

LGA loss — the Stamp Act of 2008

Posted: Saturday, December 13, 2008 4:42 pm

For all of his talk about appealing to Sam's Club Americans, Minnesota Gov. Tim Pawlenty sure has a way of saddling the average citizen of his own state with a burden that may be too difficult to bear. Faced with a ballooning state deficit — an immediate \$426 million shortfall that, by the latest predictions, may reach \$5.27 billion by 2011 — the Pawlenty administration started informing cities across the state that they may lose part, if not all, of their Local Government Aid checks that are slated to be paid on Monday.

How much does that mean? A lot.

With less than 20 days left in its fiscal year, state officials told Owatonna, for example, that the \$2 million LGA check it was expecting most likely would be reduced considerably or done away with altogether. The problem is that that money has already been spent, providing what city officials call the “nuts and bolts” basics for the community — things like police and fire service and upkeep of roads. That means that the city will be forced to dip into its reserves to pay the bills. With a lower reserve balance, Owatonna could see its high bond rating drop, which, in turn, could cost the city more money as interest on future loans might rise. And, in order to head off that catastrophe, the city will have to look for some major cuts in its budget for 2009 and 2010 with some of the cuts coming through the elimination of people's jobs. And, of course, Owatonna is not the only community facing such cuts of LGA.

So much for appealing to Sam's Club Americans.

In some ways, the proposed reduction of LGA is reminiscent of the Stamp Act of 1765, where the Parliament of Great Britain imposed a tax on the American colonies without the colonists' consent, presumably to reduce the national debt. In our case today, the tax has already been paid, but the promised payback may not be coming. Conveniently, Gov. Pawlenty was out of the country — sort of like King George — when the proposed financial burden on the cities was announced.

We understand that the state is faced with some difficult choices, but placing the burden of erasing the deficit most heavily on the backs of local governments and its citizens is not the way to go. It will hurt the very people the governor says he's trying to help.

Owatonna People's Press editorials are the opinion of the Press editorial board. Other editorials, columns, letters and cartoons appearing on this page are the opinions of the authors and artists and not necessarily the People's Press.