

## **EDITORIAL: Don't tie cities' hands**

By webmaster

Created 03/18/2011 - 5:01pm

A group of legislators in St. Paul unveiled a proposal last week to end Local Government Aid to cities such as Hutchinson by 2015. Adding to the drama, the chairwoman of a key House panel said she wants to put a freeze on those cities' ability to increase property taxes to make up for the shortfall.

If this is an example of giving local control back to cities, we'd hate to see what taking away that control might mean.

For the past eight years, cities across Minnesota have been slashing services and staff left and right to make up for the loss of Local Government Aid. In Hutchinson, 13 full-time staff positions were cut in 2003 when LGA was reduced. Then in 2009, LGA was clipped again and several employees took early retirement buyouts. In 2010, LGA was slashed again and the city cut another nine positions.

What has this meant for residents? Those who participate in activities sponsored by Hutchinson's Parks and Recreation Department know the impact firsthand. The department has seen revenue drop by \$250,000 since 2003. People who use its services are now paying higher fees and have seen cuts in programming. "We had to change the way we do business," said Parks and Recreation Director Dolf Moon.

For example, senior programming at the Hutchinson Event Center is no longer available Fridays, and the Recreation Center also is closed Fridays when no activities are scheduled. "Those are two very busy facilities where activities are now shut down 20 percent of the time," Moon said.

Furthermore, the department has raised fees for ice time, field rentals and other activities. It also has reduced overall upkeep in parks because maintenance staff has dropped from 10 full-time employees in 2003 to just six today.

Other departments have made similar changes.

What are the solutions?

If LGA is to be completely eliminated, Hutchinson would need to raise an additional \$1.78 million to make up for the loss.

Fee increases won't do the trick. An increase in property taxes would — an idea nobody likes, but the alternatives aren't much better, either.

How might a property tax increase go over? It's hard to say. But any talk of increasing property taxes might be getting too far ahead of the game.

The whole idea behind LGA is to make up for the inequity in property tax revenues so that communities are able to provide a base level of services without gouging local taxpayers.

LGA is a payment from the state of Minnesota to cities and counties that helps “buy down” property taxes. It's part of the so-called “Minnesota Miracle” that has helped give our state a high quality of life. Communities with higher populations, declining populations, older housing, and less commercial and industrial property are considered higher-need. Slightly fewer than 90 percent of the state's 800-plus municipalities benefit from LGA.

Created in 1971, LGA has undergone numerous changes over the years. One of the greatest changes occurred in the early 1990s, when the mechanism for funding it received a significant boost. The state dedicated a half-cent sales tax increase solely to LGA. Since then, revenue from that tax has been merged into the state's general fund.

If LGA is to end, as some lawmakers want, they need to know of the impact it will have across Minnesota. They need to be told that it should require the repeal of the tax that funded it. They also need to know that crazy notions such as a freeze on local property taxes would devastate many communities that currently depend on LGA.

Hutchinson has been smart to begin weaning itself off LGA. But many cities — those with higher populations, declining populations, older housing, and less commercial and industrial property — don't have that capability.

If the Legislature wants to end LGA, it needs to give cities the tools needed to make up for the lost revenue. Binding cities with outrageous restrictions isn't the answer.

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