Association *of* Minnesota Counties

Legislative Priority: Updating County Program Aid to Provide Local Property Tax Stability for Counties and Residents

The Association of Minnesota Counties supports legislation that strengthens county program aid (CPA) in a sustainable way and provides relief for counties experiencing dramatic reductions in tax-based equalization aid.

BACKGROUND: Counties in Minnesota serve as an arm of the state where state-mandated services are administered and delivered. County program aid, which is traditionally a component of the Tax Bill, provides funding for counties to provide services relating to public safety, human services, transportation, and other vital programs as directed by the state. To help pay for these services, the state distributes funding to counties through County Program Aid (CPA) with the additional goal of providing tax stability for counties.

CURRENT SITUATION: Recently, counties have seen drastic variations in aid allocation, which not only causes uncertainty during the budgeting process, but can force boards to raise levies on county residents and cut vital human services.

2017 LEGISLATIVE PRIORITY: After convening a work group to study how the CPA formula can be improved to help alleviate state burdens on counties and residents, the Association of Minnesota Counties supports the following changes to the CPA funding formula:

- A funding increase of $40 million.
- The creation of a funding floor that guarantees each county $350,000 in Tax Base Equalization Aid (TBEA), a component of the CPA funding formula that is distributed based on a county's population and local tax base.
- Formula revisions to slow down counties' loss of TBEA funding, including an increase of the per capita factor to $190 and a decrease of the county adjusted net tax capacity (ANTC) factor to 9%.
- The elimination of special funds and transition aid.
- The creation of a 5% cap on annual CPA losses that would ensure no county will lose more than 5% funding each year.