

## Lori Sturdevant: If not for LGA, cities would spend (and have) less

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State Rep. **Linda Runbeck**, R-Circle Pines, the House Property Taxes Division's formidable gavel-wielder and budget hawk, deserves a nod for inspiring the "what if" question I mulled last week:

What if, in 1971, Minnesota had not created **local government aid** (LGA)?

What if then-**Gov. Wendell Anderson** and the Legislature's Republican (nee Conservative) majorities had decided to simply shrug at the growing gap between what rich and poor city governments could afford and at the widening difference in property tax bills around the state?

Runbeck fired my thinking with **her proposal** to strip Minneapolis, St. Paul and Duluth of all LGA by 2015, and take half of it away by 2013 from the older suburbs that receive it, with broad hints of

more cuts to follow throughout the state.

And with these words in response to howls of protest by the big cities:

"Sure, they are going to be upset. ... But I argue they built a more costly model of government than had they not had 40 years of subsidy."

She's right, said the former and current mayors I asked to play "what if" with me. Without 40 years of state tax proceeds helping poorer cities pay for cops, firefighters, pothole fillers, librarians, park and rec workers et al., those city governments would be spending less today.

That's because they would be poorer places, the mayors said.

"I imagine about 600 of the 854 cities in Minnesota would have dried up and ceased to exist" if the state had opted not to share its robust tax base with needy locals, said **Mayor H. Dan Ness** of Alexandria.

Too strong a claim? Not for Mayor Steve Nordhagen of Thief River Falls.

"Thief River Falls and other cities out there would not exist without local government aid," he said. "We'd have unlivable communities outside of the metro area."

**Mayor Dave Kleis of St. Cloud** projected backward with me: Property taxes in poorer cities would have

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kept soaring in the 1970s, as local officials continued a counterproductive effort to keep city services functional.

The higher the hated property tax climbed, the less likely those cities would have been to attract and keep the private-sector jobs that today are their bread and butter.

Some cities -- St. Cloud among them -- would have pressed the Legislature for permission to levy local sales taxes. The answer likely would have been yes, he said.

(Kleis, a former GOP state senator, knows something about how legislators respond when somebody offers to raise taxes so they won't have to.)

But not all cities had enough retail activity to gain from local sales taxes. And over time, a high city sales tax would have put existing retail centers at risk.

"You'd see disproportionately high sales taxes in the state's regional centers. The lack of uniformity in sales tax rates around the state would be huge," Kleis said.

More retail development would have sprung up in the cornfields and pastures outside city boundaries. So would more housing. "It would make sprawl a bigger problem all over this state," he said.

Mayors like Kleis hate sprawl. They note that the demand for city services doesn't decline when

development pops up just outside the reach of city taxes. It increases. Regional population, not just the local overnight head count, drives the need for public safety, infrastructure and city amenities.

Raise local taxes to keep up with that demand, and city government just invites more sprawl. Cut services instead, as St. Cloud has done for the last four years, and eventually people will leave because they can no longer abide the potholes. It's a lose-lose proposition.

That situation is writ large in the metro area, which Runbeck and other House Republicans are targeting for the deepest cuts.

Minneapolis "would have constantly struggled" without LGA, said Don Fraser, mayor from 1980 to 1993. Its taxpayers have been on the hook through the years for much that people who live elsewhere need and use -- a convention center, parks, high-level emergency services.

LGA helped make those things affordable, and those things in turn contributed to the whole region's wealth.

The development of the metro suburbs in the 1950s and 1960s set the stage for LGA's inclusion in what's still called "the Minnesota Miracle." It was a time when state leaders worried that the state was being Balkanized in a way that would eventually hurt the haves as well as the have-nots.

The miracle was the tapping of the state's

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progressive income tax to finance local services -- including schools -- that previously relied exclusively on regressive property taxes and fees for support.

What sold LGA politically was the notion that what was good for some was good for all. Even suburbs that were "off the formula" -- not needy enough to qualify for LGA -- cared enough about central city well-being to support it.

Some suburban politicians still think that way. Eagan Mayor Mike Maguire, president of the **Association of Metro Municipalities**, came to the Capitol on Wednesday to urge Runbeck's committee not to single out Minneapolis, St. Paul and Duluth for cuts. Suburbs won't flourish with distressed big cities nearby, he warned.

I'll add: No part of Minnesota will.

Runbeck last week called the relationship between LGA recipients and state government a "dependency." The mayors will give her that, too -- and respectfully suggest that the dependency is mutual.

***Lori Sturdevant** is a Star Tribune editorial writer and columnist. Follow her on Twitter [@sturdevant](https://twitter.com/sturdevant).*



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