876)
Biennial % Change in Expenditures				12		(3)

Program: Local Aids**Activity: County Program Aid**
<https://www.revenue.state.mn.us/>
AT A GLANCE

In 2024:

- 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:

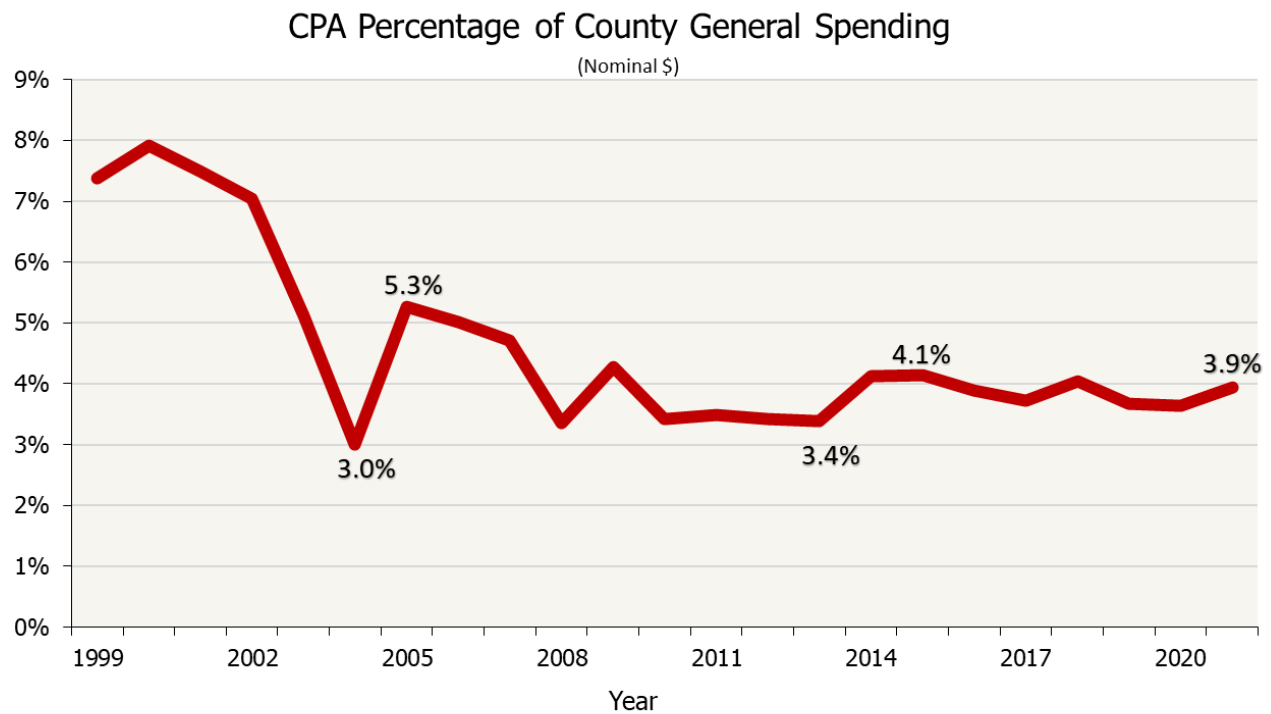
1. Need aid, based on a county's measure of crime rate, poverty, and population.
2. Tax base equalization aid, based on a county's population and property values.

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.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Percentage of counties receiving CPA – Need Aid	Quantity	CPA Certifications	The percentage of counties receiving need aid has always been 100%.	100% in 2024
Percentage of counties receiving CPA – Tax Base Equalization Aid	Quantity	CPA Certifications	The percentage of counties receiving tax base equalization aid has been as low as 69%. It has been 100% since a 2017 law change.	100% in 2024
CPA percentage of county spending	Quantity	Office of the State Auditor	CPA as a percentage of county spending has ranged from 3.4% to 4.1% over the last 10 years. See chart below.	3.9% in 2021



Performance Measure Notes:

Percentage of counties receiving aid is based on aids payable years.

CPA percentage of county spending is based on State Auditor county finance reports for 2021 and computes CPA as a percentage of total current expenditures. The most recent auditor data available is for 2021.

A 2023 law change increased the CPA appropriation by \$80 million for aids payable 2024 and thereafter.

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

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

M.S. Chapter 477A (www.revisor.mn.gov/statutes/cite/477A) establishes County Program Aid.

County Program Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General	263,971	264,012	264,374	344,154	340,982	340,962
Total	263,971	264,012	264,374	344,154	340,982	340,962
Biennial Change				80,545		73,416
Biennial % Change				15		12

Expenditures by Category

Grants, Aids and Subsidies	263,971	264,012	264,374	344,154	340,982	340,962
Total	263,971	264,012	264,374	344,154	340,982	340,962

County Program Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Direct Appropriation	264,685	264,726	265,088	344,868	341,696	341,676
Transfers Out	714	714	714	714	714	714
Expenditures	263,971	264,012	264,374	344,154	340,982	340,962
Biennial Change in Expenditures				80,545		73,416
Biennial % Change in Expenditures				15		12

Program: Local Aids

Activity: Disparity Reduction Aid

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

AT A GLANCE

In 2024:

- 13% of taxing areas received Disparity Reduction Aid
- The average aid payment was \$22,144

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.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of taxing areas receiving DRA	Quantity	PRISM data	The number of taxing areas receiving DRA has ranged from 803 to 1,004 over the last 10 years.	803 in 2024
Number of taxing areas with a tax rate above 90%	Quantity	PRISM data	The number of taxing areas with tax rates above 90% has ranged from 1,763 to 3,225 over the last 10 years	1,763 in 2024
Percentage of taxing areas with a tax rate above 90% that receive DRA	Quantity	PRISM data	The percentage of taxing areas with a tax rate above 90% receiving DRA has ranged from 31% to 46% over the last 10 years.	46% in 2024

Performance Measure Notes:

Measures are in taxes payable years.

PRISM stands for the Property Record Information System of Minnesota.

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 46% 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.

M.S. Chapter 273.1398 (www.revisor.mn.gov/statutes/cite/273.1398) establishes Disparity Reduction Aid.

Disparity Reduction Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General	18,118	18,159	17,775	17,355	17,327	17,327
Total	18,118	18,159	17,775	17,355	17,327	17,327
Biennial Change				(1,148)		(476)
Biennial % Change				(3)		(1)

Expenditures by Category

Grants, Aids and Subsidies	18,118	18,159	17,775	17,355	17,327	17,327
Total	18,118	18,159	17,775	17,355	17,327	17,327

Disparity Reduction Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27	
1000 - General						
Open Appropriation	18,118	18,159	17,775	17,355	17,327	17,327
Expenditures	18,118	18,159	17,775	17,355	17,327	17,327
Biennial Change in Expenditures				(1,148)		(476)
Biennial % Change in Expenditures				(3)		(1)

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

In 2024:

- 13 counties received Casino Aid
- The average aid payment was \$99,000

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.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of Counties Receiving Casino Aid	Quantity	Payment Certifications	The same 13 counties have received payments since 2020.	13 in 2024

Performance Measure Notes:

The average aid payment increased from \$91,000 in 2022 to \$99,000 in 2024.

M.S. Chapter 270C.19 (www.revisor.mn.gov/statutes/cite/270C.19) establishes Casino Aid.

Casino Aid to Counties

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General	1,171	1,304	1,287	1,307	1,307	1,317
Total	1,171	1,304	1,287	1,307	1,307	1,317
Biennial Change				119		30
Biennial % Change				5		1

Expenditures by Category

Grants, Aids and Subsidies	1,171	1,304	1,287	1,307	1,307	1,317
Total	1,171	1,304	1,287	1,307	1,307	1,317

Casino Aid to Counties

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Open Appropriation	1,171	1,304	1,287	1,307	1,307	1,317
Expenditures	1,171	1,304	1,287	1,307	1,307	1,317
Biennial Change in Expenditures				119		30
Biennial % Change in Expenditures				5		1

Program: Local Aids**Activity: State Taconite Aid**
<https://www.revenue.state.mn.us/>
AT A GLANCE

In 2024:

- 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.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Taconite Production as a Percentage of Base Year 2000 Production	Quantity	Mining Tax Guide	Taconite production as a percentage of base year 2000 production has ranged from 62% to 88%.	78% in 2023

Performance Measure Notes:

Base year 2000 production is for the calendar year.

The State Taconite Aid contribution accounted for 6.3% total Production Tax distributions in 2024.

M.S. Chapter 298.285 (www.revisor.mn.gov/statutes/cite/298.285) establishes State Taconite Aid.

State Taconite Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General	4,096	3,965	3,847	3,714	3,626	3,661
Total	4,096	3,965	3,847	3,714	3,626	3,661
Biennial Change				(500)		(274)
Biennial % Change				(6)		(4)

Expenditures by Category

Operating Expenses	4,096	3,965	3,847	3,714	3,626	3,661
Total	4,096	3,965	3,847	3,714	3,626	3,661

State Taconite Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Open Appropriation	7,783	7,578	7,571	7,591	7,503	7,538
Transfers Out	3,688	3,613	3,724	3,877	3,877	3,877
Expenditures	4,096	3,965	3,847	3,714	3,626	3,661
Biennial Change in Expenditures				(500)		(274)
Biennial % Change in Expenditures				(6)		(4)

Program: Local Aids**Activity: Payment in Lieu of Taxes (PILT)**
<https://www.revenue.state.mn.us/>
AT A GLANCE

In 2024:

- 8.6 million acres of natural resources land were enrolled in Payment in Lieu of Taxes (PILT) program
- All 87 counties received a PILT payment, with 23 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.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Acres of Natural Resources Land in PILT	Quantity	PILT Payment File	The number of acres in PILT has ranged from 8.41 million to 8.55 million over the last 10 years.	8.55 million in 2024

Performance Measure Notes:

Measures are in calendar years.

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

M.S. Chapter 477A.11-477A.145 (www.revisor.mn.gov/statutes/cite/477A.11) establishes Payment in Lieu of Taxes.

Payment in Lieu of Taxes (PILT)

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General	36,358	36,567	39,736	48,400	49,210	50,360
Total	36,358	36,567	39,736	48,400	49,210	50,360
Biennial Change				15,210		11,434
Biennial % Change				21		13

Expenditures by Category

Grants, Aids and Subsidies	36,358	36,567	39,736	48,400	49,210	50,360
Total	36,358	36,567	39,736	48,400	49,210	50,360

Payment in Lieu of Taxes (PILT)

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27	
1000 - General						
Transfers In	36,358	36,567	39,736	48,400	49,210	50,360
Expenditures	36,358	36,567	39,736	48,400	49,210	50,360
Biennial Change in Expenditures				15,210		11,434
Biennial % Change in Expenditures				21		13

Program: Local Aids**Activity: Township Aid**<https://www.revenue.state.mn.us/>**AT A GLANCE**

In 2024:

- 1,778 townships received Township Aid
- The average aid amount was \$5,227

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.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Aid percentage of township expenses	Quantity	Office of the State Auditor town finance reports	The aid percentage of township expenses varies from year to year but ranges from 3% to 4%.	3.0% in 2022

Performance Measurement Notes:

Aid percentage (of township expenses) is based on State Auditor township finance reports for 2022 and computes Township Aid as a percentage of total current expenditures. The most recent auditor data available is from 2022.

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

M.S. Chapter 477A (www.revisor.mn.gov/statutes/cite/477A) establishes the Township Aid program.

Township Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General	10,000	10,000	9,610	9,293	9,354	10,000
Total	10,000	10,000	9,610	9,293	9,354	10,000
Biennial Change				(1,097)		451
Biennial % Change				(5)		2

Expenditures by Category

Grants, Aids and Subsidies	10,000	10,000	9,610	9,293	9,354	10,000
Total	10,000	10,000	9,610	9,293	9,354	10,000

Township Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Direct Appropriation	10,000	10,000	9,612	9,293	9,354	10,000
Cancellations			2			
Expenditures	10,000	10,000	9,610	9,293	9,354	10,000
Biennial Change in Expenditures				(1,097)		451
Biennial % Change in Expenditures				(5)		2

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

In 2024:

- There were 1,100 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.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of infested waters	Result	Department of Natural Resources infested waters list	The number of infested waters is increasing, but more slowly than in the past. In 2014, when the aid began, there were 536 identified infested waters.	1,100 in 2024

Performance Measurement Notes:

Number of infested waters is based on data as of January 1, 2024.

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

M.S. 477A.19 (www.revisor.mn.gov/statutes/cite/477A.19) establishes the Aquatic Invasive Species Prevention Aid program.

Aquatic Invasive Species Prevention Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

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 FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27	
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

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

AT A GLANCE

In 2024:

- The state paid \$13.9 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. Until 2024, Small Cities Assistance did not have a standing appropriation and was not funded every year. The program has permanent funding beginning in 2024.

RESULTS

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

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of cities eligible for small cities assistance	Quantity	Aid certification	In 2019, the most recent year it was funded, 705 cities were eligible for small cities assistance.	700 in 2024
Amount of state aid paid in small cities assistance	Quantity	Payment files	Small cities assistance has not been funded every year. The most recent year it was funded was 2019 with \$18 million.	\$13.9 million in 2024

Performance Measure Notes:

Measures are in aids payable years.

M.S. 162.145 (www.revisor.mn.gov/statutes/cite/162.145) establishes the Small Cities Assistance program.

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

2001 - Other Misc Special Revenue	17,962			28,253	17,518	22,434
Total	17,962			28,253	17,518	22,434
Biennial Change				10,291		11,699
Biennial % Change						

Expenditures by Category

Grants, Aids and Subsidies	17,962			28,253	17,518	22,434
Total	17,962			28,253	17,518	22,434

Small Cities Assistance

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
2001 - Other Misc Special Revenue						
Balance Forward In	45	84	84	3,123		
Transfers In	18,000		3,039	25,130	17,518	22,434
Balance Forward Out	84	84	3,123			
Expenditures	17,962			28,253	17,518	22,434
Biennial Change in Expenditures				10,291		11,699
Biennial % Change in Expenditures						

Program: Local Aids

Activity: Riparian Protection Aid

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

AT A GLANCE

In 2024:

- 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.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Watershed Districts receiving aid	Quantity	Aid Certification	The number of watershed districts receiving aid has been 14 since the aid began.	14 in 2024
Counties receiving aid	Quantity	Aid Certification	The number of counties receiving aid has ranged from 72 to 75 since the aid began.	75 in 2024

Performance Measure Notes:

Measures are in aids payable years.

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

M.S. Chapter 477A.21 (www.revisor.mn.gov/statutes/cite/477A.21) establishes Riparian Protection Aid.

Riparian Protection Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General	7,255	7,256	7,255	7,256	7,255	7,255
Total	7,255	7,256	7,255	7,256	7,255	7,255
Biennial Change				1		(1)
Biennial % Change				0		(0)

Expenditures by Category

Grants, Aids and Subsidies	7,255	7,256	7,255	7,256	7,255	7,255
Total	7,255	7,256	7,255	7,256	7,255	7,255

Riparian Protection Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Direct Appropriation	8,000	8,000	8,000	8,000	8,000	8,000
Transfers Out	745	744	745	744	745	745
Expenditures	7,255	7,256	7,255	7,256	7,255	7,255
Biennial Change in Expenditures				1		(1)
Biennial % Change in Expenditures				0		(0)

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

In 2024:

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

PURPOSE AND CONTEXT

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

Funding source: State General Fund

SERVICES PROVIDED

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

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

RESULTS

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

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Aid percentage of county expenses on ICWA foster care	Quantity	ICWA foster care expense data from the Department of Human Services	The aid percentage of county expenses was lowest in 2021 (20%) and highest in 2024.	26% in 2024

Performance Measurement Notes:

Aid percentage (of county expenses on ICWA foster care) is based on payable year 2024. This aid was first available in 2018.

County expenses on ICWA foster care are based on expenditures reported to the Department of Human Services.

If a county is out of compliance with the Indian Child Welfare Act or the Minnesota Indian Family Preservation Act for two consecutive years, the county's aid amount is reduced by 50 percent. This first impacted aid amounts for aids payable in 2021.

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

M.S. 477A.0126 (www.revisor.mn.gov/statutes/cite/477A.0126) establishes the Reimbursement for Certain Out-of-Home Placements program.

Indian Family Out-of-Home Placement Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General	4,337	4,054	5,000	5,000	5,000	5,000
Total	4,337	4,054	5,000	5,000	5,000	5,000
Biennial Change				1,609		0
Biennial % Change				19		0

Expenditures by Category

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

Indian Family Out-of-Home Placement Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Direct Appropriation	4,337	4,054	5,000	5,000	5,000	5,000
Expenditures	4,337	4,054	5,000	5,000	5,000	5,000
Biennial Change in Expenditures				1,609		0
Biennial % Change in Expenditures				19		0

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

Between 2022 and 2024:

- On average 8,790 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.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Three-year average of students experiencing homelessness	Quantity	Minnesota Department of Education Student Data	The three-year average of students experiencing homelessness has ranged from 7,501 to 8,790 since 2021.	8,790 in 2022-2024

Performance Measure Notes:

Measures reflect a three-year average using calendar years.

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

M.S. Chapter 477A.30 (www.revisor.mn.gov/statutes/cite/477A.30) establishes Homeless Prevention Aid.

Local Homeless Prevention Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

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

Expenditures by Category

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

Local Homeless Prevention Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Direct Appropriation			20,000	20,000	20,000	20,000
Expenditures			20,000	20,000	20,000	20,000
Biennial Change in Expenditures				40,000		0
Biennial % Change in Expenditures						0

Program: Local Aids**Activity: Soil and Water Conservation District Aid**
<https://www.revenue.state.mn.us/>
AT A GLANCE

In 2024:

- There were 91,042 miles of public water

PURPOSE AND CONTEXT

Soil and water conservation districts' goals are to conserve soil, water, and related natural resources on private land. Soil and Water Conservation District Aid helps fund soil and water conservation districts.

Funding source: State General Fund

SERVICES PROVIDED

Soil and Water Conservation District Aid, created in 2023, provides aid to soil and water conservation districts in Minnesota.

The aid is distributed to soil and water conservation districts in three ways:

- 80% is distributed equally among districts
- 10% is distributed proportionally based on nonpublic land
- 10% is distributed proportionally based on transformed population.

RESULTS

Soil and Water Conservation District Aid provides funds to administer water district operations.

<i>Measure name</i>	<i>Measure type</i>	<i>Measure data source</i>	<i>Historical trend</i>	<i>Most recent data</i>
Number of public water miles	Quantity	Minnesota Board of Water and Soil Resources	This aid began in 2023.	91,042 in 2024

Performance Measure Notes:

Measures are in calendar years.

M.S. Chapter 477A.23 (www.revisor.mn.gov/statutes/cite/477A.23) establishes Soil and Water Conservation District Aid.

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General			15,000	15,000	12,000	12,000
Total			15,000	15,000	12,000	12,000
Biennial Change				30,000		(6,000)
Biennial % Change						(20)

Expenditures by Category

Grants, Aids and Subsidies			15,000	15,000	12,000	12,000
Total			15,000	15,000	12,000	12,000

Soil And Water Conservation District Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Direct Appropriation			15,000	15,000	12,000	12,000
Expenditures			15,000	15,000	12,000	12,000
Biennial Change in Expenditures				30,000		(6,000)
Biennial % Change in Expenditures						(20)

Program: Local Aids**Activity: Electric Generation Transition Aid**
<https://www.revenue.state.mn.us/>
AT A GLANCE

In 2024:

- 6 jurisdictions receive Electric Generation Transition Aid

PURPOSE AND CONTEXT

Electric generating plant retirements reduce the amount of tax base available to local governments, leading to financial strain. Electric Generation Transition Aid provides temporary aid to local governments that lose tax base due to a plant closure.

Funding source: State General Fund

SERVICES PROVIDED

Electric Generation Transition Aid was first paid in 2024 to counties, cities, townships, and school districts with tax base reductions from electric generating plant retirements. The aid will continue for a maximum of 20 years, reduced 5% each year, or until a jurisdiction returns to previous assessment levels.

RESULTS

Local tax rates in jurisdictions receiving aid are lower than they would be without the aid.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of jurisdictions receiving aid	Quantity	Aid Certification	This aid began in 2024.	6 in 2024

Performance Measure Notes:

Measures are in aids payable years.

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

M.S. Chapter 477A.24 (www.revisor.mn.gov/statutes/cite/477A.24) establishes Electric Generation Transition Aid.

Electric Generation Transition Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General				2,125	2,133	1,119
Total				2,125	2,133	1,119
Biennial Change				2,125		1,127
Biennial % Change						

Expenditures by Category

Grants, Aids and Subsidies				2,125	2,133	1,119
Total				2,125	2,133	1,119

Electric Generation Transition Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Open Appropriation				2,125	2,133	1,119
Expenditures				2,125	2,133	1,119
Biennial Change in Expenditures				2,125		1,127
Biennial % Change in Expenditures						

Program: Local Aids**Activity: Statewide Local Housing Aid**
<https://www.revenue.state.mn.us/>
AT A GLANCE

In 2022:

- There were 573,323 cost-burdened households in Minnesota
- 26% of all households in Minnesota were cost-burdened

PURPOSE AND CONTEXT

Housing costs can be a challenge for families in Minnesota. Statewide Local Housing Aid helps counties, cities, and Tribal nations develop and preserve affordable housing to keep families from losing housing and to help those experiencing homelessness find housing.

Funding source: State General Fund

SERVICES PROVIDED

Statewide Local Housing Aid was first paid in 2023 to counties, non-metro cities with populations above 10,000, and Tribal nations.

Aid for counties is distributed two ways: 52.2% is distributed equally among counties and 47.8% is distributed proportionally based on the number of cost-burdened households. Aid for cities is distributed proportionally based on the number of cost-burdened households. Aid for Tribal nations is equally distributed.

RESULTS

Statewide Local Housing Aid helps local governments develop and preserve affordable housing.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of cost-burdened households in Minnesota	Quantity	Census Data	This aid began in 2023.	573,323 in 2022
Percentage of cost-burdened households in Minnesota	Quantity	Census Data	This aid began in 2023.	26% in 2022

Performance Measure Notes:

Measures are in calendar years.

A cost-burdened household is one that spends more than 30% of their income on gross rent or homeownership costs.

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

M.S. Chapter 477A.36 (www.revisor.mn.gov/statutes/cite/477A.36) establishes Statewide Local Housing Aid.

Statewide Local Housing Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General			20,250	20,250	10,000	10,000
Total			20,250	20,250	10,000	10,000
Biennial Change				40,500		(20,500)
Biennial % Change						(51)

Expenditures by Category

Grants, Aids and Subsidies			20,250	20,250	10,000	10,000
Total			20,250	20,250	10,000	10,000

Statewide Local Housing Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Direct Appropriation			22,500	22,500	10,000	10,000
Transfers Out			2,250	2,250		
Expenditures			20,250	20,250	10,000	10,000
Biennial Change in Expenditures				40,500		(20,500)
Biennial % Change in Expenditures						(51)

Program: Local Aids

Activity: Tribal Nation Aid

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

AT A GLANCE

In 2024:

- 10 Tribal nations received Tribal Nation Aid

PURPOSE AND CONTEXT

Tribal nations across the state have varying service needs and revenue sources. Tribal Nation Aid payments provide general support for services in their communities.

Funding source: State General Fund

SERVICES PROVIDED

Tribal Nation Aid was first paid in 2024 to 10 of the 11 federally recognized Indian Tribes. Aid is paid to Tribal nations choosing to receive aid.

Half of the aid is distributed equally among Tribal nations. The other half is distributed proportionally based on enrolled members.

RESULTS

Tribal nations across the state are more able to provide services for their communities.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of tribes receiving aid	Quantity	Aid Certification	This aid began in 2024.	10 in 2024

Performance Measure Notes:

Measures are in aids payable years.

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

M.S. Chapter 477A.40 (www.revisor.mn.gov/statutes/cite/477A.40) establishes Tribal Nation Aid.

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
<u>Expenditures by Fund</u>						
1000 - General				35,000	35,000	35,000
Total				35,000	35,000	35,000
Biennial Change				35,000		35,000
Biennial % Change						
<u>Expenditures by Category</u>						
Grants, Aids and Subsidies				35,000	35,000	35,000
Total				35,000	35,000	35,000

Tribal Nation Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Direct Appropriation				35,000	35,000	35,000
Expenditures				35,000	35,000	35,000
Biennial Change in Expenditures				35,000		35,000
Biennial % Change in Expenditures						

Program: Local Aids**Activity: Local Government Cannabis Aid**<https://www.revenue.state.mn.us/>**AT A GLANCE**

In 2024:

- There were no licensed cannabis businesses in the state

PURPOSE AND CONTEXT

Legalized adult-use cannabis can create additional costs for local governments. Local Government Cannabis Aid helps counties and cities cover regulatory and law enforcement costs associated with legalized cannabis.

Funding source: Local Government Cannabis Aid Account, with revenue from a gross receipts tax on cannabis products.

SERVICES PROVIDED

Local Government Cannabis Aid was first paid in 2024 to counties and cities.

Aid for counties is distributed two ways: 20% is distributed equally and 80% is distributed proportionally based on the number of licensed cannabis businesses. Aid for cities is distributed proportionally based on the number of licensed cannabis businesses.

RESULTS

Local governments are better able to cover costs associated with legalized adult-use cannabis.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of licensed cannabis businesses	Quantity	Aid Certification	Licensed cannabis businesses have not yet opened.	0 in 2024

Performance Measure Notes:

Measures are in aids payable years.

M.S. Chapter 477A.32 (www.revisor.mn.gov/statutes/cite/477A.32) establishes Local Government Cannabis Aid.

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

2000 - Restrict Misc Special Revenue				184	310	13,100
Total				184	310	13,100
Biennial Change				184		13,226
Biennial % Change						

Expenditures by Category

Grants, Aids and Subsidies				184	310	13,100
Total				184	310	13,100

Local Cannabis Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
2000 - Restrict Misc Special Revenue						
Balance Forward In				2,326	5,242	13,632
Receipts			2,326	3,100	8,700	14,100
Balance Forward Out			2,326	5,242	13,632	14,632
Expenditures				184	310	13,100
Biennial Change in Expenditures				184		13,226
Biennial % Change in Expenditures						

Program: Local Aids**Activity: Local Affordable Housing Aid**<https://www.revenue.state.mn.us/>**AT A GLANCE**

In 2022:

- There were 332,554 cost-burdened households in the seven-county metropolitan area
- 27% of all households in the seven-county metropolitan area were cost-burdened

PURPOSE AND CONTEXT

Housing costs can be a challenge for families in Minnesota. Local Affordable Housing Aid helps counties and cities in the seven-county metropolitan area develop and preserve affordable housing to keep families from losing housing and to help those experiencing homelessness find housing.

Funding source: Housing Assistance Fund, with dedicated revenues from a new metropolitan sales tax.

SERVICES PROVIDED

Local Affordable Housing Aid was first paid in 2024 to metropolitan counties and cities with populations above 10,000.

Aid for counties is distributed in two ways: 21% is distributed equally among counties and 79% is distributed proportionally based on the number of cost-burdened households. Aid for cities is distributed proportionally based on the number of cost-burdened households.

RESULTS

Local Affordable Housing Aid helps local governments develop and preserve affordable housing.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of cost-burdened households in the metro area	Quantity	Census Data	This aid began in 2024.	332,554 in 2022
Percentage of cost-burdened of households in the metro area	Quantity	Census Data	This aid began in 2024.	27% in 2022

Performance Measure Notes:

Measures are in calendar years.

A cost-burdened household is one that spends more than 30% of their income on gross rent or homeownership costs.

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

M.S. Chapter 477A.35 (www.revisor.mn.gov/statutes/cite/477A.35) establishes Local Affordable Housing Aid.

Local Affordable Housing Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

2310 - Housing Assistance				48,314	127,300	127,300
Total				48,314	127,300	127,300
Biennial Change				48,314		206,286
Biennial % Change						

Expenditures by Category

Grants, Aids and Subsidies				48,314	127,300	127,300
Total				48,314	127,300	127,300

Local Affordable Housing Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
2310 - Housing Assistance						
Balance Forward In				79,856	157,242	160,442
Receipts			79,856	125,700	130,500	135,225
Balance Forward Out			79,856	157,242	160,442	168,367
Expenditures				48,314	127,300	127,300
Biennial Change in Expenditures				48,314		206,286
Biennial % Change in Expenditures						

Program: Local Aids**Activity: Class 4d Transition Aid**<https://www.revenue.state.mn.us/>**AT A GLANCE**

In 2025:

- 33 cities will receive Class 4d Transition Aid

PURPOSE AND CONTEXT

Property tax law changes reduce the amount of tax base available to local governments, leading to financial strain. Class 4d Transition Aid provides temporary aid to cities that lost tax base due to a change in the law for low-income rental housing.

Funding source: State General Fund.

SERVICES PROVIDED

Class 4d Transition Aid will first be paid in 2025 to cities with tax base reductions greater than 2% due to a 2023 law change. The aid will be paid for two years.

RESULTS

Local tax rates in cities receiving aid are lower than they would be without the aid.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of cities receiving aid	Quantity	Aid Certification	This aid begins in 2025.	33 in 2025

Performance Measure Notes:

Measures are in aids payable years.

M.S. Laws 2023 Chapter 64, Article 5, section 32 (www.revisor.mn.gov/laws/2023/0/Session+Law/Chapter/64) establishes Class 4d Transition Aid.

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General					789	789
Total					789	789
Biennial Change				0		1,578
Biennial % Change						

Expenditures by Category

Grants, Aids and Subsidies					789	789
Total					789	789

Class 4d Transition Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Open Appropriation					789	789
Expenditures					789	789
Biennial Change in Expenditures				0		1,578
Biennial % Change in Expenditures						

Program: Local Aids**Activity: Emergency Ambulance Service Aid**<https://www.revenue.state.mn.us/>**AT A GLANCE**

In 2024:

- 178 ambulance service providers will receive Emergency Ambulance Service Aid

PURPOSE AND CONTEXT

Ambulance service providers respond to calls for emergency medical services. Emergency Ambulance Service Aid helps ambulance service providers fund capital and operational expenses.

Funding source: State General Fund

SERVICES PROVIDED

Emergency Ambulance Service Aid will be paid to ambulance service providers in 2024. The amount of aid providers receive is dependent on their location, number of responses, and the density of their service area. This is a one-time aid.

RESULTS

Ambulance service providers across the state are better able to deliver emergency medical services.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of ambulance service providers receiving aid	Quantity	Aid Certification	This aid begins in 2024.	178 in 2024

Performance Measure Notes:

Measures are in aids payable years.

Minnesota Laws 2024 Chapter 122, Article 4, section 1

(www.revisor.mn.gov/laws/2024/0/Session+Law/Chapter/122) establishes Emergency Ambulance Service Aid.

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27	
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Expenditures by Fund

1000 - General				23,940		
Total				23,940		
Biennial Change				23,940		(23,940)
Biennial % Change						

Expenditures by Category

Grants, Aids and Subsidies				23,940		
Total				23,940		

Emergency Ambulance Serv Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Direct Appropriation				23,940	0	0
Expenditures				23,940		
Biennial Change in Expenditures				23,940		(23,940)
Biennial % Change in Expenditures						

Program: Credits

Activity: Agricultural Homestead Market Value Credit

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

AT A GLANCE

In 2023:

- 90,000 farm homesteads received the credit
- The average market value agricultural land credit amount was \$411

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.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Average market value agricultural credit amount	Quantity	PRISM data	The average credit has ranged from \$401 to \$433 over the last 10 years.	\$411 in 2023
Effective tax rate without credit	Quantity	PRISM data	The effective tax rate without the credit has ranged from 0.37% to 0.42% in the last 10 years.	0.37% in 2023
Effective tax rate with credit	Quantity	PRISM data	The credit consistently lowers the effective tax rate by 0.04%-0.05%. The effective tax rate with the credit has ranged from 0.33% to 0.38% in the last 10 years.	0.33% in 2023

Performance Measurement Notes:

Measures are in taxes payable years.

PRISM stands for the Property Record Information System of Minnesota.

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 1.25% for taxes payable 2023.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “agricultural homestead market value credit.”

M.S. 273.1384 (www.revisor.mn.gov/statutes/cite/273.1384) establishes the Agricultural Homestead Market Value Credit.

Agricultural Homestead Market Value Credit

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General	36,140	36,386	36,987	37,327	35,980	35,952
Total	36,140	36,386	36,987	37,327	35,980	35,952
Biennial Change				1,788		(2,382)
Biennial % Change				2		(3)

Expenditures by Category

Grants, Aids and Subsidies	36,140	36,386	36,987	37,327	35,980	35,952
Total	36,140	36,386	36,987	37,327	35,980	35,952

Agricultural Homestead Market Value Credit

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Open Appropriation	36,140	36,386	36,987	37,327	35,980	35,952
Expenditures	36,140	36,386	36,987	37,327	35,980	35,952
Biennial Change in Expenditures				1,788		(2,382)
Biennial % Change in Expenditures				2		(3)

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

In 2023:

- Prior year credit adjustments were 0.21% 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.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Adjustment amounts	Quantity	PRISM data	Adjustment amounts have ranged from \$10,000 to \$321,000 over the last 10 years.	\$321,000 in 2023
Prior year credit adjustments percentage of total credits	Quantity	PRISM data	Adjustments as a share of total credits has ranged from 0.01% to 0.43% over the last 10 years.	0.21% in 2023

Performance Measurement Notes:

Measures are in taxes payable years.

PRISM stands for the Property Record Information System of Minnesota.

Prior Year Credit Adjustments are established by:

M.S. Chapter 273.119 (www.revisor.mn.gov/statutes/cite/273.119),
M.S. Chapter 273.1234 (www.revisor.mn.gov/statutes/cite/273.1234),
M.S. Chapter 273.1235 (www.revisor.mn.gov/statutes/cite/273.1235),
M.S. Chapter 273.1384 (www.revisor.mn.gov/statutes/cite/273.1384),
M.S. Chapter 273.1387 (www.revisor.mn.gov/statutes/cite/273.1387), and
M.S. Chapter 273.1398 (www.revisor.mn.gov/statutes/cite/273.1398)

Prior Year Credit Adjustment

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26	FY27
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Expenditures by Fund

1000 - General	96	56	213	526	53	
Total	96	56	213	526	53	
Biennial Change				588		(686)
Biennial % Change				389		(93)

Expenditures by Category

Grants, Aids and Subsidies	96	56	213	526	53	
Total	96	56	213	526	53	

Prior Year Credit Adjustment

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Open Appropriation	96	56	213	526	53	0
Expenditures	96	56	213	526	53	
Biennial Change in Expenditures				588		(686)
Biennial % Change in Expenditures				389		(93)

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

In 2023:

- The average property tax decrease due to the Border City Disparity Reduction Credit was \$6,423
- Approximately 2,100 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.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Average property tax reduction due to credit	Quantity	PRISM data	The average credit has ranged from \$5,789 to \$6,998 over the last 10 years.	\$6,423 in 2023

Performance Measurement Notes:

Measures are in taxes payable years.

PRISM stands for the Property Record Information System of Minnesota.

M.S. 273.1398 (www.revisor.mn.gov/statutes/cite/273.1398) establishes the Disparity Reduction Credit.

Border City Disparity Reduction Credit

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General	14,084	14,516	13,295	12,579	13,762	13,788
Total	14,084	14,516	13,295	12,579	13,762	13,788
Biennial Change				(2,726)		1,676
Biennial % Change				(10)		6

Expenditures by Category

Grants, Aids and Subsidies	14,084	14,516	13,295	12,579	13,762	13,788
Total	14,084	14,516	13,295	12,579	13,762	13,788

Border City Disparity Reduction Credit

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Open Appropriation	14,084	14,516	13,295	12,579	13,762	13,788
Expenditures	14,084	14,516	13,295	12,579	13,762	13,788
Biennial Change in Expenditures				(2,726)		1,676
Biennial % Change in Expenditures				(10)		6

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

In 2023:

- The average property tax decrease from the Supplemental Taconite Homestead Credit was \$278
- Approximately 20,000 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.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Average property tax reduction due to credit	Quantity	PRISM data	The average credit has ranged from \$260 to \$285 over the last 10 years.	\$278 in 2023

Performance Measurement Notes:

Measures are in taxes payable years.

PRISM stands for the Property Record Information System of Minnesota.

90% of eligible homesteads received maximum credit amount.

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

The ETR for homesteads receiving the Supplemental Taconite Homestead Credit was 0.74% for taxes payable in 2023. Without the credit, the ETR for those homesteads would have been 0.84%. The average ETR for homesteads statewide was 1.13% for taxes payable in 2023.

M.S. 273.1391 (www.revisor.mn.gov/statutes/cite/273.1391) establishes the Supplemental Taconite Homestead Credit.

Supplemental Taconite Homestead Credit

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General	5,408	5,464	5,477	5,484	5,539	5,594
Total	5,408	5,464	5,477	5,484	5,539	5,594
Biennial Change				90		172
Biennial % Change				1		2

Expenditures by Category

Grants, Aids and Subsidies	5,408	5,464	5,477	5,484	5,539	5,594
Total	5,408	5,464	5,477	5,484	5,539	5,594

Supplemental Taconite Homestead Credit

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Open Appropriation	5,408	5,464	5,477	5,484	5,539	5,594
Expenditures	5,408	5,464	5,477	5,484	5,539	5,594
Biennial Change in Expenditures				90		172
Biennial % Change in Expenditures				1		2

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

In 2023:

- 2,967 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.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Total acreage	Quantity	PRISM data	Since 2015, when 209,000 acres were enrolled, the total acreage in the program has been decreasing.	193,000 in 2023
Average credit	Quantity	PRISM data	The average credit amount has ranged from \$107 in 2006 to \$318 in 2016.	\$114 in 2023

Performance Measurement Notes:

Total acreage and average credit are based on payable year 2023.

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

M.S. 473H.10 (www.revisor.mn.gov/statutes/cite/473H.10) establishes the Agricultural Preservation Credit.

Agricultural Preservation Credit

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
<u>Expenditures by Fund</u>						
1000 - General	53				150	150
2000 - Restrict Misc Special Revenue	196	215	218	290	140	140
2001 - Other Misc Special Revenue	90	80	109	119	120	120
Total	339	296	327	409	410	410
Biennial Change				102		84
Biennial % Change				16		11
<u>Expenditures by Category</u>						
Grants, Aids and Subsidies	339	296	327	409	410	410
Total	339	296	327	409	410	410

Agricultural Preservation Credit

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Open Appropriation	53				204	210
Transfers Out					54	60
Expenditures	53				150	150
Biennial Change in Expenditures				(53)		300
Biennial % Change in Expenditures						

2000 - Restrict Misc Special Revenue

Balance Forward In	588	723	640	503	602	904
Receipts	420	213	190	508	508	508
Transfers Out	90	80	109	119	66	60
Balance Forward Out	723	640	503	602	904	1,212
Expenditures	196	215	218	290	140	140
Biennial Change in Expenditures				97		(228)
Biennial % Change in Expenditures				24		(45)

2001 - Other Misc Special Revenue

Balance Forward In	26	26	26	26	26	26
Transfers In	90	80	109	119	120	120
Balance Forward Out	26	26	26	26	26	26
Expenditures	90	80	109	119	120	120
Biennial Change in Expenditures				58		12
Biennial % Change in Expenditures				34		5

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

In 2023:

- The credit paid for 7.3% of school debt service levies statewide
- Approximately 542,000 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 2018, the first year of the credit, 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's percentage of the property's net tax capacity multiplied by the school debt tax rate has increased since the credit began. The percentage was 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.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
School capital referendum passage rate - statewide	Results	Election results from Minnesota Secretary of State	The school capital referendum passage rate has ranged from 50.0% to 94.4% since the credit began in 2018.	53.1% in 2023

Measure name	Measure type	Measure data source	Historical trend	Most recent data
School capital referendum passage rate – non-metro	Results	Election results from Minnesota Secretary of State	The non-metro school capital referendum passage rate has ranged from 43.6% to 64.6% since the credit began in 2018.	43.6% in 2023
Share of school debt service levies paid for by credit	Quantity	PRISM data and school levies	The share of school debt service levies paid for by the credit has increased each year. The share was 3.9% when the credit began in 2018.	7.3% in 2023

Performance Measurement Notes:

Measures are in taxes payable years.

PRISM stands for the Property Record Information System of Minnesota.

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

M.S. 273.1387 (www.revisor.mn.gov/statutes/cite/273.1387) establishes the School Building Bond Agricultural Credit.

School Building Bond Agricultural Credit

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General	62,182	70,047	85,982	106,838	118,813	126,922
Total	62,182	70,047	85,982	106,838	118,813	126,922
Biennial Change				60,591		52,915
Biennial % Change				46		27

Expenditures by Category

Grants, Aids and Subsidies	62,182	70,047	85,982	106,838	118,813	126,922
Total	62,182	70,047	85,982	106,838	118,813	126,922

School Building Bond Agricultural Credit

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Open Appropriation	62,182	70,047	85,982	106,838	118,813	126,922
Expenditures	62,182	70,047	85,982	106,838	118,813	126,922
Biennial Change in Expenditures				60,591		52,915
Biennial % Change in Expenditures				46		27

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

In 2023:

- 390 local police departments 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 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.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of police departments receiving aid	Quantity	Police State Aid Certifications	The number of police departments receiving the aid has decreased slightly as departments disband.	390 in 2023
Aid percentage of employer pension costs	Quantity	Employer pension obligations as certified by the Public Employees Retirement Association	The aid percentage of employer pension costs varies from year to year but is typically around 60%.	58% in 2023

Performance Measurement Notes:

Number of jurisdictions receiving aid is based on payable year 2023.

Aid percentage (of employer pension costs) measures how much of a department's pension obligations are paid through Police State Aid. In 2023, Police State Aid paid for an average of 58% of a police department's pension obligations.

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

M.S. Chapter 477C (www.revisor.mn.gov/statutes/cite/477C) establishes the Police State Aid program.

Police State Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General	82,181	86,799	92,897	107,610	112,980	118,630
Total	82,181	86,799	92,897	107,610	112,980	118,630
Biennial Change				31,527		31,103
Biennial % Change				19		16

Expenditures by Category

Grants, Aids and Subsidies	82,181	86,799	92,897	107,610	112,980	118,630
Total	82,181	86,799	92,897	107,610	112,980	118,630

Police State Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Open Appropriation	91,169	96,761	102,817	118,970	124,910	131,160
Transfers Out	8,987	9,962	9,920	11,360	11,930	12,530
Expenditures	82,181	86,799	92,897	107,610	112,980	118,630
Biennial Change in Expenditures				31,527		31,103
Biennial % Change in Expenditures				19		16

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

In 2023:

- 755 fire relief associations received state Fire State Aid

PURPOSE AND CONTEXT

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

Funding source: State General Fund

SERVICES PROVIDED

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

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

RESULTS

Fire State Aid helps increase the affordability of firefighter pensions.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of fire relief associations receiving aid	Quantity	Fire State Aid Certifications	The number of fire relief associations receiving the aid has decreased slightly as associations disband.	755 in 2023

Performance Measurement Notes:

Number of fire relief associations receiving aid is based on payable year 2023.

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

M.S. Chapter 477B (www.revisor.mn.gov/statutes/cite/477B) establishes the Fire State Aid program.

Fire State Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General	34,191	36,931	41,751	48,200	50,670	53,160
Total	34,191	36,931	41,751	48,200	50,670	53,160
Biennial Change				18,829		13,879
Biennial % Change				26		15

Expenditures by Category

Grants, Aids and Subsidies	34,191	36,931	41,751	48,200	50,670	53,160
Total	34,191	36,931	41,751	48,200	50,670	53,160

Fire State Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Open Appropriation	34,191	36,931	41,751	48,200	50,670	53,160
Expenditures	34,191	36,931	41,751	48,200	50,670	53,160
Biennial Change in Expenditures				18,829		13,879
Biennial % Change in Expenditures				26		15

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

In 2023:

- 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.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of jurisdictions receiving aid	Quantity	Actual Fire Insurance Surcharge Aid certifications	Prior to 2012 only Minneapolis, St. Paul, and Duluth received the aid.	4 in 2023

Performance Measurement Notes:

Number of jurisdictions receiving aid is based on payable year 2023.

M.S. 297I.10 (www.revisor.mn.gov/statutes/cite/297I.10) establishes the Fire Insurance Surcharge Aid program.

Fire Insurance Surcharge Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General	5,404	6,200	7,121	7,330	7,550	7,780
Total	5,404	6,200	7,121	7,330	7,550	7,780
Biennial Change				2,847		879
Biennial % Change				25		6

Expenditures by Category

Grants, Aids and Subsidies	5,404	6,200	7,121	7,330	7,550	7,780
Total	5,404	6,200	7,121	7,330	7,550	7,780

Fire Insurance Surcharge Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Open Appropriation	5,404	6,200	7,121	7,330	7,550	7,780
Expenditures	5,404	6,200	7,121	7,330	7,550	7,780
Biennial Change in Expenditures				2,847		879
Biennial % Change in Expenditures				25		6

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

In 2023:

- 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.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of entities receiving aid	Quantity	Police/Fire Amortization Aid Certifications	Since 2015 only 3 entities have received the aid.	3 in 2023

Performance Measurement Notes:

Number of entities receiving aid is based on payable year 2023.

M.S. 423A.02 (www.revisor.mn.gov/statutes/cite/423A.02) establishes the Police/Fire Amortization Aid program.

Police/Fire Amortization Aids

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

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

Expenditures by Category

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

Police/Fire Amortization Aids

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
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 2023:

- 350 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.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of fire relief associations receiving aid	Quantity	Actual Firefighter Supplemental Benefits Reimbursement payments	The number of fire relief associations receiving a reimbursement varies from year to year but is typically between 300 and 350.	350 in 2023

Performance Measurement Notes:

Number of fire relief associations receiving aid is based on payable year 2023.

M.S. 424A.10 (www.revisor.mn.gov/statutes/cite/424A.10) establishes the Firefighter Supplemental Benefits Reimbursement program.

Firefighter Supplemental Benefits Reimbursement

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General	607	707	517	517	615	615
Total	607	707	517	517	615	615
Biennial Change				(281)		196
Biennial % Change				(21)		19

Expenditures by Category

Grants, Aids and Subsidies	607	707	517	517	615	615
Total	607	707	517	517	615	615

Firefighter Supplemental Benefits Reimbursement

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Open Appropriation	607	707	517	517	615	615
Expenditures	607	707	517	517	615	615
Biennial Change in Expenditures				(281)		196
Biennial % Change in Expenditures				(21)		19

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

In 2023:

- 733 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.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of fire relief associations receiving aid	Quantity	Police/Fire Retirement Supplemental State Aid Certifications	The number of fire relief associations receiving the aid has decreased slightly as associations disband.	733 in 2023

Performance Measurement Notes:

Number of fire relief associations receiving aid is based on payable year 2023.

M.S. 423A.022 (www.revisor.mn.gov/statutes/cite/423A.022) establishes the Police/Fire Retirement Supplemental Aid program.

Police/Fire Retirement Supplemental State Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27	
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Expenditures by Fund

1000 - General	14,496	14,500	14,500	14,500	14,500	14,500
Total	14,496	14,500	14,500	14,500	14,500	14,500
Biennial Change				4		0
Biennial % Change				0		0

Expenditures by Category

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

Police/Fire Retirement Supplemental State Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
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	4					
Expenditures	14,496	14,500	14,500	14,500	14,500	14,500
Biennial Change in Expenditures				4		0
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 2023:

- 405 taxpayers were enrolled in the program
- The average amount of property taxes deferred was \$4,200

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 5 years, and have household income less than \$96,000. 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.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of senior citizen taxpayers enrolled	Quantity	Minnesota Department of Revenue Data	The number of taxpayers enrolled has increased over the last 15 years from 170 to 405.	405 in 2023
Average amount of property taxes deferred	Quantity	Minnesota Department of Revenue Data	The average amount of property taxes deferred has ranged from \$3,800 to \$4,800 over the last 10 years.	\$4,200 in 2023

Performance Measure Notes:

Measures are in calendar years.

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

M.S. Chapter 290B (www.revisor.mn.gov/statutes/cite/290B) establishes the Senior Citizens’ Property Tax Deferral program.

Senior Property Tax Deferral Reimbursement

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Open Appropriation	1,743	1,649	1,752	2,017	2,245	2,474
Net Loan Activity	(1,743)	(1,649)	(1,752)	(2,017)	(2,245)	(2,474)

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

In 2024:

- 30% of counties and 4% of cities participated in the Performance Measurement program

PURPOSE AND CONTEXT

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

Funding source: State General Fund

SERVICES PROVIDED

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

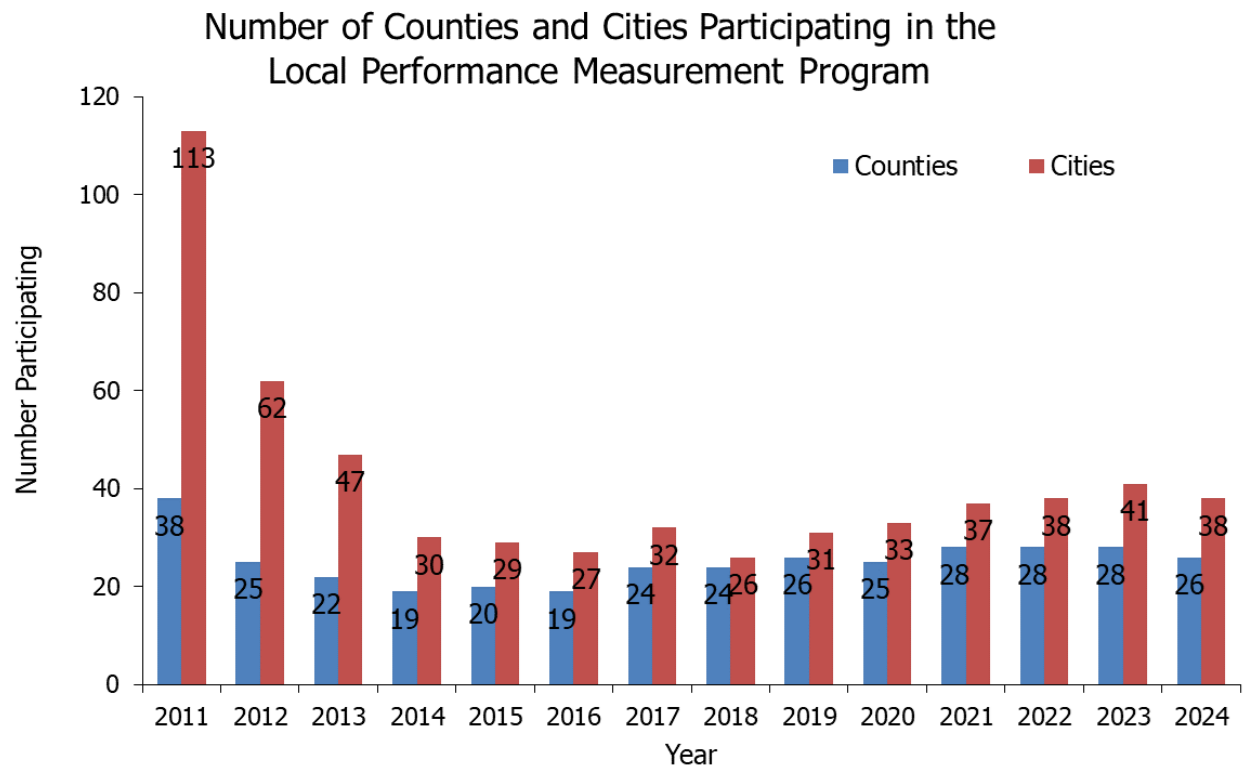
- Track 10 performance measures such as police response time, hours to plow streets, and water quality.
- Report their results annually to the state auditor and their residents.

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

RESULTS

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

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Percentage of counties participating	Quantity	Office of the State Auditor Certification Memo	The percentage of counties participating has ranged from 22% to 32% over the last 10 years.	30% in 2024
Percentage of cities participating	Quantity	Office of the State Auditor Certification Memo	The percentage of cities participating has ranged from 3% to 5% over the last 10 years.	4% in 2024



Performance Measure Notes:

Measures are in calendar years.

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.

M.S. Chapter 6.91 (www.revisor.mn.gov/statutes/cite/6.91) establishes Performance Measurement Reimbursement payments.

Performance Measurement Reimbursement

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General	497	514	527	526	528	530
Total	497	514	527	526	528	530
Biennial Change				42		5
Biennial % Change				4		0

Expenditures by Category

Grants, Aids and Subsidies	497	514	527	526	528	530
Total	497	514	527	526	528	530

Performance Measurement Reimbursement

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Open Appropriation	497	514	527	526	528	530
Expenditures	497	514	527	526	528	530
Biennial Change in Expenditures				42		5
Biennial % Change in Expenditures				4		0

Program: Other Local Government Payments

Activity: Mahnomen Property Tax Reimbursement

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

AT A GLANCE

In 2024:

- 3 local governments in Mahnomen County received combined payments totaling \$1.36 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 (\$1,010,000)
- City of Mahnomen (\$210,000)
- Mahnomen School District #432 (\$140,000)

The payment was first made in 2006, became permanent in 2008, and was increased in 2013 and 2024.

RESULTS

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

Measure name	Measure type	Measure data source	Historical trend	Most recent data
City tax base percentage of pre-exemption tax base	Quantity	Adjusted Net Tax Capacity (ANTC) report	The city tax base percentage was 52% of its pre-exemption level when the exemption began in 2007.	86% in 2023
County tax base percentage of pre-exemption tax base	Quantity	Adjusted Net Tax Capacity (ANTC) report	The county tax base percentage was 95% of its pre-exemption level when the exemption began in 2007.	331% in 2023

Measure name	Measure type	Measure data source	Historical trend	Most recent data
School district tax base percentage of pre-exemption tax base	Quantity	Adjusted Net Tax Capacity (ANTC) report	The school district tax base percentage was 86% of its pre-exemption level when the exemption began in 2007.	321% in 2023

Performance Measurement Notes:

The pre-exemption tax base is assessment year 2006 for the City of Mahnomen, Mahnomen County, and Mahnomen School District #432.

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 86% of pre-exemption levels. The homestead exclusion reduced the taxable value of homesteads and the tax base of local taxing jurisdictions statewide.

A 2023 law change increased the total payments from \$1.20 million to \$1.36 million.

M.S. 477A.31 (www.revisor.mn.gov/statutes/cite/477A.31) establishes the Mahnomen Property Tax Reimbursement.

Mahnomen Property Tax Reimbursement

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General	1,200	1,200	1,200	1,360	1,360	1,360
Total	1,200	1,200	1,200	1,360	1,360	1,360
Biennial Change				160		160
Biennial % Change				7		6

Expenditures by Category

Grants, Aids and Subsidies	1,200	1,200	1,200	1,360	1,360	1,360
Total	1,200	1,200	1,200	1,360	1,360	1,360

Mahnomen Property Tax Reimbursement

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Direct Appropriation	1,200	1,200	1,200	1,360	1,360	1,360
Expenditures	1,200	1,200	1,200	1,360	1,360	1,360
Biennial Change in Expenditures				160		160
Biennial % Change in Expenditures				7		6

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

In 2023:

- 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.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Payment's percentage of total school district revenues	Quantity	School Consolidated Financial Report	The payment's percentage of total school district revenues has ranged from 3.3% to 5.2% over the last 10 years.	3.4% in 2023

Performance Measurement Notes:

Measures are in school fiscal years.

M.S. 477A.15 (<https://www.revisor.mn.gov/statutes/cite/477A.15>) establishes Taconite Aid Reimbursement.

Taconite Aid Reimbursement

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

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 FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
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 2023:

- 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 eligible 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>Measure name</i>	<i>Measure type</i>	<i>Measure data source</i>	<i>Historical trend</i>	<i>Most recent data</i>
Number of jurisdictions receiving reimbursements	Quantity	Program applications	Two cities (Breckenridge and East Grand Forks) have received reimbursements since 2018.	2 in 2023

Performance Measurement Notes:

Measures are in taxes payable years.

M.S. 469.1735 (www.revisor.mn.gov/statutes/cite/469.1735) establishes the Border City Reimbursement program.

Border City Reimbursement

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General	32	83	85	85	119	119
Total	32	83	85	85	119	119
Biennial Change				55		68
Biennial % Change				48		40

Expenditures by Category

Grants, Aids and Subsidies	32	83	85	85	119	119
Total	32	83	85	85	119	119

Border City Reimbursement

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Open Appropriation	32	83	85	85	119	119
Expenditures	32	83	85	85	119	119
Biennial Change in Expenditures				55		68
Biennial % Change in Expenditures				48		40

Program: Other Local Governments Payments

Activity: Disaster Credits

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

AT A GLANCE

In 2022 and 2023:

- 707 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.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of parcels receiving credits	Quantity	PRISM data	The number of parcels receiving credits has ranged from 105 to 1,737 over the last 10 years.	707 in 2022/2023

Performance Measure Notes:

Measures are in taxes payable years.

PRISM stands for the Property Record Information System of Minnesota.

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.”

M.S. Chapter 273.1231-273.1235 (www.revisor.mn.gov/statutes/cite/273.1231) establishes Disaster Credits.

Disaster Credits

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General	1,939	375	438	150	275	226
Total	1,939	375	438	150	275	226
Biennial Change				(1,725)		(87)
Biennial % Change				(75)		(15)

Expenditures by Category

Grants, Aids and Subsidies	1,939	375	438	150	275	226
Total	1,939	375	438	150	275	226

Disaster Credits

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Open Appropriation	1,939	375	438	150	275	226
Expenditures	1,939	375	438	150	275	226
Biennial Change in Expenditures				(1,725)		(87)
Biennial % Change in Expenditures				(75)		(15)

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

From 2020 to 2024:

- 30 local governments and 11 tribal nations received temporary relief payments
- 87 counties, 856 cities/townships, and 11 tribal nations received Public Safety Aid in 2023

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
- \$300,000,000 to local governments and tribal nations in 2023 to fund public safety
- \$46,060 to the city of Echo in 2023 for repayment of Local Government Aid penalties
- \$79,476 to the city of Morton in 2023 for repayment of Local Government Aid penalties
- \$300,000 to the city of Northfield in 2024 to pay for manufactured home park infrastructure costs
- \$250,000 to the city of Spring Grove in 2024 to be used to remediate the effects of fires in the city
- \$45,574 to Stearns County in 2024 for taxes attributable to the exemption of certain hospital property
- \$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 Measurement Notes:

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

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; Laws 2023 Chapter 64, Article 4, Sections 27-28, 31-32, 34.

Miscellaneous Payments

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27
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Expenditures by Fund

1000 - General	35,768	171	300,550		
Total	35,768	171	300,550		
Biennial Change				264,610	(300,550)
Biennial % Change				736	

Expenditures by Category

Grants, Aids and Subsidies	35,768	171	300,550		
Total	35,768	171	300,550		

Miscellaneous Payments

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27
1000 - General					
Direct Appropriation	35,768	172	300,550		
Cancellations		0			
Expenditures	35,768	171	300,550		
Biennial Change in Expenditures				264,610	(300,550)
Biennial % Change in Expenditures				736	

Program: Other Taxes and Refunds

Activity: Other Taxes and Refunds

<https://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

Measure Name	Measure Type	Measure data source	Historical trend	Most recent data
Amount of interest on refunds on taxes for the state airport fund	Quantity	Minnesota Department of Revenue Data	The department has paid a nominal amount of interest in recent years.	\$12 in FY24
Amount of interest on refunds on taxes for the environmental fund	Quantity	Minnesota Department of Revenue Data	The department has paid no interest in recent years.	\$0 in FY24

Other Taxes and Refunds

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
<u>Expenditures by Fund</u>						
2000 - Restrict Misc Special Revenue			5,817	52,766	52,419	52,419
2800 - Environmental				1	1	1
6000 - Miscellaneous Agency	30,349	41,822	39,508			
Total	30,349	41,822	45,325	52,767	52,420	52,420
Biennial Change				25,921		6,748
Biennial % Change				36		7
<u>Expenditures by Category</u>						
Other Financial Transaction	30,349	41,822	45,325	52,767	52,420	52,420
Total	30,349	41,822	45,325	52,767	52,420	52,420

Other Taxes and Refunds

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base	
	FY22	FY23	FY24	FY25	FY26	FY27
2000 - Restrict Misc Special Revenue						
Balance Forward In	12	6	5	349	2	2
Receipts	9,206	9,618	22,035	62,612	62,612	62,612
Transfers In			1,232			
Transfers Out	9,213	9,620	17,106	10,193	10,193	10,193
Balance Forward Out	6	5	349	2	2	2
Expenditures			5,817	52,766	52,419	52,419
Biennial Change in Expenditures				58,583		46,255
Biennial % Change in Expenditures						79
2710 - Highway Users Tax Distribution						
Open Appropriation	21,397	21,520	21,614	22,541	24,169	24,348
Transfers Out	21,397	21,520	21,614	22,541	24,169	24,348
2800 - Environmental						
Open Appropriation				1	1	1
Receipts	342					
Balance Forward Out	342					
Expenditures				1	1	1
Biennial Change in Expenditures				1		1
Biennial % Change in Expenditures						
6000 - Miscellaneous Agency						
Balance Forward In	290	262	361			
Receipts	36,525	49,637	40,379			
Transfers Out	6,205	7,742	1,232			
Balance Forward Out	261	334				
Expenditures	30,349	41,822	39,508			
Biennial Change in Expenditures				(32,663)		(39,508)
Biennial % Change in Expenditures				(45)		

Program: Other Taxes and Refunds
Activity: Political Contribution Refund

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

AT A GLANCE

In CY 2023:

- This program provided \$2.1 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 2024, taxpayers must apply by April 15, 2025.

Measure Name	Measure Type	Measure data source	Historical trend	Most recent data
Political Contribution Refunds Paid	Quantity	Minnesota Department of Revenue Data	The amount of refunds paid has decreased in recent years.	\$2,064,734 in CY2022
Total Political Contribution Refunds	Quantity	Minnesota Department of Revenue Data	The number of refunds paid has decreased in recent years.	29,916 in CY2023

Performance Measure Notes:

Compares refunds paid in FY 2022 (previous) to FY 2023 (current).

Legal Citation: M.S. 290.06, subdivision 23, establishes the Political Contribution Refund program.
www.revisor.mn.gov/statutes/?id=290.06.

Political Contribution Refunds

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27

Expenditures by Fund

1000 - General	2,468	2,598	3,145	4,300	4,300	4,300
Total	2,468	2,598	3,145	4,300	4,300	4,300
Biennial Change				2,379		1,155
Biennial % Change				47		16

Expenditures by Category

Grants, Aids and Subsidies	2,460	2,598	3,145	4,298	4,298	4,298
Other Financial Transaction	8	0	0	2	2	2
Total	2,468	2,598	3,145	4,300	4,300	4,300

Political Contribution Refunds

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Open Appropriation	2,468	2,598	3,145	4,300	4,300	4,300
Expenditures	2,468	2,598	3,145	4,300	4,300	4,300
Biennial Change in Expenditures				2,379		1,155
Biennial % Change in Expenditures				47		16

Program: Other Taxes and Refunds

Activity: Tax Refund Interest

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

AT A GLANCE

In Fiscal Year 2023:

- 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 3% in 2022 and 5% in 2023.

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 3% in 2021 – 2022, 5% in 2023; and 8% in 2024; 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.

Type of Tax or Refund	Interest Starts to Accrue
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.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Tax Refund Interest Paid	Quantity	Minnesota Department of Revenue Data	The amount of tax refund interest has decreased in recent years.	\$16.019 million in FY 2023

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 FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
<u>Expenditures by Fund</u>						
1000 - General	14,058	16,019	15,131	15,200	15,000	15,000
2360 - Health Care Access	1,270	1,850	800	1,080	930	560
2710 - Highway Users Tax Distribution	39	72	78	50	71	71
Total	15,368	17,941	16,009	16,330	16,001	15,631
Biennial Change				(970)		(707)
Biennial % Change				(3)		(2)

Expenditures by Category

Grants, Aids and Subsidies	9					
Other Financial Transaction	15,359	17,941	16,009	16,330	16,001	15,631
Total	15,368	17,941	16,009	16,330	16,001	15,631

Tax Refund Interest

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base	
	FY22	FY23	FY24	FY25	FY26	FY27
1000 - General						
Open Appropriation	14,058	16,019	15,131	15,200	15,000	15,000
Expenditures	14,058	16,019	15,131	15,200	15,000	15,000
Biennial Change in Expenditures				254		(331)
Biennial % Change in Expenditures				1		(1)
2360 - Health Care Access						
Open Appropriation	1,270	1,850	800	1,080	930	560
Expenditures	1,270	1,850	800	1,080	930	560
Biennial Change in Expenditures				(1,241)		(390)
Biennial % Change in Expenditures				(40)		(21)
2710 - Highway Users Tax Distribution						
Open Appropriation	39	72	78	50	71	71
Expenditures	39	72	78	50	71	71
Biennial Change in Expenditures				17		14
Biennial % Change in Expenditures				15		11

Program: Other Taxes and Refunds**Activity: Electric-Assst Bicycle Rebates**<https://www.revenue.state.mn.us/>**AT A GLANCE**

- 1,170 Certificates issued to individuals
- 965 Certificates Redeemed, 82% redemption rate
- 786 Reimbursements paid to retailers

PURPOSE AND CONTEXT

The Electric-Assisted Bicycle Rebate (e-Bike Rebate) is designed to reduce the cost for Minnesota residents to buy a new e-bike at eligible retailers starting in July 2024.

The e-Bike Rebate provides a discount of up to \$1,500 on a qualifying e-bike. The discount is 50-75% of a buyer's qualifying expenses, depending on their income. The rebate value cannot exceed the price of the e-bike.

Individuals (buyers) and retailers must apply to the Minnesota Department of Revenue to take part in the program. Total rebates are limited to \$2 million per year in 2024 and 2025.

SERVICES PROVIDED**Individuals**

Individuals apply for the e-Bike Rebate using an online portal. For 2024, the portal opened in July and Revenue issued rebate certificates to approved individuals shortly after. Not everyone who applies will get a rebate certificate, but the application portal will reopen again in 2025.

To be eligible, the individual must be at least 15 years old when applying, a MN resident, and not have been claimed as a dependent in tax year 2023.

When an individual receives their rebate certificate, they must use it at an approved retailer within two months, or it will expire. The certificate is worth 50-75% of a qualifying purchase, up to \$1500. The percentage is based on income.

If there is money left in the program after October 1, Revenue will issue more rebate certificates - up to the \$2 million limit - to individuals who applied and did not get a certificate.

Retailers

To be eligible, a retailer must have been engaged in the business of retail sales of e-bikes for at least 6 months before applying through the online retailer portal.

When a retailer receives a rebate certificate from a buyer, at the time of sale, they are required to

- Apply the discount listed on the certificate to the qualifying e-bike purchase
- Access our system and assign the rebate certificate to their business (required for reimbursement)

Retailers must access our system to request reimbursement within one month of the sale.

RESULTS

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Applications Received	Quantity	Tracked within the Salesforce application	N/A - New Program	14,500 in 2024
Certificates Issues	Quantity	Tracked within the Salesforce application	N/A - New Program	1,170 certificates worth \$1,755,000 in 2024
Certificates Redeemed	Quantity	Tracked within the Salesforce application	N/A - New Program	965 certificates worth \$1,394,788 in 2024
Retailers Approved	Quantity	Tracked within the Salesforce application	N/A - New Program	243 in 2024
Retailer Reimbursements	Quantity	Tracked within the Salesforce application	N/A - New Program	786 reimbursements worth \$1,109,670 in 2024

Legal Citation: M.S. 289A.51, subdivision 2, establishes the electric-assisted bicycle rebate program (<https://www.revisor.mn.gov/statutes/cite/289A.51>).

Electric-Asst Bicycle Rebates

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27	
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Expenditures by Fund

1000 - General				4,000		
Total				4,000		
Biennial Change				4,000		(4,000)
Biennial % Change						

Expenditures by Category

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

Electric-Asst Bicycle Rebates

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27	
1000 - General						
Balance Forward In				4,000		
Direct Appropriation			4,000			
Balance Forward Out			4,000			
Expenditures				4,000		
Biennial Change in Expenditures				4,000		(4,000)
Biennial % Change in Expenditures						

Program: Other Taxes and Refunds**Activity: Discontinued Programs**<https://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.

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.

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.

Utility Valuation Transition Aid**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.

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.

COVID Aid Payments

PURPOSE AND CONTEXT

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

RESULTS

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

Discontinued Programs

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27
<u>Expenditures by Fund</u>					
1000 - General	3,385	499,945	16		
3000 - Federal	376,364		11		
3010 - Coronavirus Relief	66,695				
Total	446,444	499,945	27		
Biennial Change				(946,362)	(27)
Biennial % Change				(100)	
<u>Expenditures by Category</u>					
Grants, Aids and Subsidies	446,444	500,009	27		
Other Financial Transaction		(65)			
Total	446,444	499,945	27		

Discontinued Programs

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27
1000 - General					
Balance Forward In		500,000			
Direct Appropriation	500,000				
Open Appropriation	3,385	9	16		
Cancellations		65			
Balance Forward Out	500,000				
Expenditures	3,385	499,945	16		
Biennial Change in Expenditures				(503,313)	(16)
Biennial % Change in Expenditures				(100)	
3000 - Federal					
Balance Forward In	188,466	309	309	14	
Receipts	188,182		(284)	(14)	
Balance Forward Out	284	309	14		
Expenditures	376,364		11		
Biennial Change in Expenditures				(376,353)	(11)
Biennial % Change in Expenditures					
3010 - Coronavirus Relief					
Direct Appropriation	66,885				
Cancellations	190				
Expenditures	66,695				
Biennial Change in Expenditures				(66,695)	0
Biennial % Change in Expenditures					