County Program Aid

Prior to calendar year 2004, counties received property tax aid under a number of different programs. Beginning in 2004, the aid programs were consolidated into one general aid program, called county program aid (CPA). The county aid programs that were consolidated include the following:

- attached machinery aid (Minn. Stat. § 273.138)
- homestead and agricultural credit aid (HACA) (Minn. Stat. § 273.1398, subd. 2)
- manufactured home homestead and agricultural credit aid (Minn. Stat. § 273.166)
- county criminal justice aid (CCJA) (Minn. Stat. § 477A.0121)
- family preservation aid (FPA) (Minn. Stat. § 477A.0122)

From calendar year 2005 on, CPA has been allocated by two formulas, need aid and tax-base equalization aid, with just under half the money being distributed through the need aid formula and just over half being distributed through the tax base equalization aid formula. The table on the next page shows how a county’s aid is calculated under each formula.

Seven counties whose relative share of the total CPA formula allocation in calendar year 2005 was significantly less than their share of 2004 program aid qualify for “transition aid.” Each county’s transition aid amount is permanently fixed at one-third of the amount it received in 2005. The total amount of transition aid for calendar year 2013 is $464,000.

For 2008 to 2011, county program aid payments were less than the levels that had been certified due to state budgetary conditions. In 2010, the total appropriation was permanently reduced by approximately $34 million, and then further reduced by another $32 million in 2011.
## Calculation of County Program Aid

<table>
<thead>
<tr>
<th>Need Aid</th>
<th>Tax-base Equalization Aid</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Share of Appropriation:</strong></td>
<td><strong>Share of Appropriation:</strong></td>
</tr>
<tr>
<td>$100.5 million (CY 2005-2008)</td>
<td>$105 million (CY 2005-2008)</td>
</tr>
<tr>
<td>$111.5 million (CY 2009)</td>
<td>$116.1 million (CY 2009)</td>
</tr>
<tr>
<td>$113.7 million (CY 2010)</td>
<td>$118.5 million (CY 2010)</td>
</tr>
<tr>
<td>$96.4 million (CY 2011-2012)</td>
<td>$101.3 million (CY 2011-2012)</td>
</tr>
<tr>
<td>$80.8 million (CY 2013 and thereafter)</td>
<td>$84.9 million (CY 2013 and thereafter)</td>
</tr>
<tr>
<td><strong>Reductions from the appropriation:</strong> $500,000 annually for court-ordered counsel and public defense costs</td>
<td><strong>Reduction from the appropriation:</strong> up to $214,000 annually to pay for the preparation of local impact notes</td>
</tr>
</tbody>
</table>

### Factors used in the formula:

- **age-adjusted population**, which ranges from 80% to 180% of the county’s actual population based on the percentage of the county’s population over 65 years, compared to the statewide average
- **average monthly number of households receiving food stamps** in the county over the last three years
- **average number of Part I crimes** reported in the county over the last three years (These are the most serious crimes)

### The formula:

- 40% of the appropriation is distributed to each county based on its relative share of the total age-adjusted population in the state
- 40% of the appropriation is distributed to each county based on its relative share of the total average monthly number of households receiving food stamps in the state
- 20% of the appropriation is distributed to each county based on its relative share of the average number of Part I crimes reported in the state

### Tax-base equalization factor used in the formula:

\[
\text{Factor} = N \times (185 \times \text{population} - 9.45\% \times \text{county adjusted net tax capacity})
\]

where

- N equals:
  - 3 if the county population is less than 10,000
  - 2 if the county’s population is at least 10,000 but less than 12,500
  - 1 if the county’s population is at least 12,500 but less than 500,000
  - 0.25 if the county’s population is 500,000 or more

### The formula:

- 100% of the appropriation is distributed based on each county’s relative share of the sum of the tax-base equalization factors for all the counties in the state

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**For more information:** Contact legislative analyst Steve Hinze at 651-296-8956. Also see the House Research publication *Aid Cuts to Local Governments in CY 2003 and 2004*, February 2004.