

Feb. 25, 2025

## CITY ISSUE FACT SHEET: LGA

### OUR ASKS:

- ✓ Protect LGA to make sure that there are no reductions that could negatively impact city budgets.
- ✓ Index the LGA appropriation to inflation and population to keep up with increased construction costs and wage.

### FOR MORE INFORMATION:

Beth Johnston  
LMC Intergovernmental  
Relations Representative  
(651) 281-1218  
[bjohnston@lmc.org](mailto:bjohnston@lmc.org)  
[lmc.org](https://lmc.org)

### What is LGA?

Local Government Aid (LGA) is a general purpose state aid that cities can use to meet their own unique needs. The amount of LGA a city receives is determined by a formula that measures a city's need with factors including population, age of housing, and percentage of property value from commercial and industrial property and compares them to a city's ability to pay through its local tax base.

LGA aims to ensure that all cities are able to provide a good quality of life regardless of their ability to generate tax revenue. Common uses of LGA include:

- Property tax relief
- Public safety
- City staff
- Infrastructure
- Parks & trails
- Streets

In 2023, the League of Minnesota Cities worked with the Coalition of Greater Minnesota Cities, Metro Cities, the Minnesota Association of Small Cities, and the Legislature to update the formula. Along with the formula update, the Legislature also increased the overall annual appropriation by \$80 million, bringing the annual state investment in LGA to \$664.4 million.

To help ensure that the state holds up its end of the state-local partnership, the Legislature needs to make sure there are no reductions to the appropriation.