

Editorial: Don't pile LGA cuts on metro cities

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Star Tribune Editorial

Mayor **Dave Smiglewski** of Granite Falls waxed eloquent at the Capitol last week as he described how 40 years of local government aid (LGA) have been a blessing for his west-central town of 3,000.

LGA helped the county seat of **Yellow Medicine County** stabilize its population, attract jobs, keep young people at home, and recover from two brutal floods and a tornado.

But Smiglewski didn't come to St. Paul just to defend LGA for Granite Falls, he told Gov. Mark Dayton and other mayors assembled by the Coalition of Greater Minnesota Cities.

He also came to speak up for the Twin Cities.

"I'm dead-set against cutting Minneapolis and St. Paul and sparing us," he said. "That would have a negative effect on all of Minnesota. ... It's important for us to stand together as a state."

That it has been, through 152 years of statehood.

The House Republican proposal to phase out LGA for Minneapolis, St. Paul and Duluth and cut it in half

in the metro suburbs rankles -- not only because of the financial pain it would cause, but also because it violates a "one Minnesota" norm that has served this state well.

The pain House Republicans propose to inflict ought to alarm any Minnesotan who values the economic health and livability of the metro area.

For example, St. Paul, which was advised last fall that it could expect \$62.5 million in LGA this year -- 27 percent of its general fund budget -- instead would get \$37.8 million. That would be the first whack on the way to zero beginning in 2015.

The proposed 2011 cut alone exceeds the combined budgets of St. Paul's parks, library and city attorney's office, **Mayor Chris Coleman** told a House panel.

"I could cut every discretionary city service, and I wouldn't come close to matching" the LGA loss. "We'd be left with untenable choices about the future of our city."

The designers of the House proposal (outlined in the box above) justify it by pointing to the state's forecasted \$5 billion biennial deficit.

They want to shave \$251 million from LGA by mid-2013. They argue that the metro area can better withstand a loss of state aid than can more economically fragile Greater Minnesota.

House property taxes chair **Linda Runbeck**, R-

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Circle Pines, added Wednesday that the state's 40-year-old partnership with cities has created a "dependency" on state taxpayers that encouraged excessive municipal spending, especially in the state's biggest cities.

None of those arguments rests on a solid foundation of evidence. LGA is sometimes defended as a property tax relief program, but its main purpose is to narrow disparities in municipal services --public safety, street maintenance, parks, libraries -- between richer and poorer parts of the state.

Its distribution formula is based on objective measures of a city's need for police, fire and other municipal services and its economic capacity to raise local revenues via the only means the Legislature allows cities -- property taxes and fees.

By that formula, Minneapolis, St. Paul and older suburbs like Richfield, Anoka and Fridley warrant assistance. So do nearly all Greater Minnesota cities -- including Duluth, the only one singled out for LGA elimination. Only more affluent suburbs do not.

It's fair to question, as contributor Steve Dornfeld does on today's Opinion Exchange page, whether the current LGA formula is optimal for achieving the program's policy goal.

It's wise to urge, as Minneapolis Mayor R.T. Rybak has, that the state do more to prod regions to combine municipal services in cost-effective ways.

And it's well to argue, as this page has for years, that property tax relief is better provided through the state's "circuit breaker" property tax refund program for low- and middle-income homeowners.

That program reaches lower-income taxpayers who live in suburbs that receive little or no LGA but who face tax bills that on average take a bigger percentage bite from their incomes than do tax bills outstate.

But it's neither fair nor wise for Republican legislators to ask three of the state's largest cities and older suburbs to bear so large a share of the cost of setting state government on a more sustainable fiscal course.

Tough times call for widely shared sacrifice. Cynics explain the GOP proposal by noting that Minneapolis, St. Paul and Duluth voters favor DFLers.

It's in the Republican majority's long-term interest to prove the cynics wrong.

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