

Table of Contents

Tax Aids, Credits and Refunds

<i>Agency Profile</i>	1
<u>Program</u>	3
Refunds	3
<u>Activity</u>	3
Homestead Credit Refund	3
<i>Activity Narrative</i>	3
Renters Property Tax Refund	5
<i>Activity Narrative</i>	5
Special Property Tax Refund	7
<i>Activity Narrative</i>	7
Sustainable Forest Incentive Payments	9
<i>Activity Narrative</i>	9
<u>Program</u>	10
Local Aids	10
<u>Activity</u>	10
Local Government Aid (City Aid)	10
<i>Activity Narrative</i>	10
County Program Aid	12
<i>Activity Narrative</i>	12
Disparity Reduction Aid	14
<i>Activity Narrative</i>	14
Casino Aid to Counties	16
<i>Activity Narrative</i>	16
State Taconite Aid	17
<i>Activity Narrative</i>	17
Payment in Lieu of Taxes (PILT)	19
<i>Activity Narrative</i>	19
Township Aid	20
<i>Activity Narrative</i>	20
Aquatic Invasive Species Prevention Aid	22
<i>Activity Narrative</i>	22
Small Cities Assistance	24
<i>Activity Narrative</i>	24
Riparian Protection Aid	26
<i>Activity Narrative</i>	26
Indian Family Out-of-Home Placement Aid	28
<i>Activity Narrative</i>	28
Local Homeless Prevention Aid	30
<i>Activity Narrative</i>	30
Soil And Water Conservation District Aid	31
<i>Activity Narrative</i>	31
Electric Generation Transition Aid	33
<i>Activity Narrative</i>	33

Statewide Local Housing Aid	34
<i>Activity Narrative</i>	34
Tribal Nation Aid	36
<i>Activity Narrative</i>	36
Local Affordable Housing Aid	37
<i>Activity Narrative</i>	37
<u>Program</u>	39
Credits	39
<u>Activity</u>	39
Agricultural Homestead Market Value Credit	39
<i>Activity Narrative</i>	39
Prior Year Credit Adjustment	41
<i>Activity Narrative</i>	41
Border City Disparity Reduction Credit	43
<i>Activity Narrative</i>	43
Supplemental Taconite Homestead Credit	44
<i>Activity Narrative</i>	44
Agricultural Preservation Credit	46
<i>Activity Narrative</i>	46
School Building Bond Agricultural Credit	48
<i>Activity Narrative</i>	48
<u>Program</u>	50
Pension-Related Aids	50
<u>Activity</u>	50
Police State Aid	50
<i>Activity Narrative</i>	50
Fire State Aid	52
<i>Activity Narrative</i>	52
Fire Insurance Surcharge Aid	53
<i>Activity Narrative</i>	53
Police/Fire Amortization Aids	54
<i>Activity Narrative</i>	54
Firefighter Supplemental Benefits Reimbursement	55
<i>Activity Narrative</i>	55
Police/Fire Retirement Supplemental State Aid	56
<i>Activity Narrative</i>	56
<u>Program</u>	57
Other Local Government Payments	57
<u>Activity</u>	57
Senior Property Tax Deferral Reimbursement	57
<i>Activity Narrative</i>	57
Performance Measurement Reimbursement	59
<i>Activity Narrative</i>	59
Mahnomen Property Tax Reimbursement	61
<i>Activity Narrative</i>	61
Taconite Aid Reimbursement	63
<i>Activity Narrative</i>	63
Border City Reimbursement	64

<i>Activity Narrative</i>	64
Disaster Credits	65
<i>Activity Narrative</i>	65
Miscellaneous Payments	67
<i>Activity Narrative</i>	67
<u>Program</u>	69
Other Taxes and Refunds	69
<u>Activity</u>	69
Discontinued Programs	69
<i>Activity Narrative</i>	69

AT A GLANCE

In 2025 the Department of Revenue paid:

- \$1.417 billion in aids to local governments
- \$1.090 billion in property tax refunds to about 943,000 individuals
- \$180 million in credits to reduce individuals' and businesses' property taxes
- \$59 million in other programs

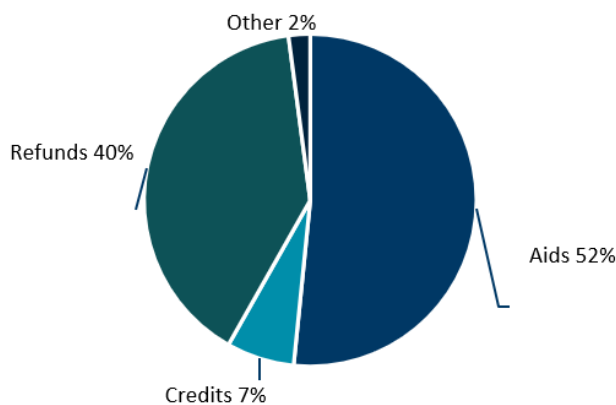
PURPOSE

Property taxes are a primary source of funding for local governments. Property tax amounts are not linked to ability to pay and can be a significant cost relative to income for some taxpayers.

Property Tax Aid, Credit and Refund programs provide direct property tax relief to individual taxpayers and funding to local governments, including cities and counties.

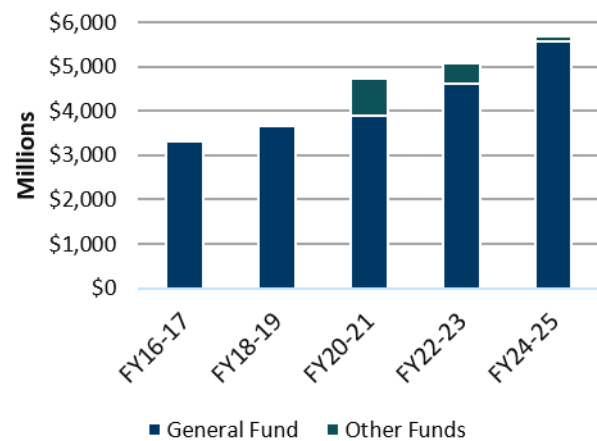
BUDGET

**Spending by Program
FY 2025 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The Department of Revenue administers 41 Property Tax Aid, Credit and Refund programs that make payments to individual taxpayers and local governments. In 2025, we disbursed more than \$2.7 billion in general fund dollars through four types of programs:

- Aids paid to local government to help them fund local services
- Credits that reduce the amount of property taxes individuals pay
- Refunds that provide individuals direct relief for taxes already paid
- Other programs such as property tax deferral for senior citizens and tax refund interest payments

STRATEGIES

Property Tax Aid, Credit and Refund programs:

- Target property tax relief based on income and ability to pay
- Provide aid to local governments and property tax relief to individuals to help make the services provided by local governments more affordable
- Address sudden increases in property taxes
- Encourage behavior which the state deems beneficial to achieving statewide outcomes

Program: Refunds**Activity: Homestead Credit Refund**revenue.state.mn.us**AT A GLANCE**

For refunds based on taxes paid in 2024:

- Approximately 593,000 homeowners received refunds
- The average refund was \$1,332

PURPOSE AND CONTEXT

Property taxes account for a high share of income for some taxpayers. The Homestead Credit Refund provides relief to homeowners who pay high property taxes relative to their income.

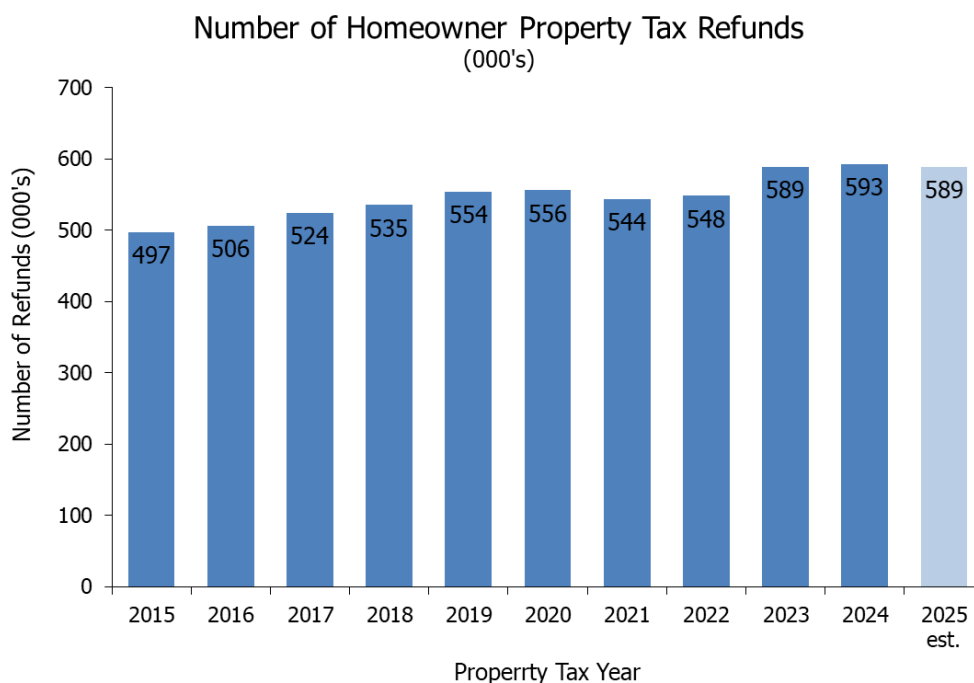
Funding source: State General Fund

SERVICES PROVIDED

The program provides property tax relief to homeowners based on their ability to pay. If property tax exceeds a certain percentage of household income, the refund equals a percentage of the tax over the threshold, up to a maximum amount.

RESULTS**Part A: Performance Data**

Property taxes are more affordable for qualifying homeowners. The chart below shows the number of homeowner refunds varies from year to year.



Property taxes are less regressive for homeowners with lower incomes because of the Property Tax Refund (PTR).

Measure	Measure type	Measure data source	Historical trend	Most recent data
Suits index - homeowner property taxes before PTR	Results	Tax Incidence Study	Since 2006, the suits index for homeowner property taxes before PTR has ranged from -0.165 to -0.314.	-0.302 in 2023
Suits index - homeowner property taxes after PTR	Results	Tax Incidence Study	Since 2006, the suits index for homeowner property taxes after PTR has ranged from -0.106 to -0.271.	-0.241 in 2023
Reduction in regressivity due to PTR	Results	Tax Incidence Study	Since 2006, the reduction in regressivity due to the PTR has ranged from 14% to 36%.	20% in 2023

Performance Measurement Notes:

The Suits index data is from the most recently available 2026 Tax Incidence Study based on calendar year 2023 property taxes and refunds.

The Suits index measures if taxes are progressive or regressive. For a progressive tax, the effective tax rate rises as income rises. For a regressive tax, the effective tax rate falls as income rises. A proportional tax has a Suits index equal to zero; a progressive tax has a positive index number in the range between 0 and +1; a regressive tax has a negative value between 0 and -1.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “property tax refund.”

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a refund to taxpayers with no specific policy outcome against which to measure performance.

M.S. 290A.04 Subd. 2 (www.revisor.mn.gov/statutes/cite/290A.04) establishes the Homestead Credit Refund program.

Program: Refunds**Activity: Renters Property Tax Refund**revenue.state.mn.us**AT A GLANCE**

For refunds based on taxes paid in 2024:

- Approximately 325,000 renters received refunds
- The average refund was \$855

PURPOSE AND CONTEXT

Property taxes account for a high share of income for some taxpayers. The Renter's Property Tax Refund provides relief for those who – through their rent – pay high property taxes relative to their income. A 2023 law change converted the renters property tax refund to an income tax credit.

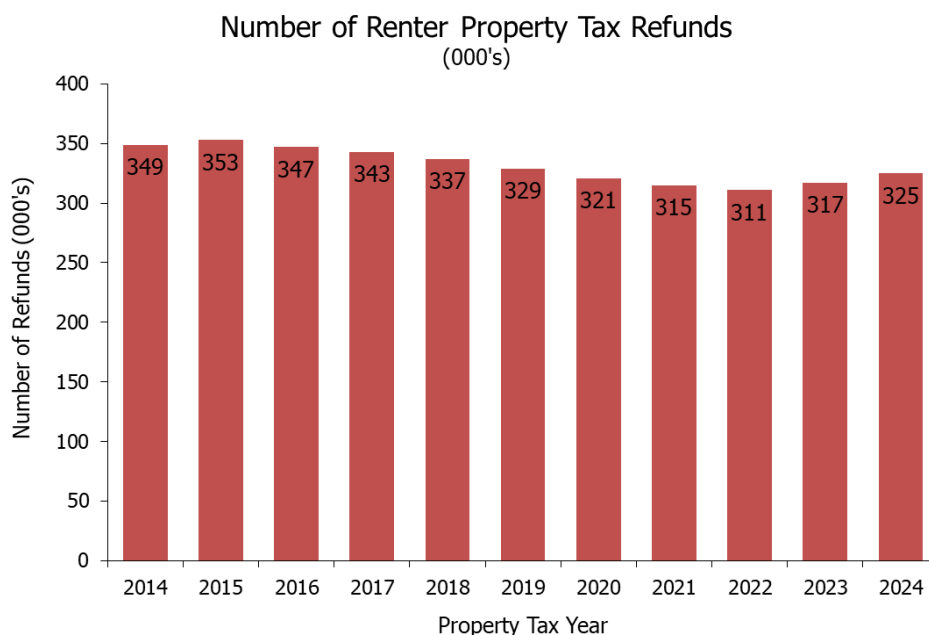
Funding source: State General Fund

SERVICES PROVIDED

The program provides property tax relief to renters based on their ability to pay. If property tax exceeds a certain percentage of household income, the refund equals a percentage of the tax over the threshold, up to a maximum amount. Property tax for renters is defined as 17% of rent paid.

RESULTS**Part A: Performance Data**

Property taxes are more affordable for qualifying renters. The chart below shows the number of renter refunds varies from year to year.



Property taxes are less regressive for renters with lower incomes due to the Property Tax Refund (PTR).

Measure	Measure type	Measure data source	Historical trend	Most recent data
Suits index - renter property taxes before PTR	Results	Tax Incidence Study	Since 2006, the suits index for renter property taxes before PTR has ranged from -0.277 to -0.391.	-0.306 in 2023
Suits index - renter property taxes after PTR	Results	Tax Incidence Study	Since 2006, the suits index for renter property taxes after PTR has ranged from -0.102 to -0.209.	-0.147 in 2023
Reduction in regressivity due to PTR	Results	Tax Incidence Study	Since 2006, the reduction in regressivity due to the PTR has ranged from 39% to 65%.	52% in 2023

Performance Measurement Notes:

The Suits index data is from the most recently available 2026 Tax Incidence Study based on calendar year 2023 property taxes and refunds.

The Suits index measures if taxes are progressive or regressive. For a progressive tax, the effective tax rate rises as income rises. For a regressive tax, the effective tax rate falls as income rises. A proportional tax has a Suits index equal to zero; a progressive tax has a positive index number in the range between 0 and +1; a regressive tax has a negative value between 0 and -1.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “property tax refund.”

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a refund to taxpayers with no specific policy outcome against which to measure performance.

M.S. 290A.04 Subd. 2 (www.revisor.mn.gov/statutes/cite/290A.04) establishes the Homestead Credit Refund program.

Program: Refunds

Activity: Special Property Tax Refund

revenue.state.mn.us

AT A GLANCE

In 2025:

- Approximately 60,000 homeowners received a special refund
- The average refund was \$141

PURPOSE AND CONTEXT

Large increases in property taxes can lead to financial strain for some taxpayers. The Special Property Tax Refund provides relief for homeowners who have a large increase in property taxes due to economic conditions, property tax policy changes, or other factors.

Funding source: State General Fund

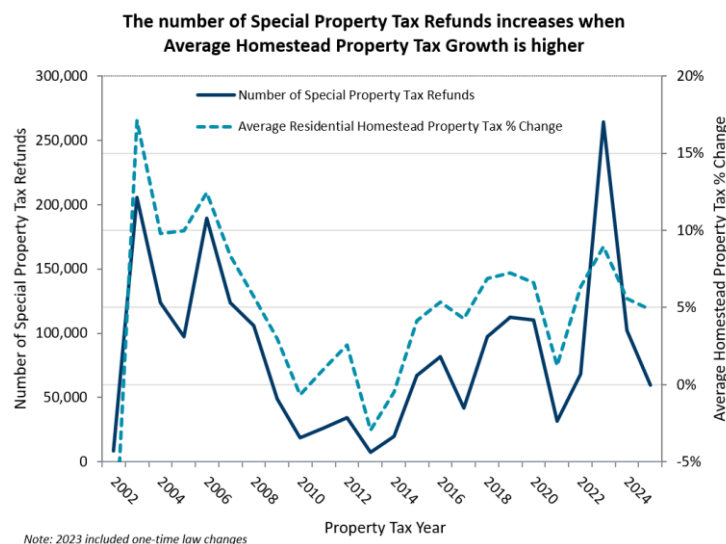
SERVICES PROVIDED

The special refund provides relief to homesteads that experience a one-year increase in property tax of at least 12% and \$100. The refund amount is 60% of the increase above 12%, up to a maximum of \$1,000. For 2023 only, the one-year increase to qualify for the refund was lowered to 6% and the maximum refund was increased to \$2,500.

RESULTS

Part A: Performance Data

Property taxes are more predictable and affordable for households by reducing significant annual increases. The chart below shows the number of refunds increases when average homestead property tax growth is higher.



Measure	Measure type	Measure data source	Historical trend	Most recent data
Annual special refunds processed	Quantity	Actual special refunds processed	Since 2010, the average annual number of special refunds processed is 71,000.	60,000 in 2025
Average special refund	Quantity	Actual special refunds processed	Since 2010, the average refund has ranged from \$84 to \$184.	\$141 in 2025

Performance Measurement Notes:

Measures are in taxes payable years.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “property tax refund.”

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a refund to taxpayers with no specific policy outcome against which to measure performance.

M.S. 290A.04 Subd. 2h (www.revisor.mn.gov/statutes/cite/290A.04) establishes the Special Property Tax program.

Program: Refunds**Activity: Sustainable Forest Incentive Payment**revenue.state.mn.us**AT A GLANCE**

In 2025:

- 3,327 landowners received an incentive payment
- The average incentive payment was \$4,839

PURPOSE AND CONTEXT

Property taxes can be a significant cost to owning forest land, which can discourage long-term investments in forest management. The Sustainable Forest Incentive Act provides payments to owners of forest land to encourage sustainable forest management rather than developing the land.

Funding source: State General Fund

SERVICES PROVIDED

A landowner who meets all the qualifications of the Sustainable Forest Incentive Act is eligible for a payment. Land is enrolled for eight, twenty, or fifty years, with higher per-acre payment rates for longer enrollments. The annual payments are adjusted each year based on statewide average market values and tax rates.

RESULTS**Part A: Performance Data**

The payments encourage landowners to make long-term commitments to sustainable forest management by reducing the costs of holding land in an undeveloped state.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Total acreage	Quantity	Sustainable Forest Incentive Act payment data	Since 2014, when 938,000 acres were enrolled, the total acreage in the program has been increasing.	1.13 million in 2025

Performance Measurement Notes:

Measures are in payment years.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “sustainable forest.”

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to eligible landowners with no specific policy outcome against which to measure performance.

M.S. 290C (www.revisor.mn.gov/statutes/cite/290C) establishes the Sustainable Forest Incentive.

Program: Local Aids**Activity: Local Government Aid (City Aid)**revenue.state.mn.us**AT A GLANCE**

In 2026:

- 747 cities out of 856 receive Local Government Aid

PURPOSE AND CONTEXT

Cities across the state have varying service needs and revenue sources. Local Government Aid payments to cities provide general support for services and reduce property tax burdens on homeowners and businesses.

Funding source: State General Fund

SERVICES PROVIDED

Local Government Aid (LGA) is a general-purpose aid that cities can use for any lawful purpose. It also provides property tax relief by reducing the amount of revenue that is collected locally.

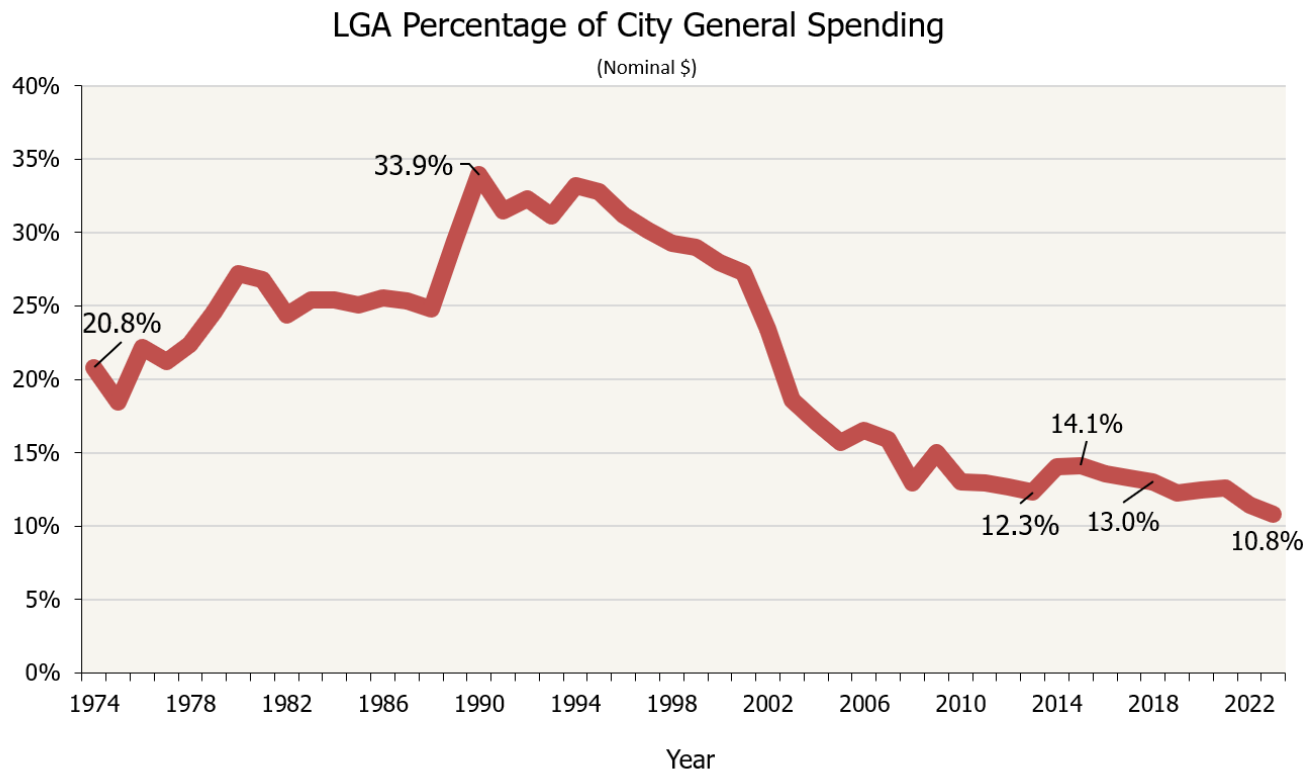
The LGA formula has changed many times since it started in 1971. The current formula measures a city's need by comparing factors like its population and age of housing to its ability to pay (based on local property values).

The formula attempts to target aid to those cities with the lowest property values and highest need.

RESULTS**Part A: Performance Data**

Cities across the state are more able to offer their residents comparable services at a similar tax cost.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Percentage of cities receiving LGA	Quantity	LGA Certifications	The percentage of cities receiving LGA has ranged between 87% to 90% over the last 10 years.	87% in 2026
LGA percentage of city spending	Quantity	Office of the State Auditor city finance reports	The LGA percentage of city spending has declined in recent years. See chart below.	10.8% in 2023



Performance Measurement Notes:

Percentage of cities receiving LGA is based on payable year 2026.

LGA percentage of city spending is based on State Auditor city finance reports for 2023 and computes LGA as a percentage of total current expenditures. The most recent auditor data available is for 2023.

A 2023 law change increased the LGA appropriation by \$80 million and modified the formula for aids payable 2024 and thereafter.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search "LGA."

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to local governments with no specific policy outcome against which to measure performance.

M.S. Chapter 477A (www.revisor.mn.gov/statutes/cite/477A) establishes the Local Government Aid program.

Program: Local Aids**Activity: County Program Aid**revenue.state.mn.us**AT A GLANCE**

In 2026:

- All 87 counties received County Program Aid

PURPOSE AND CONTEXT

Counties across the state have varying services needs and revenue sources. County Program Aid payments provide general support for services and reduce property tax burdens for homeowners and businesses.

Funding source: State General Fund

SERVICES PROVIDED

County Program Aid (CPA) is a general-purpose aid that counties can use for any lawful purpose. It also provides property tax relief by reducing the amount of revenue collected locally.

The CPA appropriation is divided into two pots:

1. Need aid, based on a county's measure of crime rate, poverty, and population
2. Tax base equalization aid, based on a county's population and property values

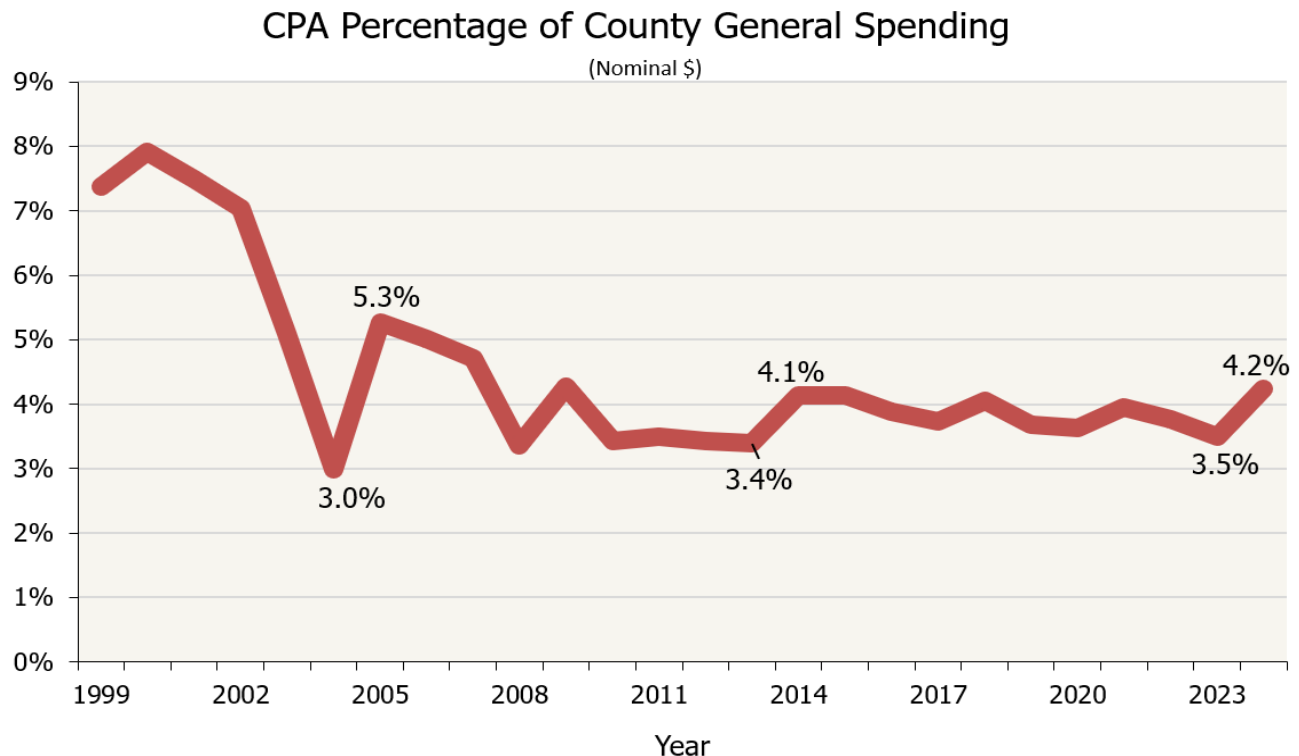
The formula provides aid to those counties with the highest need and lowest property values.

RESULTS**Part A: Performance Data**

Counties across the state are more able to offer their residents comparable services at a similar tax cost.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Percentage of counties receiving CPA – Need Aid	Quantity	CPA Certifications	The percentage of counties receiving need aid has always been 100%.	100% in 2026
Percentage of counties receiving CPA – Tax Base Equalization Aid	Quantity	CPA Certifications	The percentage of counties receiving tax base equalization aid has been as low as 69%. It has been 100% since a 2017 law change.	100% in 2026

Measure	Measure type	Measure data source	Historical trend	Most recent data
CPA percentage of county spending	Quantity	Office of the State Auditor	CPA as a percentage of county spending has ranged from 3.4% to 4.2% over the last 15 years. See chart below.	4.2% in 2024



Performance Measurement Notes:

Percentage of counties receiving aid is based on aids payable years.

CPA percentage of county spending is based on State Auditor county finance reports for 2024 and computes CPA as a percentage of total current expenditures. The most recent auditor data available is for 2024.

A 2023 law change increased the CPA appropriation by \$80 million for aids payable 2024 and thereafter.

Prior to 2004, the previous county aid programs were Family Preservation Aid, County Criminal Justice Aid, Homestead and Agricultural Credit Aid (HACA), and Attached Machinery Aid.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “CPA.”

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to local governments with no specific policy outcome against which to measure performance.

M.S. Chapter 477A (www.revisor.mn.gov/statutes/cite/477A) establishes County Program Aid.

Program: Local Aids

Activity: Disparity Reduction Aid

revenue.state.mn.us

AT A GLANCE

In 2025:

- 11% of taxing areas received Disparity Reduction Aid
- The average aid payment was \$25,014

PURPOSE AND CONTEXT

Tax reform in 1988 caused higher local property tax rates in some areas. Disparity Reduction Aid (DRA) provides aid to areas that received this aid in 1989 and continue to have a local tax rate above 90% of their net tax capacity today.

Funding source: State General Fund

SERVICES PROVIDED

Disparity Reduction Aid was first paid in 1989 and continues to provide aid to some counties, school districts, and townships. Taxing areas that had a combined local tax rate above 90% of their net tax capacity in 1989 received DRA.

Today, a taxing area can only receive DRA if it received DRA in 1989 and still has a tax rate above 90%.

RESULTS

Part A: Performance Data

Taxing areas that received this aid in 1989 and continue to have a tax rate above 90% receive state assistance to help reduce property tax rates.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Number of taxing areas receiving DRA	Quantity	PRISM data	The number of taxing areas receiving DRA has ranged from 683 to 982 in the last 10 years.	683 in 2025
Number of taxing areas with a tax rate above 90%	Quantity	PRISM data	The number of taxing areas with a tax rate above 90% has ranged from 1,427 to 2,997 in the last 10 years.	1,477 in 2025
Percentage of taxing areas with a tax rate above 90% that receive DRA	Quantity	PRISM data	The percentage of taxing areas with a tax rate above 90% receiving DRA has ranged from 32% to 48% in the last 10 years.	46% in 2025

Performance Measurement Notes:

Measures are in taxes payable years.

PRISM stands for the Property Record Information System of Minnesota.

A taxing area is a geographic area that has the same county, school district, municipality, and special taxing districts. There are over 6,000 taxing areas in Minnesota.

Only 46% of areas with tax rates above 90% receive DRA because aid distributions are based on the original 1989 calculations. If an area did not have a tax rate above 90% in 1989, they cannot receive DRA.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “DRA.”

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to local governments with no specific policy outcome against which to measure performance.

M.S. Chapter 273.1398 (www.revisor.mn.gov/statutes/cite/273.1398) establishes Disparity Reduction Aid.

Program: Local Aids

Activity: Casino Aid to Counties

revenue.state.mn.us

AT A GLANCE

In 2026:

- 13 counties received Casino Aid
- The average aid payment was \$98,000

PURPOSE AND CONTEXT

Increased service demands from tax-exempt property can lead to financial strain for local governments. Casino Aid to Counties provides a state payment where an Indian reservation is located in the county, the tribes operate a casino, and state taxes are collected under a tax agreement with the tribe.

Funding source: State General Fund

SERVICES PROVIDED

Casino Aid to Counties is equal to 5% of taxes collected from the Indian reservation under a tax agreement.

RESULTS

Part A: Performance Data

The fiscal impacts of tax-exempt tribal-owned casinos are reduced for local governments.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Number of Counties Receiving Casino Aid	Quantity	Payment Certifications	The same 13 counties have received payments since 2020.	13 in 2026

Performance Measurement Notes:

The average aid payment decreased from \$99,000 in 2024 to \$98,000 in 2026.

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to local governments with no specific policy outcome against which to measure performance.

M.S. Chapter 270C.19 (www.revisor.mn.gov/statutes/cite/270C.19) establishes Casino Aid.

Program: Local Aids**Activity: State Taconite Aid**revenue.state.mn.us**AT A GLANCE**

In 2026:

- The state paid 22 cents per taxable ton of iron ore concentrates produced (\$7.2 million) to the taconite production tax fund

PURPOSE AND CONTEXT

Large decreases to property tax base can lead to financial strain for local governments. State Taconite Aid provides revenue to compensate for reduced taconite production occurring in certain areas since 2001.

Funding source: State General Fund

SERVICES PROVIDED

Taconite production decreased 30% in 2001 primarily due to the closure of the LTV Steel Mining Co. plant in Hoyt Lakes.

State Taconite Aid supplements mining-related revenue to increase the balance of the Production Tax fund. This fund distributes Production Tax revenues to local governments, development agencies, and for property tax relief to taxpayers within the Taconite Assistance Area.

The state contribution was equal to 33 cents per taxable ton of iron ore concentrates for production year 2001, and 22 cents per taxable ton of iron ore concentrates for production years 2002 and thereafter.

RESULTS**Part A: Performance Data**

The potential fiscal impacts of the 2001 decrease in taconite production are reduced.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Taconite Production as a Percentage of Base Year 2000 Production	Quantity	Mining Tax Guide	Taconite production as a percentage of base year 2000 production has ranged from 62% to 88%.	73% in 2025

Performance Measurement Notes:

Base year 2000 production is for the calendar year.

The State Taconite Aid contribution accounted for 6.0% total Production Tax distributions in 2026.

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to local governments with no specific policy outcome against which to measure performance.

M.S. Chapter 298.285 (www.revisor.mn.gov/statutes/cite/298.285) establishes State Taconite Aid.

Program: Local Aids**Activity: Payment in Lieu of Taxes (PILT)**revenue.state.mn.us**AT A GLANCE**

In 2026:

- 8.6 million acres of natural resources land were enrolled in Payment in Lieu of Taxes (PILT) program
- All 87 counties received a PILT payment, with 25 counties receiving payments of at least \$500,000

PURPOSE AND CONTEXT

When land becomes tax-exempt, the resulting loss of property tax base can lead to financial strain for local governments. PILT payments compensate local governments for the property taxes lost when the Department of Natural Resources acquires land for the state.

Funding source: State General Fund

SERVICES PROVIDED

The state makes payments in lieu of taxes primarily to counties for certain natural resource and wildlife management lands. Counties distribute any PILT payments to townships, cities, and schools.

RESULTS**Part A: Performance Data**

The potential fiscal impacts of tax-exempt state-owned land are reduced for local governments.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Acres of Natural Resources Land in PILT	Quantity	PILT Payment File	The number of acres in PILT has ranged from 8.51 million to 8.56 million over the last 10 years.	8.56 million in 2026

Performance Measurement Notes:

Measures are in calendar years.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search "PILT."

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to local governments with no specific policy outcome against which to measure performance.

M.S. Chapter 477A.11-477A.145 (www.revisor.mn.gov/statutes/cite/477A.11) establishes Payment in Lieu of Taxes.

Program: Local Aids**Activity: Township Aid**revenue.state.mn.us**AT A GLANCE**

In 2026:

- 1,775 townships received Township Aid
- The average aid amount was \$5,634

PURPOSE AND CONTEXT

Township governments received Local Government Aid from the state until 2001. A 2013 law created a new aid program to help townships fund their services.

Funding source: State General Fund

SERVICES PROVIDED

Township Aid is a general-purpose aid that townships can use for any lawful purpose. It is also used for property tax relief by reducing the amount of revenue collected locally.

Aid payments are determined through a formula that considers the size of the township, its population, and the share of its property value that is farms and cabins.

RESULTS**Part A: Performance Data**

Townships across the state are better able to offer their residents comparable services at a similar tax cost.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Aid percentage of township expenses	Quantity	Office of the State Auditor town finance reports	The aid percentage of township expenses varies from year to year but has been trending downward from about 4% when the aid began in 2014.	2.6% in 2023

Performance Measurement Notes:

Aid percentage (of township expenses) is based on State Auditor township finance reports for 2023 and computes Township Aid as a percentage of total current expenditures. The most recent auditor data available is from 2023.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “township aid.”

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to local governments with no specific policy outcome against which to measure performance.

M.S. Chapter 477A (www.revisor.mn.gov/statutes/cite/477A) establishes the Township Aid program.

Program: Local Aids

Activity: Aquatic Invasive Species Prevention Aid

revenue.state.mn.us

AT A GLANCE

In 2026:

- There were 1,190 Minnesota waters infested with invasive species
- 84 Minnesota counties received Aquatic Invasive Species Prevention Aid

PURPOSE AND CONTEXT

Species that are not native to Minnesota can cause harm to the environment, the economy, and human health. Aquatic Invasive Species Prevention Aid assists counties in preventing or limiting the spread of invasive species in Minnesota waters.

Funding source: State General Fund

SERVICES PROVIDED

Aquatic Invasive Species Prevention Aid, created in 2014, helps counties cover the costs of protecting their waters from invasive species.

The aid amount is based on a county's share of the statewide total number of watercraft trailer launches and watercraft trailer parking spaces.

RESULTS

Part A: Performance Data

Aquatic Invasive Species Prevention Aid provides funds to limit the spread of invasive species.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Number of infested waters	Result	Department of Natural Resources infested waters list	The number of infested waters is increasing, but more slowly than in the past. In 2014, when the aid began, there were 536 identified infested waters.	1,190 in 2026

Performance Measurement Notes:

Number of infested waters is based on data as of January 1, 2026.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search "invasive species."

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to local governments with no specific policy outcome against which to measure performance.

M.S. 477A.19 (www.revisor.mn.gov/statutes/cite/477A.19) establishes the Aquatic Invasive Species Prevention Aid program.

Program: Local Aids**Activity: Small Cities Assistance**revenue.state.mn.us**AT A GLANCE**

In 2026:

- The state paid \$10.2 million in small cities assistance

PURPOSE AND CONTEXT

The Small Cities Assistance program was established in 2015 and provides formula-based transportation aid for 705 small cities in Minnesota that do not receive municipal state-aid street funding. Qualifying cities have a population under 5,000. Funds are for construction and maintenance of roads.

Funding source: State General Fund

SERVICES PROVIDED

The funding is for the construction and maintenance of roads located within the city and can include land acquisition, environmental analysis, design, engineering, construction, reconstruction, and maintenance. The aid is formula based, so that cities do not apply or compete for funds. Until 2024, Small Cities Assistance did not have a standing appropriation and was not funded every year. The program has permanent funding beginning in 2024.

RESULTS**Part A: Performance Data**

The Small Cities Assistance program increases aid to small cities to assist in the construction and maintenance of roads.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Number of cities eligible for small cities assistance	Quantity	Aid certification	The highest number of cities were eligible for small cities assistance was 705 in 2018, 2019, and 2022.	701 in 2026
Amount of state aid paid in small cities assistance	Quantity	Payment files	Small cities assistance was not funded every year until 2024. The most aid paid was \$18 million in 2022.	\$10.2 million in 2026

Performance Measurement Notes:

Measures are in aids payable years.

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program a payment to local governments with no specific policy outcome against which to measure performance.

M.S. 162.145 (www.revisor.mn.gov/statutes/cite/162.145) establishes the Small Cities Assistance program.

Program: Local Aids**Activity: Riparian Protection Aid**revenue.state.mn.us**AT A GLANCE**

In 2026:

- 14 watershed districts and 74 counties received Riparian Protection Aid

PURPOSE AND CONTEXT

Riparian buffers – strips of vegetated land adjacent to streams, rivers, lakes, or wetlands – are used to protect and restore water quality and healthy aquatic life. State law requires riparian buffers along the shoreline of most lakes, rivers, and streams.

Riparian Protection Aid, created in 2017, provides funds to help watershed districts and counties oversee riparian protection and water quality practices.

Funding source: State General Fund

SERVICES PROVIDED

Riparian Protection Aid is distributed to watershed districts and counties based on their share of acres of agricultural land and miles of shoreline that require buffers.

If watershed districts and counties choose not to oversee the riparian protection and water quality practices required by law, their share of aid goes to the Board of Water and Soil Resources.

RESULTS**Part A: Performance Data**

Riparian Protection Aid provides funds to oversee riparian protection and water quality practices.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Watershed Districts receiving aid	Quantity	Aid Certification	The number of watershed districts receiving aid has been 14 since the aid began.	14 in 2026
Counties receiving aid	Quantity	Aid Certification	The number of counties receiving aid has ranged between 72 to 75 since the aid began.	74 in 2026

Performance Measurement Notes:

Measures are in aids payable years.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “Riparian Protection Aid.”

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to local governments with no specific policy outcome against which to measure performance.

M.S. Chapter 477A.21 (www.revisor.mn.gov/statutes/cite/477A.21) establishes Riparian Protection Aid.

Program: Local Aids**Activity: Indian Family Out-of-Home Placement Aid**revenue.state.mn.us**AT A GLANCE**

In 2026:

- 3 tribes received Indian Family Out-of-Home Placement Aid
- 54 counties received Indian Family Out-of-Home Placement Aid

PURPOSE AND CONTEXT

Payments made to provide foster care for children under the Indian Child Welfare Act can be a large expense for some tribes and local governments. Indian Family Out-of-Home Placement Aid reduces the cost incurred by local social service agencies to provide foster care.

Funding source: State General Fund

SERVICES PROVIDED

Indian Family Out-of-Home Placement Aid partially reimburses counties and tribes for the costs incurred to provide foster care for children under the Indian Child Welfare Act (ICWA).

Aid payments to counties are based on foster care payments made in the preceding calendar year. Aid payments to tribes are the greater of \$200,000 or 5% of the reimbursement amount received from the federal government for out-of-home placement costs for the previous calendar year.

RESULTS**Part A: Performance Data**

Indian Family Out-of-Home Placement Aid reduces the cost to tribes and local governments of providing ICWA foster care.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Aid percentage of county expenses on ICWA foster care	Quantity	ICWA foster care expense data from the Department of Human Services	The aid percentage of county expenses was lowest in 2021 (20%) and highest in 2025 (26%).	23% in 2026

Performance Measurement Notes:

Aid percentage (of county expenses on ICWA foster care) is based on payable year 2026. This aid was first available in 2018.

County expenses on ICWA foster care are based on expenditures reported to the Department of Human Services.

If a county is out of compliance with the Indian Child Welfare Act or the Minnesota Indian Family Preservation Act for two consecutive years, the county's aid amount is reduced by 50 percent. This first impacted aid amounts for aids payable in 2021.

Beginning with aids payable in 2023, any aid remaining after reductions is transferred to the University of Minnesota Board of Regents for the Tribal and Training Certification Partnership in the College of Education and Human Service Professions at the University of Minnesota, Duluth. For aids payable in 2026, the amount transferred was \$1.63 million.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search "placement aid."

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to local governments with no specific policy outcome against which to measure performance.

M.S. 477A.0126 (www.revisor.mn.gov/statutes/cite/477A.0126) establishes the Reimbursement for Certain Out-of-Home Placements program.

Program: Local Aids**Activity: Local Homeless Prevention Aid**revenue.state.mn.us**AT A GLANCE**

Between 2024 and 2026:

- On average 10,219 students in Minnesota experienced homelessness

PURPOSE AND CONTEXT

Thousands of students in Minnesota experience homelessness. Local Homeless Prevention Aid payments provide support for programs to help keep families from losing their housing and provide housing to families experiencing homelessness. The aid will be paid from 2023 to 2032.

Funding source: State General Fund

SERVICES PROVIDED

Local Homeless Prevention Aid is distributed to counties based on population and the three-year average of students experiencing homelessness.

Counties must spend the aid directly on family homeless prevention and assistance programs or projects administered by cities, Tribes, or community-based nonprofit organizations.

RESULTS**Part A: Performance Data**

Local Homeless Prevention Aid provides funds to limit the number of students experiencing homelessness.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Three-year average of students experiencing homelessness	Quantity	Minnesota Department of Education Student Data	The three-year average of students experiencing homelessness has ranged from 7,501 to 10,219 since 2021.	10,219 in 2024-2026

Performance Measurement Notes:

Measures reflect a three-year average using calendar years. For more information, visit the Revenue website (www.revenue.state.mn.us) and search "Homeless Prevention Aid."

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to local governments with no specific policy outcome against which to measure performance.

M.S. Chapter 477A.30 (www.revisor.mn.gov/statutes/cite/477A.30) establishes Local Homeless Prevention Aid.

Program: Local Aids**Activity: Soil and Water Conservation District Aid**revenue.state.mn.us**AT A GLANCE**

In 2026:

- There were 91,042 miles of public water
- 90 soil and water conservation districts received aid
- The average aid amount was \$133,000

PURPOSE AND CONTEXT

Soil and water conservation districts' goals are to conserve soil, water, and related natural resources on private land. Soil and Water Conservation District Aid helps fund soil and water conservation districts.

Funding source: State General Fund

SERVICES PROVIDED

Soil and Water Conservation District Aid, created in 2023, provides aid to soil and water conservation districts in Minnesota.

The aid is distributed to soil and water conservation districts in three ways:

- 80% is distributed equally among districts
- 10% is distributed proportionally based on nonpublic land
- 10% is distributed proportionally based on transformed population

RESULTS**Part A: Performance Data**

Soil and Water Conservation District Aid provides funds to administer water district operations.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Number of public water miles	Quantity	Minnesota Board of Water and Soil Resources	The number of public water miles has always been 91,042 since the aid started in 2023.	91,042 in 2026

Performance Measurement Notes:

Measures are in aids payable years.

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to local governments with no specific policy outcome against which to measure performance.

M.S. Chapter 477A.23 (www.revisor.mn.gov/statutes/cite/477A.23) establishes Soil and Water Conservation District Aid.

Program: Local Aids**Activity: Electric Generation Transition Aid**revenue.state.mn.us**AT A GLANCE**

In 2026:

- 3 jurisdictions receive Electric Generation Transition Aid
- The average aid amount was \$183,000

PURPOSE AND CONTEXT

Electric generating plant retirements reduce the amount of tax base available to local governments, leading to financial strain. Electric Generation Transition Aid provides temporary aid to local governments that lose tax base due to a plant closure.

Funding source: State General Fund

SERVICES PROVIDED

Electric Generation Transition Aid was first paid in 2024 to counties, cities, townships, and school districts with tax base reductions from electric generating plant retirements. The aid will continue for a maximum of 20 years, reduced 5% each year, or until a jurisdiction returns to previous assessment levels.

RESULTS**Part A: Performance Data**

Local tax rates in jurisdictions receiving aid are lower than they would be without the aid.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Number of jurisdictions receiving aid	Quantity	Aid Certification	The number of jurisdictions receiving Electric Generation Transition Aid has ranged from 3 to 6 since it began in 2024.	3 in 2026

Performance Measurement Notes:

Measures are in aids payable years.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “Electric Generation Transition Aid.”

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to local governments with no specific policy outcome against which to measure performance.

M.S. Chapter 477A.24 (www.revisor.mn.gov/statutes/cite/477A.24) establishes Electric Generation Transition Aid.

Program: Local Aids**Activity: Statewide Local Housing Aid**revenue.state.mn.us**AT A GLANCE**

In 2024:

- There were 612,081 cost-burdened households in Minnesota
- 27% of all households in Minnesota were cost-burdened
- 87 counties, 39 tier 1 cities, and 10 tribal nations received aid

PURPOSE AND CONTEXT

Housing costs can be a challenge for families in Minnesota. Statewide Local Housing Aid helps counties, cities, and Tribal nations develop and preserve affordable housing to keep families from losing housing and to help those experiencing homelessness find housing.

Funding source: State General Fund

SERVICES PROVIDED

Statewide Local Housing Aid was first paid in 2023 to counties, non-metro cities with populations above 10,000, and Tribal nations.

Aid for counties is distributed two ways: 52.2% is distributed equally among counties and 47.8% is distributed proportionally based on the number of cost-burdened households. Aid for cities is distributed proportionally based on the number of cost-burdened households. Aid for Tribal nations is equally distributed.

RESULTS**Part A: Performance Data**

Local Housing Aid helps local governments develop and preserve affordable housing.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Number of cost-burdened households in Minnesota	Quantity	Census Data	The number of cost-burdened households has increased from 550,809 in 2020 to 612,081 in 2024.	612,081 in 2024
Percentage of cost-burdened households in Minnesota	Quantity	Census Data	The percentage of cost-burdened households has increased from 25% in 2020 to 27% in 2024.	27% in 2024

Performance Measurement Notes:

Measures are in calendar years.

A cost-burdened household is one that spends more than 30% of their income on gross rent or homeownership costs.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “Statewide Local Housing Aid.”

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to local governments with no specific policy outcome against which to measure performance.

M.S. Chapter 477A.36 (www.revisor.mn.gov/statutes/cite/477A.36) establishes Statewide Local Housing Aid.

Program: Local Aids

Activity: Tribal Nation Aid

revenue.state.mn.us

AT A GLANCE

In 2026:

- 11 Tribal nations received Tribal Nation Aid

PURPOSE AND CONTEXT

Tribal nations across the state have varying service needs and revenue sources. Tribal Nation Aid payments provide general support for services in their communities.

Funding source: State General Fund

SERVICES PROVIDED

Tribal Nation Aid was first paid in 2024. Aid is paid to Tribal nations choosing to receive aid.

Half of the aid is distributed equally among Tribal nations. The other half is distributed proportionally based on enrolled members.

RESULTS

Part A: Performance Data

Tribal nations across the state are more able to provide services for their communities.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Number of tribes receiving aid	Quantity	Aid Certification	The number of tribes receiving aid increased from 10 in 2024 to 11 in 2025 and 2026.	11 in 2026

Performance Measurement Notes:

Measures are in aids payable years.

For more information, visit the Revenue website (www.revenue.state.mn.us/) and search “Tribal Nation Aid.”

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to local governments with no specific policy outcome against which to measure performance.

M.S. Chapter 477A.40 (www.revisor.mn.gov/statutes/cite/477A.40) establishes Tribal Nation Aid.

Program: Local Aids

Activity: Local Affordable Housing Aid

revenue.state.mn.us

AT A GLANCE

In 2024:

- There were 357,851 cost-burdened households in the seven-county metropolitan area
- 29% of all households in the seven-county metropolitan area were cost-burdened
- 7 counties and 65 cities received aid

PURPOSE AND CONTEXT

Housing costs can be a challenge for families in Minnesota. Local Affordable Housing Aid helps counties and cities in the seven-county metropolitan area develop and preserve affordable housing to keep families from losing housing and to help those experiencing homelessness find housing.

Funding source: Housing Assistance Fund, with dedicated revenues from a new metropolitan sales tax

SERVICES PROVIDED

Local Affordable Housing Aid was first paid in 2024 to metropolitan counties and cities with populations above 10,000.

Aid for counties is distributed in two ways: 21% is distributed equally among counties and 79% is distributed proportionally based on the number of cost-burdened households. Aid for cities is distributed proportionally based on the number of cost-burdened households.

RESULTS

Part A: Performance Data

Local Affordable Housing Aid helps local governments develop and preserve affordable housing.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Number of cost-burdened households in the metro area	Quantity	Census Data	The number of cost-burdened households has increased from 314,617 in 2020 to 357,851 in 2024.	357,851 in 2024
Percentage of cost-burdened households in the metro area	Quantity	Census Data	The percentage of cost-burdened households has increased from 27% in 2020 to 29% in 2024.	29% in 2024

Performance Measurement Notes:

Measures are in calendar years.

A cost-burdened household is one that spends more than 30% of their income on gross rent or homeownership costs.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “Local Affordable Housing Aid.”

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to local governments with no specific policy outcome against which to measure performance.

M.S. Chapter 477A.35 (www.revisor.mn.gov/statutes/cite/477A.35) establishes Local Affordable Housing Aid.

Program: Credits**Activity: Agricultural Homestead Market Value Credit**revenue.state.mn.us**AT A GLANCE**

In 2025:

- 86,000 farm homesteads received the credit
- The average market value agricultural land credit amount was \$434

PURPOSE AND CONTEXT

For some taxpayers, property taxes are a significant cost to owning agricultural land. Agricultural credits reduce the tax for owners of homesteaded farm property.

Funding source: State General Fund

SERVICES PROVIDED

The Agricultural Market Value Credit reduces the tax on agricultural homestead land beyond the house, garage, and immediately surrounding acre of land. The credit is based on a percentage of land market value, with a maximum credit of \$490 per homestead.

RESULTS**Part A: Performance Data**

The credit makes it more affordable to own homesteaded farmland.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Average market value agricultural credit amount	Quantity	PRISM data	The average credit has ranged from \$401 to \$434 over the last 10 years.	\$434 in 2025
Effective tax rate without credit	Quantity	PRISM data	The effective tax rate without the credit has ranged from 0.31% to 0.43% in the last 10 years.	0.31% in 2025
Effective tax rate with credit	Quantity	PRISM data	The credit consistently lowers the effective tax rate by 0.03%-0.05%. The effective tax rate with the credit has ranged from 0.28% to 0.38% in the last 10 years.	0.28% in 2025

Performance Measurement Notes:

Measures are in taxes payable years.

PRISM stands for the Property Record Information System of Minnesota.

Effective tax rate compares property tax as a percent of market value on all agricultural homestead land before and after the credit. The average effective tax rate for all property statewide was 1.22% for taxes payable 2025.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “agricultural homestead market value credit.”

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a property tax credit to taxpayers with no specific policy outcome against which to measure performance.

M.S. s273.1384 (www.revisor.mn.gov/statutes/cite/273.1384) establishes the Agricultural Homestead Market Value Credit.

Program: Credits**Activity: Prior Year Credit Adjustment**revenue.state.mn.us**AT A GLANCE**

In 2025:

- Prior year credit adjustments were 0.03% of the total credits

PURPOSE AND CONTEXT

Each year the Department of Revenue adjusts credit payments for accounting corrections. The state pays Prior Year Credit Adjustments to local governments to account for abatements, court orders, omissions, and other adjustments to credits.

Funding source: State General Fund

SERVICES PROVIDED

Prior Year Credit Adjustments are made for the Agricultural Preserve, Homestead Disaster, Agricultural Homestead Market Value, Local Option Disaster, Disparity Reduction, and School Building Bond Agricultural credits.

RESULTS**Part A: Performance Data**

Prior Year Credit Adjustments ensure local governments receive the correct amount of credit payments.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Adjustment amounts	Quantity	PRISM data	Adjustment amounts have ranged from negative to \$895,000 over the last 10 years.	\$62,000 in 2025
Prior year credit adjustments percentage of total credits	Quantity	PRISM data	Adjustments as a share of total credits has ranged from 0.01% to 0.43% over the last 10 years.	0.03% in 2025

Performance Measurement Notes:

Measures are in taxes payable years.

PRISM stands for the Property Record Information System of Minnesota.

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a property tax credit adjustment with no specific policy outcome against which to measure performance.

Prior Year Credit Adjustments are established by:

- M.S. Chapter 273.119 (www.revisor.mn.gov/statutes/cite/273.119),
- M.S. Chapter 273.1234 (www.revisor.mn.gov/statutes/cite/273.1234),
- M.S. Chapter 273.1235 (www.revisor.mn.gov/statutes/cite/273.1235),
- M.S. Chapter 273.1384 (www.revisor.mn.gov/statutes/cite/273.1384),
- M.S. Chapter 273.1387 (www.revisor.mn.gov/statutes/cite/273.1387), and
- M.S. Chapter 273.1398 (www.revisor.mn.gov/statutes/cite/273.1398)

Program: Credits**Activity: Border City Disparity Reduction Credit**revenue.state.mn.us**AT A GLANCE**

In 2025:

- The average property tax decrease due to the Border City Disparity Reduction Credit was \$6,736
- Approximately 2,100 parcels received the credit

PURPOSE AND CONTEXT

Property taxes tend to be lower in North Dakota, putting some Minnesota businesses in bordering communities at a disadvantage. The Border City Disparity Reduction Credit provides property tax relief for businesses in certain border cities.

Funding source: State General Fund

SERVICES PROVIDED

The Border City Disparity Reduction Credit reduces property taxes for:

- commercial/industrial property
- public utility property
- apartment property

The credit reduces property taxes to 1.6% of a property's market value. It helps businesses in the border cities of Breckenridge, Dilworth, East Grand Forks, Ortonville, and Moorhead.

RESULTS**Part A: Performance Data**

The credit increases business competitiveness in border areas.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Average property tax reduction due to credit	Quantity	PRISM data	The average credit has ranged from \$5,789 to \$6,998 over the last 10 years.	\$6,736 in 2025

Performance Measurement Notes:

Measures are in taxes payable years.

PRISM stands for the Property Record Information System of Minnesota.

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a property tax credit to taxpayers with no specific policy outcome against which to measure performance.

M.S. 273.1398 (www.revisor.mn.gov/statutes/cite/273.1398) establishes the Border City Disparity Reduction Credit.

Program: Credits**Activity: Supplemental Taconite Homestead Credit**revenue.state.mn.us**AT A GLANCE**

In 2026:

- The average property tax decrease from the Supplemental Taconite Homestead Credit was \$281
- Approximately 19,600 homesteads received the credit

PURPOSE AND CONTEXT

Property taxes increase the cost of owning a home. The Supplemental Taconite Homestead Credit reduces the property taxes for homesteads in the Taconite Tax Relief Area.

Funding source: State General Fund

SERVICES PROVIDED

The Supplemental Taconite Homestead Credit program was created in 1980. Depending on their location, homesteads receive a credit that is either 57% of the property tax up to \$289.80 or 66% of the property tax up to \$315.10.

RESULTS**Part A: Performance Data**

Property taxes are more affordable for residential homesteads in the Taconite Tax Relief Area.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Average property tax reduction due to credit	Quantity	PRISM data	The average credit has ranged from \$260 to \$285 over the last 10 years.	\$281 in 2026

Performance Measurement Notes:

Measures are in taxes payable years.

PRISM stands for the Property Record Information System of Minnesota.

92% of eligible homesteads received maximum credit amount.

The effective tax rate (ETR) for a property equals the net property tax divided by its market value. The ETR can be viewed as a measure of how much property tax is paid per \$1,000 in market value.

The ETR for homesteads receiving the Supplemental Taconite Homestead Credit was 0.71% for taxes payable in 2026. Without the credit, the ETR for those homesteads would have been 0.80%. The average ETR for homesteads statewide was 1.19% for taxes payable in 2026.

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a property tax credit to taxpayers with no specific policy outcome against which to measure performance.

M.S. 273.1391 (www.revisor.mn.gov/statutes/cite/273.1391) establishes the Supplemental Taconite Homestead Credit.

Program: Credits**Activity: Agricultural Preservation Credit**revenue.state.mn.us**AT A GLANCE**

In 2026:

- 2,824 parcels in the Twin Cities metropolitan area received the Agricultural Preservation Credit

PURPOSE AND CONTEXT

For some taxpayers, property taxes are a significant cost to owning agricultural land. The Agricultural Preservation Credit reduces the tax on homesteaded farm property that is increasing in value due to development pressure.

Funding source: County Agricultural Preserve Funds, State Conservation Fund, State General Fund

SERVICES PROVIDED

The Metropolitan Agricultural Preserves Act, established in 1980, encourages agricultural use of land within the seven-county Twin Cities metropolitan area. Valuation for property taxes is based on the land's agricultural use, irrespective of other market pressures. Unlike valuation deferments under the Green Acres law, landowners are not required to repay any taxes or special assessments when exiting the program. In addition, landowners receive a credit based on the difference between the local tax rate and the statewide average local tax rate for townships, but no less than \$1.50 per acre.

A \$5 fee on all mortgage registrations and deed transfers within the seven-county Twin Cities metropolitan area is split between each county's conservation fund (50%), the State Conservation Fund (25%), and the State General Fund (25%). If insufficient funds exist in the county fund to pay the credit, the balance is paid from the State Conservation Fund. If insufficient funds exist in the State Conservation Fund, the balance is paid from the State General Fund.

RESULTS**Part A: Performance Data**

The credit makes it more affordable to keep land in agricultural production despite development pressure.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Total acreage	Quantity	PRISM data	Since 2015, when 209,000 acres were enrolled, the total acreage in the program has been decreasing.	182,000 in 2026
Average credit	Quantity	PRISM data	The average credit amount has ranged from \$107 to \$318 over the last 20 years.	\$270 in 2026

Performance Measurement Notes:

Total acreage and average credit are based on payable year 2026.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “ag preserve credit.”

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a property tax credit with no specific policy outcome against which to measure performance.

M.S. 473H.10 (www.revisor.mn.gov/statutes/cite/473H.10) establishes the Agricultural Preservation Credit.

Program: Credits**Activity: School Building Bond Agricultural Credit**revenue.state.mn.us**AT A GLANCE**

In 2025:

- The credit paid for 8.4% of school debt service levies statewide
- Approximately 552,000 parcels received the credit
- The average school building bond agricultural credit amount was \$215

PURPOSE AND CONTEXT

In some school districts, owners of agricultural land can pay a large portion of school building bond levies. The School Building Bond Agricultural Credit reduces the tax for owners of agricultural land.

Funding source: State General Fund

SERVICES PROVIDED

The School Building Bond Agricultural Credit reduces school property taxes on agricultural, rural vacant, and managed forest land. The credit applies to all school debt levies, whether or not they are voter-approved.

The county calculates a school debt tax rate for each school district. The school debt tax rate is the school debt service levy divided by the total net tax capacity of all taxable property in the school district.

For taxes payable 2018, the first year of the credit, the credit equaled 40% of the qualifying property's net tax capacity – excluding the house, garage, and surrounding one acre of land of an agricultural homestead – multiplied by the school debt tax rate. The credit is subtracted from the gross taxes on a property to determine the net property taxes.

The credit's percentage of the property's net tax capacity multiplied by the school debt tax rate has increased since the credit began. The percentage has been 70% since taxes payable 2023.

RESULTS**Part A: Performance Data**

The credit provides tax relief for owners of agricultural land, who can pay a large share of school debt service levies.

Measure	Measure type	Measure data source	Historical trend	Most recent data
School capital referendum passage rate - statewide	Results	Election results from Minnesota Secretary of State	The school capital referendum passage rate has ranged from 46.9% to 64.5% since the credit began in 2018.	57.1% in 2025

Measure	Measure type	Measure data source	Historical trend	Most recent data
School capital referendum passage rate – non-metro	Results	Election results from Minnesota Secretary of State	The non-metro school capital referendum passage rate has ranged from 43.6% to 64.6% since the credit began in 2018.	53.3% in 2025
Share of school debt service levies paid for by credit	Quantity	PRISM data and school levies	The share of school debt service levies paid for by the credit has increased each year. The share was 3.9% when the credit began in 2018.	8.4% in 2025

Performance Measurement Notes:

Measures are in taxes payable years.

PRISM stands for the Property Record Information System of Minnesota.

The credit was created, in part, because school districts with a large share of agricultural land had more difficulty passing capital referendums than districts with little agricultural land. The passage rate for non-metro school districts, which have more agricultural land than metro districts, has varied since the credit began in 2018.

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a property tax credit to taxpayers with no specific policy outcome against which to measure performance.

M.S. 273.1387 (www.revisor.mn.gov/statutes/cite/273.1387) establishes the School Building Bond Agricultural Credit.

Program: Pension-Related Aids

Activity: Police State Aid

revenue.state.mn.us

AT A GLANCE

In 2025:

- 380 local police departments received Police State Aid
- The average aid amount was \$319,477

PURPOSE AND CONTEXT

State and local governments have historically shared responsibility for public safety pensions. Police State Aid provides pension aid to local governments that employ police officers.

Funding source: State General Fund

SERVICES PROVIDED

Police State Aid was established in 1971 to help support retirement pensions of police officers.

The aid is funded by a tax on auto insurance premiums. Annual aid distributions to public safety departments are based on the number of months worked by each licensed officer employed by the department.

RESULTS

Part A: Performance Data

Police State Aid helps increase the affordability of local police officer pensions.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Number of police departments receiving aid	Quantity	Police State Aid Certifications	The number of police departments receiving the aid has decreased slightly as departments disband.	380 in 2025
Aid percentage of employer pension costs	Quantity	Employer pension obligations as certified by the Public Employees Retirement Association	The aid percentage of employer pension costs varies from year to year but is typically around 60%.	65% in 2025

Performance Measurement Notes:

Number of jurisdictions receiving aid is based on payable year 2025.

Aid percentage (of employer pension costs) measures how much of a department's pension obligations are paid through Police State Aid. In 2025, Police State Aid paid for an average of 65% of a police department's pension obligations.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “police state aid.”

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to local governments with no specific policy outcome against which to measure performance.

M.S. Chapter 477C (www.revisor.mn.gov/statutes/cite/477C) establishes the Police State Aid program.

Program: Pension-Related Aids**Activity: Fire State Aid**revenue.state.mn.us**AT A GLANCE**

In 2025:

- 744 fire relief associations received Fire State Aid
- The average aid amount was \$76,204

PURPOSE AND CONTEXT

State and local governments have historically shared responsibility for public safety pensions. Fire State Aid provides pension aid to fire relief associations.

Funding source: State General Fund

SERVICES PROVIDED

Fire State Aid was established in 1885 to help support retirement pensions of firefighters.

The total aid amount is equal to the revenues from the state fire insurance premiums tax. Annual aid distributions are based on population and property values within each department's coverage area.

RESULTS**Part A: Performance Data**

Fire State Aid helps increase the affordability of firefighter pensions.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Number of fire relief associations receiving aid	Quantity	Fire State Aid Certifications	The number of fire relief associations receiving the aid has decreased slightly as associations disband.	744 in 2025

Performance Measurement Notes:

Number of fire relief associations receiving aid is based on payable year 2025.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search "fire state aid."

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to local governments with no specific policy outcome against which to measure performance.

M.S. Chapter 477B (www.revisor.mn.gov/statutes/cite/477B) establishes the Fire State Aid program.

Program: Pension-Related Aids**Activity: Fire Insurance Surcharge Aid**revenue.state.mn.us**AT A GLANCE**

In 2025:

- 4 firefighter relief associations received Fire Insurance Surcharge Aid
- The average aid amount was \$2,147,671

PURPOSE AND CONTEXT

State and local governments have historically shared responsibility for public safety pensions. Fire Insurance Surcharge Aid provides pension aid to fire relief associations.

Funding source: State General Fund

SERVICES PROVIDED

Fire Insurance Surcharge Aid helps support retirement pensions of firefighters in the cities of Minneapolis, St. Paul, Duluth, and Rochester.

The aid amount is equal to the revenues from a 2% surcharge on insurance premiums for fire, lightning, and sprinkler leakage coverage within each city.

RESULTS**Part A: Performance Data**

Fire Insurance Surcharge Aid helps increase the affordability of firefighter pensions.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Number of jurisdictions receiving aid	Quantity	Actual Fire Insurance Surcharge Aid certifications	Prior to 2012 only Minneapolis, St. Paul, and Duluth received the aid.	4 in 2025

Performance Measurement Notes:

Number of jurisdictions receiving aid is based on payable year 2025.

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to local governments with no specific policy outcome against which to measure performance.

M.S. 2971.10 (www.revisor.mn.gov/statutes/cite/2971.10) establishes the Fire Insurance Surcharge Aid program.

Program: Pension-Related Aids**Activity: Police/Fire Amortization Aid**revenue.state.mn.us**AT A GLANCE**

In 2025:

- 3 entities received Police/Fire Amortization Aid
- The average aid amount was \$1,607,521

PURPOSE AND CONTEXT

State and local governments have historically shared responsibility for public safety pensions. Police/Fire Amortization Aid supports retirement pensions of local police officers, firefighters, and teachers.

Funding source: State General Fund

SERVICES PROVIDED

Police/Fire Amortization Aid was established in 1980 to assist underfunded police or salaried firefighters' pension associations and teachers' retirement funds.

Aid payments are determined by a combination of fixed amounts and fixed percentages set in statute.

The number of entities receiving aid has decreased over time as local pensions merge with the statewide pension systems or as local pensions become fully funded and no longer qualify for aid. Also, some of the amortization aid provisions ended in 2010.

RESULTS**Part A: Performance Data**

Police/Fire Amortization Aid helps increase the affordability of local government employee pensions.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Number of entities receiving aid	Quantity	Police/Fire Amortization Aid Certifications	Since 2015 only 3 entities have received the aid.	3 in 2025

Performance Measurement Notes:

Number of entities receiving aid is based on payable year 2025.

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to local governments with no specific policy outcome against which to measure performance.

M.S. 423A.02 (www.revisor.mn.gov/statutes/cite/423A.02) establishes the Police/Fire Amortization Aid program.

Program: Pension-Related Aids**Activity: Firefighter Supplemental Benefits Reimbursement**revenue.state.mn.us**AT A GLANCE**

In 2025:

- 336 fire relief associations received Firefighter Supplemental Benefits Reimbursement payments
- The average aid amount was \$2,019

PURPOSE AND CONTEXT

State and local governments have historically shared responsibility for public safety pensions. The Firefighter Supplemental Benefits Reimbursement provides pension aid to fire relief associations.

Funding source: State General Fund

SERVICES PROVIDED

The Firefighter Supplemental Benefits Reimbursement was established in 1988 to help support retirement pensions of firefighters.

The state reimburses volunteer fire relief associations for supplemental benefits paid in the previous year. The payment helps fund retirement benefits, disability benefits, and survivor benefits.

For each qualifying firefighter, the supplemental benefit equals 10% of the lump-sum retirement distribution, but not more than \$1,000. For each qualifying survivor, the supplemental benefit equals 20% of the lump-sum survivor benefit, but not more than \$2,000.

RESULTS**Part A: Performance Data**

Firefighter Supplemental Benefits Reimbursement helps increase the affordability of firefighter pensions.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Number of fire relief associations receiving aid	Quantity	Actual Firefighter Supplemental Benefits Reimbursement payments	The number of fire relief associations receiving a reimbursement varies from year to year but is typically between 300 and 350.	336 in 2025

Performance Measurement Notes:

Number of fire relief associations receiving aid is based on payable year 2025.

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to local governments with no specific policy outcome against which to measure performance.

M.S. 424A.10 (www.revisor.mn.gov/statutes/cite/424A.10) establishes the Firefighter Supplemental Benefits Reimbursement program.

Program: Pension-Related Aids**Activity: Police/Fire Retirement Supplemental State Aid**revenue.state.mn.us**AT A GLANCE**

In 2025:

- 722 fire relief associations received Police/Fire Retirement Supplemental State Aid
- The average aid amount was \$7,586

PURPOSE AND CONTEXT

State and local governments have historically shared responsibility for public safety pensions. Police/Fire Retirement Supplemental State Aid provides pension aid to fire relief associations and police retirement plans.

Funding source: State General Fund

SERVICES PROVIDED

Police/Fire Retirement Supplemental Aid was established in 2013 to help support retirement pensions of police officers and firefighters. Independent fire relief associations did not begin receiving aid until 2014.

The total aid amount is equal to an appropriation set in statute. Annual aid distributions to the Public Employees Retirement Association (PERA) police and fire retirement fund, the State Patrol retirement fund, and volunteer fire relief associations are based on percentages set in statute.

The aid to PERA and the State Patrol will terminate once the funding levels of both retirement plans equal or exceeds 100% for three consecutive years.

RESULTS**Part A: Performance Data**

Police/Fire Retirement Supplemental State Aid helps increase the affordability of police officer and firefighter pensions.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Number of fire relief associations receiving aid	Quantity	Police/Fire Retirement Supplemental State Aid Certifications	The number of fire relief associations receiving the aid has decreased slightly as associations disband.	722 in 2025

Performance Measurement Notes:

Number of fire relief associations receiving aid is based on payable year 2025.

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to local governments with no specific policy outcome against which to measure performance.

M.S. 423A.022 (www.revisor.mn.gov/statutes/cite/423A.022) establishes the Police/Fire Retirement Supplemental Aid program.

Program: Other Local Government Payments**Activity: Senior Property Tax Deferral Reimbursement**revenue.state.mn.us**AT A GLANCE**

In 2025:

- 549 taxpayers were enrolled in the program
- The average amount of property taxes deferred was \$4,800

PURPOSE AND CONTEXT

Property taxes account for a high share of income for some taxpayers. The Senior Citizens Property Tax Deferral program helps seniors stay in their homes by allowing them to postpone paying a portion of their property tax.

Funding source: State General Fund

SERVICES PROVIDED

This voluntary program, started in 1999, allows eligible senior citizens to postpone paying a portion of their homestead property taxes and special assessments. The state reimburses counties for the property taxes deferred each year. A homestead may remain eligible until a qualifying homeowner no longer lives in the property, at which point the deferred taxes and interest must be paid to the state.

Qualified homeowners must be age 65 or older, have owned and lived in their home for at least 5 years, and have household income less than \$96,000. They can postpone the portion of property taxes above 3% of their income.

RESULTS**Part A: Performance Data**

Senior citizens can afford to stay in their homes by postponing payment of some of their property taxes.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Number of senior citizen taxpayers enrolled	Quantity	Minnesota Department of Revenue Data	The number of taxpayers enrolled has increased over the last 15 years from 284 to 549.	549 in 2025
Average amount of property taxes deferred	Quantity	Minnesota Department of Revenue Data	The average amount of property taxes deferred has ranged from \$3,600 to \$4,800 over the last 10 years.	\$4,800 in 2025

Performance Measurement Notes:

Measures are in calendar years.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “senior deferral.”

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to local governments with no specific policy outcome against which to measure performance.

M.S. Chapter 290B (www.revisor.mn.gov/statutes/cite/290B) establishes the Senior Citizens’ Property Tax Deferral program.

Program: Other Local Government Payments**Activity: Performance Measurement Reimbursement**revenue.state.mn.us**AT A GLANCE**

In 2026:

- 32% of counties and 5% of cities participated in the Performance Measurement program

PURPOSE AND CONTEXT

The Performance Measurement reimbursement helps local governments develop performance measures. This type of transparency in government finances is important to establish the trust and understanding of taxpayers.

Funding source: State General Fund

SERVICES PROVIDED

The Performance Measurement program was created in 2010 to determine how effectively counties and cities provide services. Counties and cities in the program:

- Track 10 performance measures such as police response time, hours to plow streets, and water quality.
- Report their results annually to the state auditor and their residents.

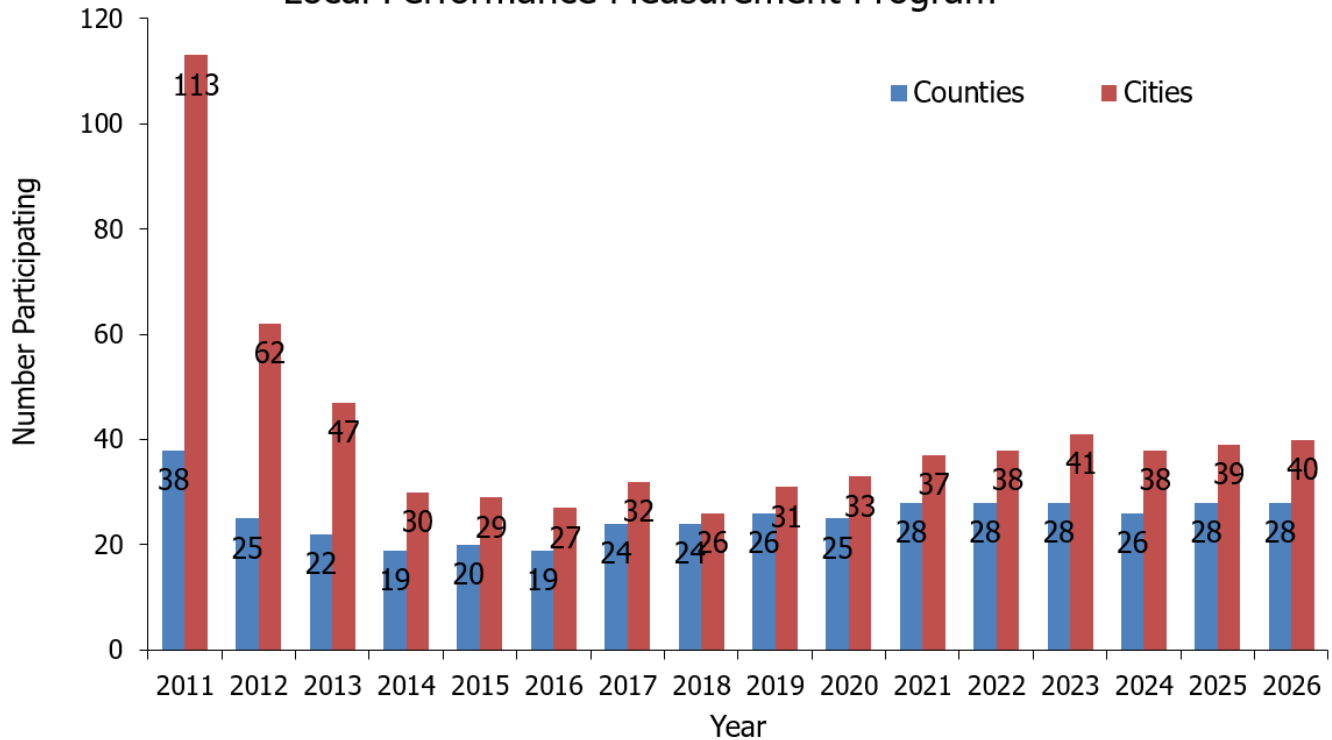
This program is voluntary. The state reimburses participants 14 cents per capita (up to \$25,000) to help cover their costs. They are also exempt from property tax levy limits for the following year (if levy limits are in effect).

RESULTS**Part A: Performance Data**

Taxpayers receive helpful information about the cost and quality of services provided by local governments.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Percentage of counties participating	Quantity	Office of the State Auditor Certification Memo	Number of counties participating has ranged from 28% to 32% in the last 10 years.	32% in 2026
Percentage of cities participating	Quantity	Office of the State Auditor Certification Memo	Number of cities participating has ranged from 3% to 5% in the last 10 years.	5% in 2026

Number of Counties and Cities Participating in the Local Performance Measurement Program



Performance Measurement Notes:

Measures are in calendar years.

The decrease in participation from 2011 to 2012 reflects additional requirements for implementing local performance measures in the second year. Many local jurisdictions elected to explore the program in 2011 but decided against full implementation in 2012.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “Local Performance Reimbursement Aid Certification.”

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to local governments with no specific policy outcome against which to measure performance.

M.S. Chapter 6.91 (www.revisor.mn.gov/statutes/cite/6.91) establishes Performance Measurement Reimbursement payments.

Program: Other Local Government Payments

Activity: Mahnomen Property Tax Reimbursement

revenue.state.mn.us

AT A GLANCE

In 2026:

- 3 local governments in Mahnomen County received combined payments totaling \$1.36 million

PURPOSE AND CONTEXT

When land becomes tax-exempt, the resulting loss of property tax base can lead to financial strain for local governments. Mahnomen Property Tax Reimbursement provides payments for the loss of tax base when the Shooting Star Casino became tax exempt.

Funding source: State General Fund

SERVICES PROVIDED

The Shooting Star Casino was placed into tax-exempt trust status, starting in 2007.

The state makes annual payments to compensate for property taxes not collected on the tax-exempt land:

- Mahnomen County (\$1,010,000)
- City of Mahnomen (\$210,000)
- Mahnomen School District #432 (\$140,000)

The payment was first made in 2006, became permanent in 2008, and was increased in 2013 and 2024.

RESULTS

Part A: Performance Data

The fiscal impacts of tax-exempt tribal owned property are reduced for local governments in Mahnomen County.

Measure	Measure type	Measure data source	Historical trend	Most recent data
City tax base percentage of pre-exemption tax base	Quantity	Adjusted Net Tax Capacity (ANTC) report	The city tax base percentage was 52% of its pre-exemption level when the exemption began in 2007.	85% in 2025
County tax base percentage of pre-exemption tax base	Quantity	Adjusted Net Tax Capacity (ANTC) report	The county tax base percentage was 95% of its pre-exemption level when the exemption began in 2007.	398% in 2025

Measure	Measure type	Measure data source	Historical trend	Most recent data
School district tax base percentage of pre-exemption tax base	Quantity	Adjusted Net Tax Capacity (ANTC) report	The school district tax base percentage was 86% of its pre-exemption level when the exemption began in 2007.	388% in 2025

Performance Measurement Notes:

The pre-exemption tax base is assessment year 2006 for the City of Mahnomen, Mahnomen County, and Mahnomen School District #432.

The total tax base for the city of Mahnomen decreased to 52% of its pre-exemption tax base when the exemption began in assessment year 2007. In recent years, the city tax base percentage has grown to 85% of pre-exemption levels. The homestead exclusion reduced the taxable value of homesteads and the tax base of local taxing jurisdictions statewide.

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to local governments with no specific policy outcome against which to measure performance.

M.S. 477A.31 (www.revisor.mn.gov/statutes/cite/477A.31) establishes the Mahnomen Property Tax Reimbursement.

Program: Other Local Government Payments

Activity: Taconite Aid Reimbursement

revenue.state.mn.us

AT A GLANCE

In 2025:

- 1 school district received Taconite Aid Reimbursement

PURPOSE AND CONTEXT

The Taconite Aid Reimbursement is paid to Deer River School District #317 in Itasca County to compensate the district for the mining Occupation Tax distribution received before the law was changed in 1978.

Funding source: State General Fund

SERVICES PROVIDED

The Deer River School District receives an annual payment of \$561,050. This payment has remained the same since 1980.

RESULTS

Part A: Performance Data

The fiscal impacts of a 1978 Occupation Tax law change are reduced for the school district.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Payment's percentage of total school district revenues	Quantity	School Consolidated Financial Report	The payment's percentage of total school district revenues has ranged from 3.2% to 4.6% over the last 10 years.	3.2% in 2025

Performance Measurement Notes:

Measures are in school fiscal years.

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to local governments with no specific policy outcome against which to measure performance.

M.S. 477A.15 (<https://www.revisor.mn.gov/statutes/cite/477A.15>) establishes Taconite Aid Reimbursement.

Program: Other Local Government Payments**Activity: Border City Reimbursement**revenue.state.mn.us**AT A GLANCE**

In 2025:

- 2 jurisdictions received a Border City Reimbursement Payment

PURPOSE AND CONTEXT

Property taxes tend to be lower in North Dakota, putting some Minnesota businesses in bordering communities at a disadvantage. The Border City Reimbursement provides property tax relief for businesses in certain border cities.

Funding source: State General Fund

SERVICES PROVIDED

The Border City Reimbursement reduces property taxes for:

- commercial/industrial property
- public utility property
- apartment property

The reimbursement provides additional property tax relief to the eligible border cities of Breckenridge, Dilworth, East Grand Forks, and Moorhead. The cities must request the state reimbursement and then determine payments to businesses.

RESULTS**Part A: Performance Data**

Border City Reimbursement increases business competitiveness in border areas.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Number of jurisdictions receiving reimbursements	Quantity	Program applications	Two cities (Breckenridge and East Grand Forks) have received reimbursements since 2018.	2 in 2025

Performance Measurement Notes:

Measures are in taxes payable years.

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to local governments with no specific policy outcome against which to measure performance.

M.S. 469.1735 (www.revisor.mn.gov/statutes/cite/469.1735) establishes the Border City Reimbursement program.

Program: Other Local Government Payments

Activity: Disaster Credits

revenue.state.mn.us

AT A GLANCE

In 2024 and 2025:

- 1,112 parcels received Disaster Credits

PURPOSE AND CONTEXT

Damage caused by natural disasters and other events can lead to financial strain for households and businesses. The credit provides property tax relief for property damaged in a declared disaster or emergency area.

Funding source: State General Fund

SERVICES PROVIDED

The Disaster Credit, which started in 1984, reduces the property tax of damaged homestead property within a declared disaster or emergency area. The damaged property is revalued, and the credit is equal to the difference in tax between the original value and the value after damage. The state reimburses local governments for the credit in the year following the damage.

In addition, a county may:

- Grant an abatement of property tax in the year in which the damage occurred if 50% of the homestead was destroyed
- Grant a credit for taxes payable in the year following the damage for homestead property that does not qualify for the Disaster Credit and non-homestead property

The state reimburses the local governments for abatements and credits for property located in a declared disaster or emergency area.

RESULTS

Part A: Performance Data

Property tax relief helps individuals, businesses and communities recover from the impacts of damage caused by a disaster.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Number of parcels receiving credits	Quantity	PRISM data	The number of parcels receiving credits has ranged from 105 to 1,737 over the last 10 years.	1,112 in 2024/2025

Performance Measurement Notes:

Measures are in taxes payable years.

PRISM stands for the Property Record Information System of Minnesota.

The amount of payment is dependent on the number and severity of disasters. In payable years 2014, 2016, and 2018, no parcels received the credit.

For more information, visit the Revenue website (www.revenue.state.mn.us) and search “disaster.”

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a property tax credit to taxpayers with no specific policy outcome against which to measure performance.

M.S. Chapter 273.1231-273.1235 (www.revisor.mn.gov/statutes/cite/273.1231) establishes Disaster Credits.

Program: Other Local Government Payments**Activity: Miscellaneous Payments**revenue.state.mn.us**AT A GLANCE**

From 2022 to 2026:

- 27 local governments received temporary relief payments
- 87 counties, 856 cities/townships, and 11 tribal nations received Public Safety Aid in 2023

PURPOSE AND CONTEXT

Unforeseen events can strain local government finances. State payments provide financial assistance to help local governments through unforeseen events.

Funding source: State General Fund

SERVICES PROVIDED

Occasionally payments are authorized by law to local governments experiencing an extraordinary or unusual circumstance and where other financial assistance is unavailable. Examples include:

- \$5,400,000 to the city of Virginia in 2022 for state highway construction utility relocation
- \$250,000 to the city of Floodwood in 2022 to pay for a city-wide street and infrastructure project
- \$643,729 to the city of Melrose in 2022 to be used to remediate the effects of fires in the city
- \$120,000 to the city of Alexandria in 2022 to be used to remediate the effects of fires in the city
- \$29,354,688 to 13 counties in 2022 for grants to pay for refunding the overpayment of property taxes
- \$300,000,000 to local governments and tribal nations in 2023 to fund public safety
- \$46,060 to the city of Echo in 2023 for repayment of Local Government Aid penalties
- \$79,476 to the city of Morton in 2023 for repayment of Local Government Aid penalties
- \$300,000 to the city of Northfield in 2024 to pay for manufactured home park infrastructure costs
- \$250,000 to the city of Spring Grove in 2024 to be used to remediate the effects of fires in the city
- \$45,574 to Stearns County in 2024 for taxes attributable to the exemption of certain hospital property
- \$18,472 to the city of Alpha in 2025 for repayment of Local Government Aid penalties
- \$39,909 to the city of Odin in 2025 for repayment of Local Government Aid penalties
- \$87,502 to the city of Stewart in 2025 for repayment of Local Government Aid penalties
- \$25,003 to the city of Trosky in 2025 for repayment of Local Government Aid penalties
- \$121,636 to Hennepin County in 2026 for taxes attributable to the exemption of a tribal college

The payments are made outside of existing aid distribution formulas.

RESULTS**Part A: Performance Data**

Relief payments help communities recover from the impacts of unusual circumstances.

Measure	Measure type	Measure data source	Historical trend	Most recent data
Total dollar amount of relief payments distributed	Quantity	Payment Certifications	Annual payment amounts have ranged from \$122,000 to \$300,550,000 over the last five years.	\$122,000 in 2026

Performance Measurement Notes:

The amount and frequency of payments is dependent on legislative approval.

Part B: Evidence of Effectiveness

This is not an evidence-based practice. This program is a payment to local governments with no specific policy outcome against which to measure performance.

Laws 2019 First Special Session, Chapter 6, Article 5, Section 10;
Laws 2021 First Special Session Chapter 14, Article 7, Sections 6-7;
Laws 2021 First Special Session Chapter 14, Article 11, Section 46, Subd. 1-2;
Laws 2023 Chapter 64, Article 4, Sections 27-28, 31-32, 34;
Laws 2025 First Special Session Chapter 13, Article 2, Section 18;
Laws 2025 First Special Session Chapter 13, Article 4, Section 5.

Program: Other Taxes and Refunds**Activity: Discontinued Programs**revenue.state.mn.us**Class 4d Transition Aid****PURPOSE AND CONTEXT**

Property tax law changes reduce the amount of tax base available to local governments, leading to financial strain. Class 4d Transition Aid provided temporary aid to cities that lost tax base due to a change in the law for low-income rental housing. This program was effective for aids payable in calendar year 2025 and 2026 only.

RESULTS

Local tax rates in cities receiving aid are lower than they would be without the aid.

Local Government Cannabis Aid**PURPOSE AND CONTEXT**

Legalized adult-use cannabis can create additional costs for local governments. Local Government Cannabis Aid helps counties and cities cover regulatory and law enforcement costs associated with legalized cannabis. This program was repealed effective January 2, 2026.

RESULTS

Local governments are better able to cover costs associated with legalized adult-use cannabis.

Utility Valuation Transition Aid**PURPOSE AND CONTEXT**

Property tax law changes reduce the amount of tax base available to local governments, leading to financial strain. Utility Valuation Transition Aid provided temporary aid to cities and towns that lost tax base due to a change in the rule for valuing utility property. This aid was repealed effective with aids payable in calendar year 2024.

RESULTS

Local tax rates in jurisdictions receiving aid were lower than they would be without the aid, and the aid phased out as tax base returned to previous assessment levels.

Electric-Assst Bicycle Rebates**PURPOSE AND CONTEXT**

The Electric-Assisted Bicycle Rebate (e-Bike Rebate) was designed to reduce the cost for Minnesota residents to buy a new e-bike at eligible retailers starting in July 2024. The e-Bike Rebate provided a discount of up to \$1,500 on a qualifying e-bike. The discount was 50-75% of a buyer's qualifying expenses, depending on their income. The rebate value could not exceed the price of the e-bike. Total rebates were limited to \$2 million per year in 2024 and 2025.

Production Property Transition Aid

PURPOSE AND CONTEXT

Property tax law changes can reduce the amount of tax base available to local governments, leading to financial strain. Production Property Transition Aid provided temporary aid for cities and towns that lost tax base due to a change in the method to value certain production facilities. This activity was effective for aids payable in 2016 through 2020.

RESULTS

Local tax rates in jurisdictions receiving aid were compensated for their loss of tax base.

PERA Pension Aid

PURPOSE AND CONTEXT

State law changes can increase costs to local governments by raising their pension contribution rates. Public Employees Retirement Association (PERA) Pension Aid was paid to local governments to offset an increase to the employer-paid PERA rates that began in 1998. This aid terminated on June 30, 2020.

RESULTS

PERA Pension Aid helped increase the affordability of local government employee pensions.

Minneapolis Debt Service Aid

PURPOSE AND CONTEXT

Regional infrastructure projects often need state assistance to be affordable. This program provided state aid to Minneapolis to pay part of the city's library referendum bonds. This aid was last paid in November 2021 and was repealed in May 2026.

RESULTS

Minneapolis Debt Service Aid decreased property taxes for properties in the city of Minneapolis.

COVID Aid Payments

PURPOSE AND CONTEXT

The coronavirus public health emergency created additional costs for local governments while simultaneously reducing their revenues. This resulted in financial strain for many local governments. COVID Aid provided financial relief to some counties, cities, and towns. This was a onetime aid in FY 2021.

RESULTS

COVID Aid payments helped local governments pay costs associated with the coronavirus outbreak.

RESULTS

Part A: Performance Data

Measure	Measure type	Measure data source	Historical trend	Most recent data
Class 4d Transition: Number of cities receiving aid	Quantity	Aid Certification	33 cities received aid.	0
Local Government Cannabis Aid: Dollars distributed to counties	Quantity	Aid Certification	Annual payments to counties ranged between \$184,000 and \$475,000.	0
Utility Valuation Transition Aid: Number of cities and towns receiving aid	Quantity	Aid Certification	43 cities and towns received aid payments.	0
Electric-Asst Bicycle Rebates: Number of rebates used	Result	Final Report	1,327 recipients received and used the rebate.	0
Production Property Transition Aid: Number of cities and towns receiving aid	Quantity	Aid Certification	3 cities and towns received aid payments.	0
PERA Pension Aid: Number of jurisdictions receiving aid	Quantity	Aid Certification	1,110 jurisdictions received aid payments.	0
Minneapolis Debt Service Aid: Amount of Aid paid	Quantity	Aid Certification	Annual payments ranged between \$3,374,000 and \$4,120,000.	0
COVID Aid Payments: Number of jurisdictions receiving payment	Quantity	Aid Certification	1,606 jurisdictions received aid payments.	0

Part B: Evidence of Effectiveness

These programs are not evidence-based practices. These programs are discontinued local and individual tax aid with no specific policy outcome against which to measure performance.