

1.1 A bill for an act
1.2 relating to local government aid; authorizing the commissioner of revenue to adjust
1.3 local government aid amounts for cities with unpaid local assistance amounts;
1.4 proposing coding for new law in Minnesota Statutes, chapter 477A.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. [477A.0177] ADJUSTMENT FOR UNPAID LOCAL ASSISTANCE
1.7 AMOUNTS.

1.8 Subdivision 1. **Definitions.** "Unpaid amount" means an amount that is not addressed in
1.9 a mutual aid agreement that is owed to a city by another city under section 12.331,
1.10 subdivision 2, as a result of local assistance activities occurring after December 31, 2020.
1.11 Unpaid amount does not include amounts reimbursed by the state under section 12.33,
1.12 subdivision 4.

1.13 Subd. 2. **Application to state auditor; certification of unpaid amounts.** (a) Beginning
1.14 with financial statements due to the state auditor in 2022 and annually thereafter, a city that
1.15 is owed an unpaid amount attributable to activities occurring in the previous calendar year
1.16 may submit with its financial statements an application for an adjustment to the aid calculated
1.17 under section 477A.013.

1.18 (b) The application must be in the form and manner determined by the state auditor. The
1.19 application must indicate the unpaid amounts owed to the city as of the date of the
1.20 application, identify the cities that owe the amounts, and include any other information
1.21 required by the state auditor. The state auditor may request information from a city reported
1.22 to owe an unpaid amount.

2.1 (c) Within 30 days of the application submission, the state auditor must determine the
2.2 unpaid amount owed, if any, and certify that amount to the commissioner of revenue.

2.3 Subd. 3. **Certified aid adjustments.** (a) Notwithstanding any other law to the contrary,
2.4 beginning with aids payable in 2022, the commissioner of revenue must adjust aid under
2.5 section 477A.013 as provided in this subdivision. The adjustments must be made to the first
2.6 aid payment made after certification of the unpaid amounts from the state auditor.

2.7 (b) The commissioner must reduce the aid paid to a city by the sum of the certified
2.8 unpaid amounts owed by that city for the previous calendar year. A city's aid payment after
2.9 adjustment under this paragraph may not be less than zero. If the aid payment before
2.10 adjustment is less than the full amount of the adjustment under this paragraph, the remaining
2.11 balance of the adjustment must be applied to future aid payments until the total amount of
2.12 the adjustment has been subtracted from aid payments to the city.

2.13 (c) The commissioner must increase the aid paid to a city by the sum of the aid reductions
2.14 under paragraph (b) attributable to certified unpaid amounts owed to the city.

2.15 Subd. 4. **Effect of adjustment on future aid.** The commissioner must not consider the
2.16 adjustments under this section for the purpose of calculating aid payable in the year following
2.17 the adjustments.