



10 LGA Key Points: 2016

August 2016

1. The 2016 Legislature did not pass a tax bill so there were no changes to the LGA program for 2016 or beyond. Refer to the LGA 101 document for a more detailed overview of the formula.
2. \$519 will be sent to cities in 2016 and 2017.
3. Individual cities' LGA amounts are certified by the Dept. of Revenue by August 1 each year. LGA payments are distributed in two equal payments to cities in mid-July and at the end of December
4. The LGA program is funded by a fixed pool of money. Changes in one city's LGA amount can affect what is left for all other cities.
5. The LGA calculation compares a city's revenue need to its ability to pay (capacity).
6. There are three different need formulas: one for cities under 2500, one for cities between 2500 and 10,000 and one for cities over 10,000 in population.
7. A city's capacity is determined by multiplying the city's tax base (adjusted net tax capacity) by the statewide average tax rate.
8. If there is a gap, a portion (percentage) of that gap is filled by LGA. The portion filled is the same for all cities receiving LGA that year. If a city's capacity exceeds its need, it will not receive LGA.
9. There are rules to limit how much a city's LGA can decrease from year to year. Beginning with aids payable in 2015, no city's aid can decrease by more than 5% of its previous year's levy or \$10 per capita.
10. Aid bases—like those for regional centers, special circumstances (e.g. flooding), small cities, and new jobs base—were eliminated in the 2013 reforms in order to simplify the LGA calculations.

LGA resources available from LMC at <http://www.lmc.org/page/1/property-tax-state-funding-fiscal-issues.jsp>

- LGA 101
- Key Terms and Definitions
- LGA Timeline