

S.F. No. 749 – Aid adjustment for counties or cities with unpaid local assistance amounts (First Engrossment)

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Summary

This bill provides a mechanism for a county or city that is owed reimbursement for local assistance activities to receive that amount through an adjustment to that county or city's county program aid (CPA) or local government aid (LGA) amount together with a corresponding opposite adjustment to the CPA or LGA of the county or city that owes the reimbursement.

Section 1. ADJUSTMENT FOR UNPAID LOCAL ASSISTANCE AMOUNTS.

Subdivision 1. Definitions. Defines "unpaid amount" as an amount owed by a county or city to another county or city as a result of local assistance activities when reimbursement is required under section 12.331 or under the terms of a written local assistance agreement. Excludes amounts attributable to activities occurring before January 1, 2021; amounts under a mutual aid agreement that specifies a schedule for payment; and amounts reimbursed by the state under section 12.33.

Subd. 2. Application to state auditor; certification of unpaid amounts. Establishes a process for a county or city to apply for a CPA or LGA adjustment. Authorizes a county or city to apply to the state auditor with information about the unpaid amount owed to the county or city in the previous calendar year. Requires the applicant to submit a copy of the mutual aid agreement between the local governments, if applicable. Requires the state auditor to determine the amount owed and certify that amount, if any, to the commissioner of revenue.

Subd. 3. Certified aid adjustments. Beginning with CPA and LGA payable in 2022, requires the commissioner of revenue to reduce CPA for a county or LGA for a city that owes a certified unpaid amount to another county or city. Directs the commissioner to adjust the first aid payment

after certification of the unpaid amount from the state auditor. (CPA and LGA are paid in two equal installments on July 20 and December 26.) Provides that, if a local government's aid amount before the reduction is less than the sum of the certified adjustments for that local government (or if the aid payable to the local government is zero in that year), the remaining balance of the total adjustment must be subtracted from future aid payments until the full amount of the adjustment has been made. Increases aid paid to a county or city by the sum of the aid reductions attributable to the certified unpaid amounts owed to the county or city.

Subd. 4. Effect of adjustment on future aid. Excludes the adjustments under this section from calculation of aid payable in the year following the adjustment. (A city's certified LGA is a formula input to the calculation of LGA for the next payable year.)