



Catalog of Budget Activities

Tax Aids & Credits

January 23, 2009

**Fiscal Analysis Department
Minnesota House of Representatives**

The House Fiscal Analysis Department is a team of twelve analysts who provide professional, non-partisan, and confidential services for all members of the House of Representatives, as well as providing legislative support services to the House finance and tax committees on fiscal issues. The Department researches, prepares and distributes publications providing information on state budget issues and government finance.

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Purpose This catalog seeks to provide a quick reference for specific budget activity—past expenditures, current appropriations and projected spending—in the area of Tax Aids & Credits, under the purview of the Tax Committee. Bills that seek to make changes in spending or changes to related tax program parameters would be referred to the Tax Committee.

Format and Definitions

Each budget activity entry includes the following information

- Title and Legal citation
- An eight-year fiscal summary (dollars in thousands) for FYs 2006-2013, updated from the November 2008 Forecast Consolidated Fund report
- Annual percentage change in spending
- Appropriation type, Fund type
- Brief description of how the budget activity functions

Example:

Title of Budget Activity [*Minnesota Statutes or Session Law citation*]

Dollars in Thousands

| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
|-------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| 171,488 | \$214,100 | \$222,500 | \$234,100 | \$245,200 | \$256,100 | \$256,100 | \$256,100 |
| % Chg | 24.8% | 3.9% | 5.2% | 4.7% | 4.4% | 4.4% | 4.4% |

Appropriation Type: Statutory, Direct, Open or Standing **Fund:** General or Special

Description: The description includes one or more of the following bits of information: what the activity does, which agency administers it, who receives it, how the program or activity is managed, or program statistics (when available).

Types of Appropriations

The following definitions are commonly used in the Governor's Biennial Budget documents and in current accounting practices.

A. **"Statutory Appropriation"** refers to the spending authority that is codified in state statute, rather than session laws. This authority to spend state resources is ongoing and independent from the passage of an appropriations bill each biennium. Typically, statutory appropriations are made in dedicated receipt activities, but they are also applicable to situations where state resources are perpetually made available for spending.

The Governor's biennial budget document specifically highlights a section for "Statutory Appropriations" and the figures contained within are generally based upon anticipated receipts within an agency's budget. These codified appropriations are processed in the accounting system annually based on agency estimates -- without legislative action.

B. **"Direct Appropriation"** is an appropriation made in biennial or annual budget bills and is for a limited period of time, usually within the biennium.

C. **"Open Appropriation"** refers to the authority to spend an unspecified amount of resources to meet a program's objective or a constitutional requirement. These resources are typically made available when an agency provides a forecast of the estimated need. (An example would be the Political Contribution Refund, page 6.)

The Governor's biennial budget document specifically identifies "Open Appropriations". Approved funding uses agency estimates and documentation that establishes the funds in the accounting system. Rather than canceling at year-end, any excess dollars are processed as a reduction in the appropriation.

D. **"Standing Appropriation"** is the authority to spend a pre-determined dollar annual amount for an activity for a specific period of time or indefinitely. (Example: MS 477A.03, Subd. 2b., "For aids payable in calendar year 2009 and thereafter, the total aid payable under section [477A.0124, subdivision 3](#), is \$111,500,000...")

TAX EXPENDITURE TYPES

Tax refunds are direct payments from the state to taxpayers to lessen their personal tax burden. **Property tax refunds** are direct payments from the state to certain homeowners and renters to offset their property tax liabilities.

Local aids are state payments to local jurisdictions, including school districts, intended to replace tax levy income. **Property tax aids** are state payments to local taxing jurisdictions intended to replace property tax levy income.

Tax credits directly reduce a taxpayer's tax liability. ***Property tax credits*** reduce property tax liabilities for individual taxpayers; local taxing jurisdictions receive state payment for these credits.

In all cases, whether using a tax refund, a tax aid or a tax credit, the effect is that property taxpayers pay less than what the taxes would be otherwise, and the state makes up the difference.

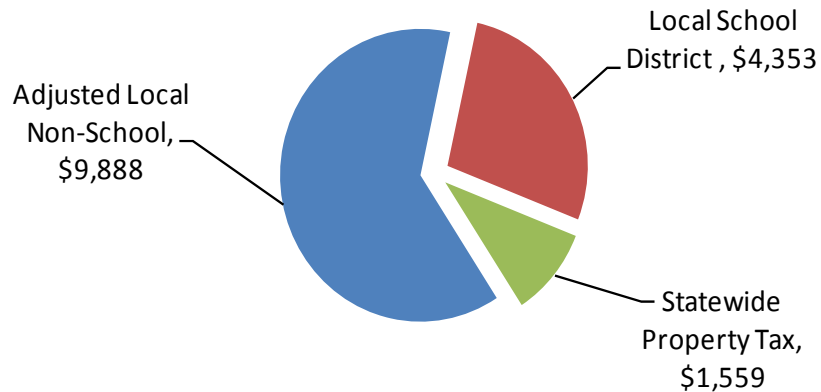
Other expenditures are direct appropriations with a tax-related purpose, usually to a state agency or local government, and usually administrative in nature.

Overview: House Committee on Taxes

The House Committee on Taxes has the dual responsibility of overseeing state revenues and certain state appropriations from the general fund that support state aids and credits. Because most of these expenditures seek to mitigate the impact of local property taxes, a review of all property tax revenue is helpful.

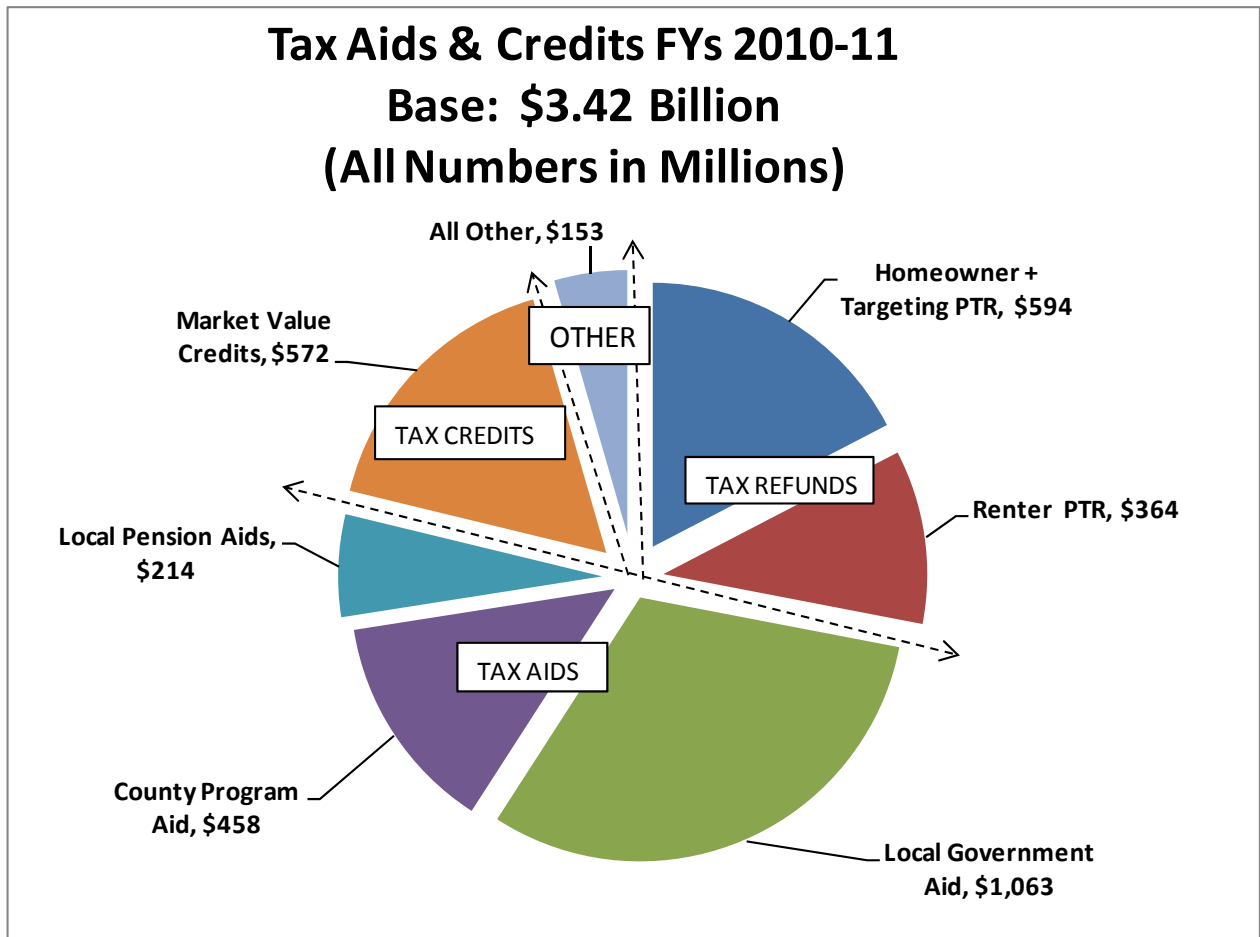
For the FY 2010-2011 biennium, Minnesota's state and local property tax revenues are projected to be \$15.8 billion. Of this amount, local government revenues (counties, cities, towns, special districts) are estimated at \$9.89 billion or 62.6%, school district revenues at \$4.35 billion or 27.5%, and statewide property tax revenues at \$1.56 billion or 9.9%.

State and Local Property Tax Revenues
FYs 2010-11
\$15.8 Billion over biennium
(All Numbers in Millions)



November 2008 Forecast, Price of Government report

Likewise, projected FY 2010-2011 expenditures for Tax Aids and Credits total \$3.42 billion, with \$1.74 billion in property tax aids, \$974 million in property tax refunds, \$572 million in property tax credits and \$137 million in other appropriations.



November 2008 Forecast

| | |
|---|--------------------|
| <i>Property tax aids represent</i> | <i>50.8%</i> |
| <i>Property tax refunds (PTR) represent</i> | <i>28.0%</i> |
| <i>Property tax credits represent</i> | <i>16.7%</i> |
| <i>All Other represent</i> | <i><u>4.5%</u></i> |
| <i>Total</i> | <i>100.0%</i> |

List of House Tax Committee Budget Items

Currently, thirty-one budget activities are reflected on the expenditures portion of the House Taxes Aids and Credits spreadsheet. These programs are administered in whole or in part by the Department of Revenue. Additional detail for each of these programs can be found beginning on page 10 of this catalog.

Refunds

Homeowners Property Tax Refund
Renters Property Tax Refund
Targeting Refund
Sustainable Forest Land Credits
Political Contribution Refund
Tax Refund Interest

Taconite Tax Relief

Aids & Credits

Taconite Reimbursement
Supplemental Homestead Aid
Taconite Replacement Aid (TRFA)

Property Tax Credits

Market Value Homestead Credit
Agricultural Market Value Credit
Border City Disparity Credit
Disaster Credit
Wetlands Reimbursement Credit
Senior Deferral Reimbursement
*Minnesota Conservation Credit (SR)
Bovine TB Property Tax Credit

Local Aids

Local Government Aid (LGA)
County Program Aid
County Transition Aid
Utility Transition Aid
Public Defender Cost
Local Impact Notes
Disparity Reduction Aid
Tribal Casino Aid

Local Pension Aids

Aid to Police & Fire
Police/Fire Add'l Amortization
Redistributed Amortization Aid
Police/Fire Suppl'tl Amortization
Firefighters Relief Reimbursements
Public Employees Retirement Assoc.

Other Tax Expenditures

Payment-in-Lieu of Taxes (PILT) for
Dept. of Transportation (DOT)
Owned Lands

* This program is funded with special fund, not general fund, revenues.

TAX REFUNDS *******Property Tax - Regular Homeowners Refund** [*Minnesota Statutes*, section 290A.04, subd. 2 and 290A.23]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$171,488 | \$214,100 | \$239,080 | \$255,900 | \$284,600 | \$301,700 | \$308,700 | \$317,400 |
| % Chg | 24.8% | 11.7% | 7.0% | 11.2% | 6.0% | 2.3% | 2.8% |

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity provides property tax relief (in the form of direct payments) to homeowners based on their net property taxes relative to income. Known as the “circuit breaker” program, in calendar year 2007, over 263,000 homeowners received an average refund of \$590.

Property Tax - Regular Renters Refund [*Minnesota Statutes*, section 290A.04, subd. 2(a), and 290A.23]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$149,509 | \$153,100 | \$157,818 | \$172,800 | \$178,200 | \$186,100 | \$190,000 | \$192,200 |
| % Chg | 2.4% | 3.1% | 9.5% | 3.1% | 4.4% | 2.1% | 1.2% |

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity provides property tax relief (in the form of direct payments) to renters whose rent and “implicit property taxes” are high relative to their incomes. Known as the “renter's credit” program, in calendar year 2007, approximately 283,500 renters received an average refund of \$535.

Property Tax - Targeting Refund [*Minnesota Statutes*, section 290A.04, subd. 2(h) and 290A.23]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$2,837 | \$13,641 | \$2,285 | \$7,356 | \$990 | \$6,600 | \$1,100 | \$1,100 |
| % Chg | 379.9% | (83.2%) | 221.9% | (86.71%) | 566.7% | (83.3%) | 0% |

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity provides property tax relief to owners of residential homestead property when there is a relatively large, one-year increase (greater than 12

percent and over \$100) in property taxes. Unlike the regular property tax refund program, eligibility for this additional refund is independent of income. The refund equals 60% of the property tax increase in excess of 12%, up to a maximum of \$1,000. In calendar year 2005, over 87,500 homeowners received an average refund of \$85.

Political Contribution Refund [Minnesota Statutes § 290.06, subd. 23(c)]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$5,208 | \$6,700 | \$5,138 | \$6,500 | \$5,700 | \$6,800 | \$6,000 | \$7,100 |
| % Chg | 28.6% | -23.3% | 26.5% | -12.3% | 19.3% | -11.8% | 18.3% |

Appropriation Type: Statutory, Open

Fund: General

Description: This state program allows a taxpayer to claim a refund equal to the amount of the taxpayer's contributions made in the calendar year to candidates and to a political party. The maximum refund for an individual must not exceed \$50 and for a married couple, filing jointly, must not exceed \$100. In calendar year 2005, almost 100,000 individuals received an average political contribution refund of \$50.

Tax Refund Interest [Minnesota Statutes, 289A.56, subd. 2]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$8,957 | \$18,000 | \$12,333 | \$14,000 | \$14,000 | \$15,000 | \$15,000 | \$15,000 |
| % Chg | 101.0% | --31.5% | 13.5% | 0% | 7.1% | 0% | 0% |

Appropriation Type: Statutory, Open

Fund: General

Description: This account contains interest expenses that must be paid on an overpayment refunded or credited to taxpayers from the date of payment of the tax until the date the refund is paid or credited. When the amount of tax exceeds the tax shown on the original return by \$10, the amount refunded bears interest from 90 days after (1) the due date of the return of the taxpayer, or (2) the date on which the original return is filed, whichever is later, until the date the refund is paid to the taxpayer. Where the amount to be refunded is less than \$10, no interest is paid.

LOCAL AIDS *******LGA, Local Government Aid** [Minnesota Statutes, 477A.03, subd. 2 & 2a, 477A.013, subd. 9]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$436,812 | \$484,558 | \$484,551 | \$484,148 | \$526,148 | \$536,671 | \$558,138 | \$558,138 |
| % Chg | 10.9% | 0% | 0.0% | 8.7% | 2.0% | 4.0% | 0% |

Appropriation Type: Statutory, Standing**Fund:** General

Description: This budget activity provides state property tax relief aid to cities that is distributed according to “need factors” – measured differently for small cities (with populations of under 2,500 residents) versus large cities (with populations of 2,500 or more)-minus the “ability to pay” measured by cities’ tax base and taconite aid. Local Government Aid (LGA) provides general-purpose funding to 763 Minnesota cities annually; 608 of these cities have a population less than 2,500. The program underwent significant changes in calendar year 2003 including a reduction in funding and the elimination of most “grandfathered” aid components. In addition, appropriations payable for CY 2006 and beyond were set at \$485,052,000. During the 2008 legislative session, appropriations for CY 2009 and beyond were increased by \$42 million per year for a total of \$526,148,487. In addition, appropriations for CY 2010 are increased to include an inflation adjustment of 2% and for CY 2011 and beyond, an adjustment of 4%. Of the total annual appropriation, approximately \$494,000 is retained by the Commissioner of Revenue to pay for various intergovernmental service costs pursuant to Minnesota Statutes 477A.014, subd. 4-5.

County Program Aid [Minnesota Statutes, 477A.03, subd. 2 & 2b, 477A.0124, subd. 3-4]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$206,185 | \$204,919 | \$204,919 | \$204,919 | \$226,919 | \$231,471 | \$240,759 | \$240,759 |
| % Chg | -0.6% | 0% | 0% | 10.7% | 2.0% | 4.0% | 0% |

Appropriation Type: Statutory, Standing**Fund:** General

Description: This budget activity provides general purpose aid to Minnesota's 87 counties to reduce property tax levies, based on the needs of the populations they serve relative to the size of their tax bases. CPA is distributed through two main formulas, roughly equal in size. The need aid formula is based on each county's relative share of needy populations; the tax base equalization is based on the size of each county's tax base relative to its population. Appropriations payable for CY 2009 and annually thereafter are limited to \$111.5 million for need aid and \$116.1 million for equalization aid for a total of \$227.6 million. In addition, appropriations for CY 2010 are increased to include an inflation adjustment of 2% and for CY 2011 and beyond, an adjustment of 4%. Of the total annual appropriation, \$500,000 is retained by the Commissioner of Revenue to pay for public defender costs pursuant to Minnesota Statutes 611.27.

County Transition Aid [*Minnesota Statutes*, 477A.03, subd. 2, 477A.0124, subd. 5.]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$0 | \$928 | \$464 | \$0 | \$464 | \$464 | \$464 | \$464 |
| % Chg | -- | -50.0% | -100% | -- | 0% | 0% | 0% |

Appropriation Type: Statutory, Standing**Fund:** General

Description: This budget activity provides state aid to certain counties to buffer reductions in aid attributable to the 2003 consolidation of County Program Aid. Seven counties (Aitkin, Chippewa, Cook, Kanabec, Kittson, Traverse, and Wilkin) qualified for a total of \$1.3 million of transition aid in CY 2005, which was then reduced by one-third in each CY 2006 and CY 2007. This provision was due to sunset in calendar year 2007 (FY 2008), but it was reinstated and made permanent by the 2008 Legislature (Ch 366).

Public Defender Cost [*Minnesota Statutes*, section 477A.03, subd. 2b, and 611.27.]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$500 | \$500 | \$454 | \$500 | \$500 | 500 | \$500 | \$500 |
| % Chg | 0.0% | -9.20% | 10.1% | 0% | 0% | 0% | 0% |

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity represents set-aside moneys to pay for public defense services for correctional facility inmates. Under prior law, 1.5 percent of the criminal justice aid was designated for this purpose. However, since the CY 2005 consolidation of county aids, these funds are now deducted from the county program aid appropriation.

Local Impact Note Cost [*Minnesota Statutes*, 477A.03, subd. 2b, 477A.0124, subd. 4]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$0 | \$214 | \$0 | \$214 | \$214 | \$214 | \$214 | \$214 |
| % Chg | -- | -100% | -- | 0% | 0% | 0% | 0% |

Appropriation Type: Statutory, Standing**Fund:** General

Description: This budget activity provides annual funding of up to \$207,000 for the Commissioner of Finance and up to \$7,000 for the Commissioner of Education to pay for administrative costs incurred from completing local fiscal impact notes on legislation considered by the Minnesota Legislature. These funds are subtracted from the equalization aid portion of the County Program Aid formula.

Disparity Reduction Aid [Minnesota Statutes, 273.1398, subd. 3, 6 & 8]**Disparity Reduction Aid – School**

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$8,604 | \$7,997 | \$8,057 | \$8,640 | \$8,596 | \$8,584 | \$8,584 | \$8,584 |
| % Chg | -7.1% | 0.8% | 7.2% | -0.5% | -0.1% | 0% | 0% |

Disparity Reduction Aid – Non-School

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$10,576 | \$10,328 | \$10,208 | \$10,974 | \$10,907 | \$10,907 | \$10,907 | \$10,907 |
| % Chg | -2.3% | -1.2% | 7.5% | -0% | 0% | 0% | 0% |

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity reflects state aid paid to counties, townships and school districts to provide relief to high tax rate areas. The program was created in 1988 and unlike other aids that provide non-property tax revenues to local governments, disparity reduction aid is applied directly to local tax rates. A local tax rate is determined by subtracting the disparity reduction aid (DRA) from the initial tax rate, up to the amount that the total local tax rate does not fall below 90 percent.

Tribal Casino Aid [Minnesota Statutes, 270C.19, subd. 4]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$668 | \$668 | \$702 | \$691 | \$691 | \$691 | \$691 | \$691 |
| % Chg | 0.0% | 5.1% | -1.6% | -0% | 0% | 0% | 0% |

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity reflects state aid payments to counties with a tribal casino. Through this program, the state pays ten percent of the state's share of excise taxes (tobacco, alcoholic beverage, and motor fuels) collected under the tribal tax agreement. Because the tribal government receives one-half of the taxes collected, the county, in effect, receives 5 percent of these shared taxes. Currently, 17 casinos representing 11 tribes are operating in Minnesota.

PROPERTY TAX CREDITS *******Homestead Market Value Credit** [Minnesota Statutes, 273.1384, subd. 1, 4 & 5]**Homestead Market Value Credit – School**

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$65,478 | \$59,817 | \$57,134 | \$54,697 | \$52,483 | \$50,916 | \$49,727 | \$48,633 |
| % Chg | -8.6% | -4.5% | -4.3% | -4.0% | -3.0% | -2.3% | -2.2% |

Homestead Market Value Credit – Non-School

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$224,349 | \$213,030 | \$218,587 | \$213,706 | \$212,066 | \$205,994 | \$201,294 | \$196,877 |
| % Chg | -5.0% | 2.6% | -2.2% | -0.8% | -2.9% | -2.3% | -2.2% |

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity reflects reimbursements to taxing districts for property tax credits issued to residential homeowners. Under this program, homeowners may receive tax credits equal to 0.4 percent of the market value of the parcel up to a maximum of \$304, subject to a phase-out of the credit beginning at \$76,000 in market value. The phase-out rate is equal to .09 percent of market value above \$76,000 with no credit for homes valued at \$414,000 and above.

For School Districts, reimbursement is provided for the amount of the Homestead Market Value Credit deducted from each school district's tax revenues in proportion to each district's share of the gross tax, excluding school referendums.

For Non-School entities (local governments), reimbursement is provided for the amount of the Homestead Market Value Credit deducted from each local government's tax revenues in proportion to the local government's share of the gross tax.

For CY 2008, over one million homesteads participated. The average credit was \$210 for homes in greater Minnesota and \$141 for home in the metro area.

Agricultural Market Value Credit [Minnesota Statutes, 273.1384, subd. 2, 4 & 5]**Agricultural Market Value Credit – School**

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$5,588 | \$5,567 | \$5,751 | \$5,777 | \$5,871 | \$5,881 | \$5,881 | \$5,881 |
| % Chg | -0.4% | 3.3% | 0.5% | 1.6% | 0.2% | 0% | 0% |

Agricultural Market Value Credit – Non School

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$19,223 | \$19,248 | \$19,321 | \$19,356 | \$19,460 | \$19,460 | \$19,460 | \$19,460 |
| % Chg | 0.1% | 0.4% | 0.2% | 0.5% | 0% | 0% | 0% |

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity reflects reimbursements to taxing jurisdictions for property tax credits issued to owners of agricultural property minus the value of the house, garage and 1 acre of land. Applicants receive tax credits equal to 0.3 percent of the market value of the parcel up to a maximum of \$345 subject to a phase-back of the credit beginning at \$115,000 in market value. The phase-back rate, equal to .05 percent of market value above \$115,000, reduces the credit amount to a maximum of \$230 for farms valued at \$345,000 and above.

For School Districts, reimbursement is provided for the amount of the Agricultural Market Value Credit deducted from each school district's tax revenues in proportion to each district's share of the gross tax, excluding school referendums.

For Non-School entities (local governments), reimbursement is provided for the amount of the Agricultural Market Value Credit deducted from each local government's tax revenues in proportion to the local government's share of the gross tax.

Senior Deferral Reimbursement [*Minnesota Statutes*, section 290B.09, subd 2]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$254 | \$372 | \$390 | \$504 | \$630 | \$787 | \$984 | \$1,230 |
| % Chg | 46.5% | 4.8% | 29.2% | 25.0% | 25.0% | 25.0% | 25.0% |

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity allows certain seniors, age 65 years and over and who have a total household income of \$60,000 or less, to defer the amount of their property taxes that exceeds three percent of their household income to a later time. The state pays the amount of the deferred tax, including special assessments and other charges that appear on the property tax statement, to the county where the property is located. In 2006, slightly over 130 seniors were enrolled in this program.

Border City Disparity Reduction Credit – [*Minnesota Statutes*, section 273.1398, subd 3,4, 8.]

Border City Disparity Reduction Credit – School

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$687 | \$782 | \$817 | \$504 | \$630 | \$787 | \$984 | \$1,230 |
| % Chg | 13.8% | 4.5% | 29.2% | 25.0% | 25.0% | 25.0% | 25.0% |

Border City Disparity Reduction Credit – Non School

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$4,251 | \$4,176 | \$4,260 | \$4,459 | \$4,763 | \$5,001 | \$5,250 | \$5,513 |
| % Chg | 46.5% | 2.0% | 4.7% | 6.8% | 5.0% | 5.0% | 5.0% |

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity provides reimbursement for property tax credits issued to qualified commercial/industrial properties located in an enterprise zone of one of five designated border cities: Breckenridge, Dilworth, East Grand Forks, Moorhead, and Ortonville. This property tax credit does not apply to the debt service levy or school district taxes, other than the state equalized levies.

For School Districts, reimbursement is provided for the amount of the Border City Disparity Credit deducted from each school district's tax revenues in proportion to each district's share of the gross tax, excluding school referendums.

For Non-School entities (local governments), reimbursement is provided for the amount of the Border City Disparity Credit deducted from each local government's tax revenues in proportion to the local government's share of the gross tax.

Wetlands Reimbursement Credit [*Minnesota Statutes*, section 275.295, subd 2 & 3]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$2 | \$4 | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| % Chg | -100.0% | 25.0% | 0% | 0% | 0% | 0% | 0% |

Appropriation Type: Statutory, Open

Fund: General

Description: This budget activity reflects payments to counties for lost revenue resulting from the exemption of land in a wetland preservation area. Payments are based on tax revenue that would have been received if the wetlands had a net tax capacity of 50 cents per acre.

Sustainable Forest Land Credits [*Minnesota Statutes*, section 290C.07 & 290C.08]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$2,237 | \$3,161 | \$4,854 | \$6,118 | \$7,546 | \$8,716 | \$10,067 | \$11,627 |
| % Chg | 41.3% | 53.6% | 26.0% | 23.3% | 15.5% | 15.5% | 15.5% |

Appropriation Type: Statutory, Open

Fund: General

Description: This budget activity provides reimbursement to counties for property tax relief to private landowners who practice long-term forest management investment in accordance with the Sustainable Forest Incentive Act (2001). Approved claimants receive a credit of at least \$8.61 per acre for each acre enrolled in the program during CY 2008.

Minnesota Conservation Tax Credit [Minnesota Statutes, 40A.151, subd. 2, and 40A.152]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$271 | \$277 | \$275 | \$275 | \$275 | \$275 | \$275 | \$275 |
| % Chg | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

Appropriation Type: Statutory, Open**Fund:** Special Revenue

Description: This budget activity reflects state aid payments to counties to reimburse tax revenues forgone due to taxpayer participation in the Minnesota Conservation Tax Credit program. Under this program, a property tax credit of \$1.50 per acre is awarded to certain landowners who enter their property into an agricultural preserve restrictive covenant under chapter 40A.

The origin of these funds is a \$5 fee on mortgage and deed registrations for the metropolitan counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott or Washington.

Disaster Credit [Minnesota Statutes, section 273.123, subd 4, 5 & 6.]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$6 | \$0 | \$93 | \$516 | \$196 | \$3 | \$0 | \$0 |
| % Chg | -100.0% | -- | 454.8% | -62.0% | -98.5% | 0.0% | 0.0% |

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity reflects reimbursement for property tax credits to counties within a disaster or an emergency area. Specifically, counties must re-adjust property valuations to reflect damages and subsequent losses in market value caused by the event, creating a void in anticipated property tax revenues for the year. The commissioner of revenue is required to reimburse affected taxing jurisdictions when ad valorem taxes or other aids are distributed.

Prior Year Credits [Minnesota Statutes, section 273 various parts]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$473 | \$2,097 | \$1,347 | \$1,182 | \$1,177 | \$1,177 | \$1,177 | \$1,177 |
| % Chg | 343.3% | -35.8% | -12.2% | 0.0% | 0.0% | 0.0% | 0.0% |

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity accounts for reimbursements for a variety of property tax credits that are attributable to previous year tax liabilities.

TACONITE TAX RELIEF AREA AIDS & CREDITS *****

Supplemental Taconite Homestead Credit (also called Taconite Aid Reimbursement) -
School [Minnesota Statutes, section 273.136, subd 2.]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$561 | \$561 | \$561 | \$561 | \$561 | \$561 | \$561 | \$561 |
| % Chg | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

Appropriation Type: Statutory, Open

Fund: General

Description: This budget activity provides reimbursements to school districts in the Iron Range for tax credits issued under the homestead property tax relief program.

Supplemental Taconite Homestead Credit – Non-School [Minnesota Statutes, section 273.136, subd 2.]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$5,029 | \$5,160 | \$5,205 | \$5,213 | \$5,268 | \$5,321 | \$5,374 | \$5,427 |
| % Chg | 2.6% | 0.9% | 0.2% | 10.6% | 10.1% | 1.0% | 1.0% |

Appropriation Type: Statutory, Open

Fund: General

Description: This budget activity provides reimbursements to local governments in the Iron Range for tax credits issued under the homestead property tax relief program.

Taconite Replacement Aid – Non-School [Minnesota Statutes, section 298.285.]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$8,235 | \$8,519 | \$8,593 | \$8,522 | \$8,502 | \$8,502 | \$8,502 | \$8,502 |
| % Chg | 3.4% | 0.9% | -0.9% | -0.2% | 0.0% | 0.0% | 0.0% |

Appropriation Type: Statutory, Open

Fund: General

Description: This budget activity provides state aid (an amount equal to 22 cents per taxable ton of iron ore concentrates per production year) to local governments in the Iron Range to replenish their taconite municipal aid accounts.

LOCAL PENSION AIDS *******Aid to Police & Fire** [*Minnesota Statutes*, section 69.021, subd 5, 7 & 10.]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$79,683 | \$82,284 | \$84,933 | \$81,694 | \$87,597 | \$90,543 | \$93,625 | \$96,848 |
| % Chg | 3.3% | 3.2% | -3.8% | 7.2% | 3.4% | 3.4% | 3.4% |

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity is a combination of three pension aid provisions that provide payments to certain counties, municipalities, independent nonprofit firefighting corporations, and other entities to supplement their budgets. Allocation of state fire aid uses population and market value information in each service area to determine aid; certain service areas with volunteer firefighters receive additional minimum aid. Allocation of state police aid is based on the number of licensed police officers employed by the entity, up to the amount of the employer's prior year's pension contribution. Allocation of First Class City fire insurance surcharge is the geographic location of the property on which the fire insurance is written. Funding for Fire State Aid comes from the dedicated proceeds of the state insurance premium tax (generally 2%) on fire insurance. Police State Aid is financed by the dedicated proceeds of a 2% automobile insurance premium tax.

Table 1 of this document (on page 25) provides additional detail regarding these aid distributions.

Additional P&F Amortization Aid [*Minnesota Statutes*, section 423A.02, subd 1b.]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$8,284 | \$4,843 | \$3,247 | \$164 | \$164 | \$0 | \$0 | \$0 |
| % Chg | -41.5% | -33.0% | -94.9% | 0.0% | -100.0% | -- | -- |

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity provides payments to municipalities to help reduce unfunded accrued liabilities for their police and salaried firefighters' relief association pension funds. Revenues, which are one-half of excess police state aids, depend on the size of the employer pension contribution for the previous year and the tax on auto casualty insurance claims.

Local Police/Fire Amortization Aid [*Minnesota Statutes*, section 423A.02, subd 1.]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$2,616 | \$2,136 | \$942 | \$948 | \$948 | \$0 | \$0 | \$0 |
| % Chg | -18.3% | -55.9% | 0.6% | 0.0% | -100.0% | -- | -- |

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity provides payments to local governments to help amortize the unfunded liability of local police and salaried firefighters' relief associations. The period of amortization for each plan is required to be completed by the year 2010.

Redistributed Amortization Aid – TRFA [*Minnesota Statutes, section 423A.02, subd 3.*]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$1,436 | \$1,436 | \$2,281 | \$2,274 | \$2,274 | \$2,274 | \$2,274 | \$2,274 |
| % Chg | 0.0% | 58.8% | -0.3% | 0.0% | 0.0% | 0.0% | 0.0% |

Appropriation Type: Statutory, Open

Fund: General

Description: This budget activity reflects a redistribution of residual amortization aid to the Minneapolis Teachers Retirement Fund Association and to the St. Paul Teachers Retirement Fund Association to help pay for the unfunded actuarial accrued liabilities of the respective funds.

Local Police/Fire Supplemental Amortization Aid [*Minnesota Statutes, section 423A.02, subd 1a.*]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$750 | \$750 | \$572 | \$572 | \$572 | \$0 | \$0 | \$0 |
| % Chg | 0.0% | -23.7% | 0.0% | 0.0% | -100.0% | -- | -- |

Appropriation Type: Statutory, Open

Fund: General

Description: This budget activity provides supplemental state aid to amortize the unfunded liability of local police and salaried firefighters relief associations. Equal to amortization aid, the supplemental amortization aid terminates when a relief association or consolidation account becomes fully funded.

Firefighters Relief Reimbursements [*Minnesota Statutes, section 423A.02, subd 3e.*]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$486 | \$486 | \$571 | \$572 | \$571 | \$571 | \$571 | \$571 |
| % Chg | 0.0% | 17.5% | 0.0% | 0.0% | 0.0% | -0.0% | 0.0% |

Appropriation Type: Statutory, Open

Fund: General

Description: This budget activity reflects additional funding to support a minimum fire state aid amount for volunteer firefighter relief associations pension benefits.

PERA Pension Aid [Minnesota Statutes, section 273.1385.]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$14,568 | \$14,560 | \$14,534 | \$14,520 | \$14,431 | \$14,431 | \$14,431 | \$14,431 |
| % Chg | 0.0% | -0.2% | 0.0% | -6.10% | 0.0% | -0.0% | 0.0% |

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity reflects payments to each city, county, town, and other non-school jurisdictions in an amount equal to 0.35 percent of the fiscal year 1997 payroll for employees who were members of the general plan of the Public Employees Retirement Association. The aid provided under this section terminates on June 30, 2020.

OTHER EXPENDITURES *******Payments in Lieu of Taxes (PILT) for Lands Owned by the Department of Transportation**

[Minnesota Statutes, section 477A.12 (DOT).]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$7 | \$8 | \$9 | \$9 | \$9 | \$9 | \$10 | \$10 |
| % Chg | 14.3% | 12.5% | 0.0% | 0.0% | 11.1% | 11.1% | 11.1% |

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity reimburses counties and towns for lost revenues attributable to the removal of tax-generating properties from their property tax inventories for highway right-of-way lands. The commissioner of revenue provides payment in-lieu of tax (PILT) payments to local governments for this land.

Payments in Lieu of Taxes (PILT) for Lands Owned by the Department of Natural Resources

[Minnesota Statutes, section 477A.11 (DNR).]

| Dollars in Thousands | | | | | | | |
|----------------------|-------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Forecast | FY 2010 Projected | FY 2011 Projected | FY 2012 Planning | FY 2013 Planning |
| \$13,380 | \$19,657 | \$20,338 | \$0 | \$0 | \$0 | \$0 | \$0 |
| % Chg | 46.9% | 3.5% | 100.0% | -- | -- | -- | -- |

Appropriation Type: Statutory, Open**Fund:** General

Description: This budget activity reimburses counties and towns for lost revenues attributable to the removal of tax-generating properties from their property tax inventories to support preservation of natural resources lands. The commissioner of revenue provides payment in-lieu of tax (PILT) payments to local governments for this land. In the current biennium, this activity is shown in the Department of Natural Resources' budget.

BUDGET ACTIVITIES REPORTED IN PREVIOUS YEARS**Court Aid Adjustment** [*Minnesota Statutes, 477A.0124, subd. 4.*]

This budget activity, which provides state aid to Anoka and Washington Counties to pay for certain postretirement costs for court employees, has been integrated into the annual calculation that determines the county tax-base equalization aid portion of county program aid.

Court MOE Aid

This budget activity provided state aid payments to certain courts undergoing economic difficulty with judicial district transitions from county to state-level funding in CYs 2002-2005. Specifically, courts were required to increase their expenditures by 8 percent per year. The last two districts -- the Sixth and Tenth Judicial Districts -- finished transitioning in FY 2006.

Court Takeover Aid

This budget activity reflects state aid paid to certain courts undergoing judicial district transitions from county to state-level funding in CYs 2002-2005. Specifically, court takeover aid primarily reflects one-time costs attributed to timing differences between county and state fiscal years.

Taxpayer Assistance Grants [*Minnesota Session Laws 2005, 1st Special Session – Chapter 3.*]

In FY 2006, this budget activity, which provides \$125,000 per year in grant moneys to nonprofit organizations to assist low-income and disadvantaged taxpayers, became part of the Department of Revenue's base budget.

Disaster Grants [*Minnesota Session Laws 2005, 1st Special Session – Chapter 3.*]

In FY 2006, this item provided a one-time disaster grant of \$500,000 to the Department of Employment and Economic Development (DEED) for disaster relief in Otter Tail County.

Cargo Grants [*Minnesota Session Laws 2005, 1st Special Session – Chapter 3.*]

In FY 2006, this budget activity provided a one-time appropriation of \$750,000 to the Department of Employment and Economic Development (DEED) for business assistance in an international trade zone.

Payments in Lieu of Taxes (PILT) for Lands Owned by the Department of Natural Resources

[*Minnesota Statutes*, section 477A.11 (DNR).]

Through FY 2007, this budget activity reimbursed counties and towns for lost revenues attributable to the removal of tax-generating properties from their property tax inventories to support preservation of natural resources lands. In FY 2008, this activity was transferred to the Department of Natural Resources' budget.

REPEALED PROGRAMS

Attached Machinery Aid

Homestead Agricultural Credit Aid (HACA)

Family Preservation Aid

Criminal Justice Aid

Beginning in 2004, four aid programs -- Attached Machinery Aid, Homestead Agricultural Credit Aid (HACA), Family Preservation Aid, and Criminal Justice Aid -- were repealed and consolidated into one general aid program, called county program aid, found on page 3 of this catalog.

Table 1: Pension Aids

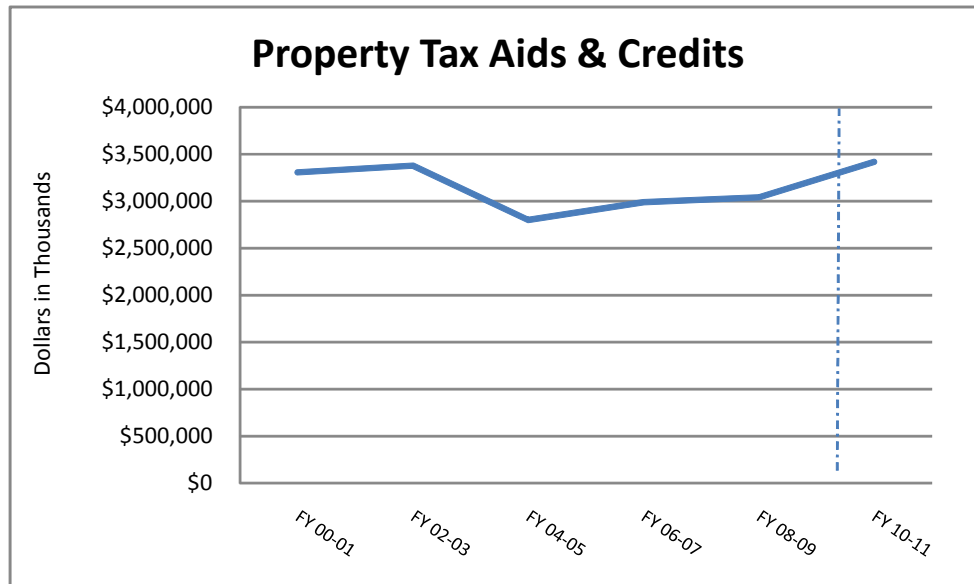
State Aid Supporting Local Government Pensions
November 2008 Forecast

| House Committee | Budget Activity | All Numbers in Thousands | | | | | | | |
|----------------------|--|--------------------------|-------------------|-------------------|---------------------|---------------------|---------------------|-------------------|-------------------|
| | | Actual FY 2006 | Actual FY 2007 | Actual FY 2008 | Nov 08 Fcst FY 2009 | Nov 08 Fcst FY 2010 | Nov 08 Fcst FY 2011 | Plan Est FY 2012 | Plan Est FY 2013 |
| Tax Aids/Cred | Local Aids to Police & Fire | \$ 87,967 | \$ 87,127 | \$ 88,180 | \$ 81,858 | \$ 87,761 | \$ 90,543 | \$ 93,625 | \$ 96,848 |
| | Police - 431 depts in FY 08 | \$ 47,616 | \$ 48,320 | \$ 54,987 | \$ 55,634 | \$ 63,865 | \$ 66,811 | \$ 69,893 | \$ 73,116 |
| | Fire - 766 depts in FY 08 | \$ 30,461 | \$ 32,358 | \$ 28,287 | \$ 24,401 | \$ 22,073 | \$ 22,073 | \$ 22,073 | \$ 22,073 |
| | Insurance Surcharge (1st class cities) | \$ 1,606 | \$ 1,606 | \$ 1,659 | \$ 1,659 | \$ 1,659 | \$ 1,659 | \$ 1,659 | \$ 1,659 |
| | Additional Amortization Aid | \$ 8,284 | \$ 4,843 | \$ 3,247 | \$ 164 | \$ 164 | \$ - | \$ - | \$ - |
| Tax Aids/Cred | Local Police and Fire Amort | \$ 5,288 | \$ 4,808 | \$ 4,366 | \$ 4,365 | \$ 4,365 | \$ 2,845 | \$ 2,845 | \$ 2,845 |
| | P/F Amortization | \$ 2,616 | \$ 2,136 | \$ 942 | \$ 948 | \$ 948 | \$ - | \$ - | \$ - |
| | Redistribution of Amort Aid | \$ 1,436 | \$ 1,436 | \$ 2,281 | \$ 2,274 | \$ 2,274 | \$ 2,274 | \$ 2,274 | \$ 2,274 |
| | P/F Supplemental Amort | \$ 750 | \$ 750 | \$ 572 | \$ 572 | \$ 572 | \$ - | \$ - | \$ - |
| | Firefighter Reimbursement | \$ 486 | \$ 486 | \$ 571 | \$ 571 | \$ 571 | \$ 571 | \$ 571 | \$ 571 |
| Tax Aids/Cred | PERA Pension Aid | \$ 14,568 | \$ 14,560 | \$ 14,534 | \$ 14,520 | \$ 14,431 | \$ 14,431 | \$ 14,431 | \$ 14,431 |
| | Subtotal - Tax Aids & Credits | \$ 107,823 | \$ 106,495 | \$ 107,080 | \$ 100,743 | \$ 106,557 | \$ 107,819 | \$ 110,901 | \$ 114,124 |
| State Gov | Mpls TRA 1993 Aid | \$ 2,472 | \$ 2,500 | \$ 2,501 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 |
| | Mpls TRA 1997 Aid | \$ 13,298 | \$ 13,300 | \$ 13,300 | \$ 13,300 | \$ 12,954 | \$ 12,954 | \$ 12,954 | \$ 12,954 |
| | St Paul TRA 1997 Aid | \$ 2,969 | \$ 2,967 | \$ 2,967 | \$ 2,967 | \$ 2,827 | \$ 2,827 | \$ 2,827 | \$ 2,827 |
| | Mpls Employee Retrmt Fnd (MERF) | \$ 8,065 | \$ 9,000 | \$ 9,000 | \$ 9,000 | \$ 9,000 | \$ 9,000 | \$ 9,000 | \$ 9,000 |
| | Duluth TRA | \$ - | \$ - | \$ - | \$ - | \$ 346 | \$ 346 | \$ 346 | \$ 346 |
| | Subtotal - State Government | \$ 26,804 | \$ 27,767 | \$ 27,768 | \$ 27,767 | \$ 27,627 | \$ 27,627 | \$ 27,627 | \$ 27,627 |
| | TOTAL | \$ 134,627 | \$ 134,262 | \$ 134,848 | \$ 128,510 | \$ 134,184 | \$ 135,446 | \$ 138,528 | \$ 141,751 |

Notes: ¹ Excludes Legislators and Constitutional Officers

² Other forms of state aid (including education aids and Local Government Aid) that also supplement local pensions at the discretion of the local authorities, are not reflected here.

House Fiscal document, January 21, 2009. All funds are general fund dollars.

Table 2: Ten Years of Tax Aids & Credits Expenditures**Property Tax Aids & Credits Spending**

| | Dollars in Thousands | | | | | |
|-------------------------------|----------------------|--------------------|--------------------|--------------------|-----------------------|-----------------------|
| | Actual FY 00-01 | Actual FY 02-03 | Actual FY 04-05 | Actual FY 06-07 | Projected FY 08-09 | Estimated FY 10-11 |
| Total GF | \$25,437,925 | 26,751,791 | \$29,364,444 | \$31,489,542 | \$34,173,109 | \$36,713,149 |
| Tax Aids & Credits | \$3,306,343 | 3,378,622 | \$2,800,431 | \$2,989,962 | \$3,041,824 | \$3,418,955 |
| % of Total GF | 13.0% | 12.6% | 9.5% | 9.5% | 8.9% | 9.3% |

Note: FY 08-09 includes unallotments from December 18, 2008.

House Fiscal document, January 21, 2009. All funds are general fund dollars.