



Your LMC Resource

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A handwritten signature in black ink, appearing to read 'Gary Carlson', is written over the contact information.

Bill Proposes Using LGA to Pay Interjurisdictional Obligations

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The bill would redirect a city's local government aid to cover emergency assistance obligations to other local governments.

SF 749 (<https://www.revisor.mn.gov/bills/bill.php?b=senate&f=SF0749&ssn=0&y=2021>) (Sen. Bill Weber (https://www.senate.mn/members/member_bio.html?leg_id=15388), R-Luverne), a bill that would take a city's local government aid (LGA) to pay for any unpaid assistance from another local government, was approved on the Senate floor on Feb. 15.

The House companion bill, HF 1052 (<https://www.revisor.mn.gov/bills/bill.php?f=HF1052&y=2021&ssn=0&b=house>), authored by Rep. Jim Nash (<https://www.house.leg.state.mn.us/members/profile/15441>) (R-Waconia), has not been scheduled for a hearing.

The bill would establish a procedure in which a city or county could submit a claim to the Office of the State Auditor (OSA) for unreimbursed costs associated with emergency assistance it has provided to another local government. The OSA would evaluate the claim and submit a request to the Department of Revenue to reduce the LGA payment of the local government that received assistance.

The filing process would be done in conjunction with the city's filing of financial statements with the OSA, beginning in 2022. Any reduction in a city's LGA to cover an obligation to another local government would not impact the LGA formula or future distributions.

Cities express concern

The League, Metro Cities, and the Coalition of Greater Minnesota Cities have all expressed concerns about the bill. If passed, this would be the first time the Legislature has enacted a process to redirect a city's LGA to another jurisdiction to cover other obligations of the city.

Although a city providing assistance would have a valid claim for reimbursement, the process would potentially tap a receiving city's next LGA payment retroactively, possibly challenging that city's current budget.

The League provided background information on mutual aid agreements, including the fact that few reimbursement claims for mutual aid are ever submitted between jurisdictions. Cities enter into mutual aid agreements knowing that sometimes they will provide assistance and sometimes they will receive assistance.

Read more news articles (<https://www.house.leg.state.mn.us/members/profile/15441>)