Successful tax reform needs vigilance, time to take root

by Dan Salomone

We have another new property tax system. We seem to get one every year, but this one is really new and includes double-digit cuts for all classes of property. But the cuts are merely incidental. It's the reform that's really new; reform comparable to the "Minnesota Miracle" in 1971.

Our new property tax is more "local." The cost of state responsibilities like basic education, district courts, transit, and certain county mandates has been shifted from local governments to the state. The magnitude of this shift produced historic reductions in tax burdens and in the tax disparities among various property types.

The reforms raise the state share of total K-12 funding from 69 to 85 percent, topping a 1971 goal of 70 percent, while bringing business tax bills down from roughly three times that of homesteads to about twice the homestead level, and closer to the national average.

For many years, the Minnesota Taxpayers Association (MTA), and other groups, including the Citizens League, argued that these changes could simplify the tax code, increase local accountability, and ultimately restrain growing property tax levies. I believe they will, but only if we understand the new system and allow the reforms a few years to take root.

What Reformers Wanted

Since 1992, the MTA has been asking for more simplicity, logic, and discipline in the state and local fiscal relationship, and arguing that there are only two reasons for the state to subsidize local governments: to equalize communities' capacity to provide "basic" services and to subsidize specific local expenditures deemed to have statewide significance.

We recommended that the state and local spending responsibilities be separated, and each funded with "own-source" revenues. We opposed general-purpose aid just so local property taxes could be lower. We also recommended that the class rates be compressed to reduce the business-to-homestead relationship.

We were not alone in proposing reform. In 1995 the Citizens League proposed an "ABC" system in which the state would have funded the average cost of "basic" services, and the unavoidable extra costs associated with providing basic services. Remaining local spending was considered "local preference funding," and would have been funded by local revenue. In 1996, Senator Ann Rest, then House Tax Committee chair, proposed to separate the property tax into two parts—a local services tax and a state property tax.

These earlier reform plans led to a series of incremental improvements: class rates were compressed; some local expenditures were shifted to the state; state aid was increased to protect homeowners from tax increases; and the business-to-homestead tax rate disparity was gradually reduced. Many predicted the 2001 Legislature would merely provide another dose of incremental reform.

What They Got

But Gov. Jesse Ventura rejected the incremental approach to tax reform. Instead, he asked the Department of Revenue to prepare a "Big Plan" for the 2001 session. Not surprisingly, what ultimately passed is very consistent with the incremental reforms of the past, but, in essence, gives us about three years of incremental reforms, including:

- Elimination of the K-12 general education
For whom the road tolls

by Lyle Witty

As the results of the 2000 Census continue to roll out, we are seeing some fascinating glimpses into our national reality. One picture emerging from the data is that Americans are still importing low-wage jobs and "off road" but fees may vary by time of day and type of vehicle. Currently, a state-level Value Pricing Task Force, chaired by former State Senator Carol Foss, is considering which of four projects to recommend for a road pricing experiment in Minnesota.

Why road pricing? Road pricing offers two main benefits. It can help reduce congestion during peak travel times, and user fees can raise money to pay for infrastructure construction and maintenance, and to subsidise public transportation.

By changing higher fees during periods of peak demand, road pricing gives drivers an incentive to make discretionary trips at other times of the day. Cities from London to Singapore already use fees in the central business districts to reduce congestion during rush hour. Estimates based on some recent bridge studies indicate road pricing can shift traffic from five to ten percent of the total volume from rush hour to times when traffic flow is lighter, enough of a change to have a significant impact. Road pricing does not replace the need for infrastructure investment, but it can help to finance improvements. User fees can be used to pay for construction of new roads and bridges, for repair and maintenance, and to improve and expand public transportation, all of which further reduce road congestion.

As we move forward with improvements to the Stillwater bridge and the reworking of Highway 62 at Interstate 35W, it makes sense to look at road pricing as a trade-off for increased capacity. Drivers will find the mix much more palatable if they feel they are getting something back. Revenue from fees can be used to rebuild the docks that we cheek now have in many of our metro highway system. Additionally, road pricing may be a good option to consider if privilege in government makes private investment the only viable alternative to no action.

Objectors to road pricing come from many quarters. Some drivers fear payment of tolls or "tolls" in general. Many urban centres have major bottlenecks. This problem has been largely alleviated, and future technology will streamline the system even more. In many parts of the world, toll bridges and tunnels have been replaced by radio transponders (a size of a deck of cards). New systems allow already licensed plates directly and bill the owner automatically.

Opponents of road pricing also point to equity issues, arguing that those with money get preferential treatment. To those concerns, road pricing could generally a group of "free trips" per week to those with an annual income below a certain level. Fees can be variable based on time of day and type of vehicle, with tolls for large trucks or recreational vehicles.

 Whereas many others fear the additional costs, even when public purposes are met. Apparently the tax burden falls on the community at large. But high-income families gain the benefits of lower public transit costs, lower public service costs, and better quality of life. Payment of tolls is voluntary and the public has the choice of paying a fee or using public transit. The issue clearly workers in these low-wage jobs clearly workers in these low-wage jobs.

One possible response is road pricing, by charging higher fees during periods of heavy traffic. By doing so, we can make the road system more viable, with higher costs for infrastructure investment, but it can help to finance improvements. User fees can be used to pay for construction of new roads and bridges, for repair and maintenance, and to improve and expand public transportation, all of which further reduce road congestion.

As we move forward with improvements to the Stillwater bridge and the reworking of Highway 62 at Interstate 35W, it makes sense to look at road pricing as a trade-off for increased capacity. Drivers will find the mix much more palatable if they feel they are getting something back. Revenue from fees can be used to rebuild the docks that we cheek now have in many of our metro highway system. Additionally, road pricing may be a good option to consider if privilege in government makes private investment the only viable alternative to no action.

Objectors to road pricing come from many quarters. Some drivers fear payment of tolls or "tolls" in general. Many urban centres have major bottlenecks. This problem has been largely alleviated, and future technology will streamline the system even more. In many parts of the world, toll bridges and tunnels have been replaced by radio transponders (a size of a deck of cards). New systems allow already licensed plates directly and bill the owner automatically.

Opponents of road pricing also point to equity issues, arguing that those with money get preferential treatment. To those concerns, road pricing could generally a group of "free trips" per week to those with an annual income below a certain level. Fees can be variable based on time of day and type of vehicle, with tolls for large trucks or recreational vehicles.

Whereas many others fear the additional costs, even when public purposes are met. Apparently the tax burden falls on the community at large. But high-income families gain the benefits of lower public transit costs, lower public service costs, and better quality of life. Payment of tolls is voluntary and the public has the choice of paying a fee or using public transit. The issue clearly workers in these low-wage jobs clearly workers in these low-wage jobs.

One possible response is road pricing, by charging higher fees during periods of heavy traffic. By doing so, we can make the road system more viable, with higher costs for infrastructure investment, but it can help to finance improvements. User fees can be used to pay for construction of new roads and bridges, for repair and maintenance, and to improve and expand public transportation, all of which further reduce road congestion.

As we move forward with improvements to the Stillwater bridge and the reworking of Highway 62 at Interstate 35W, it makes sense to look at road pricing as a trade-off for increased capacity. Drivers will find the mix much more palatable if they feel they are getting something back. Revenue from fees can be used to rebuild the docks that we cheek now have in many of our metro highway system. Additionally, road pricing may be a good option to consider if privilege in government makes private investment the only viable alternative to no action.

Objectors to road pricing come from many quarters. Some drivers fear payment of tolls or "tolls" in general. Many urban centres have major bottlenecks. This problem has been largely alleviated, and future technology will streamline the system even more. In many parts of the world, toll bridges and tunnels have been replaced by radio transponders (a size of a deck of cards). New systems allow already licensed plates directly and bill the owner automatically.

Opponents of road pricing also point to equity issues, arguing that those with money get preferential treatment. To those concerns, road pricing could generally a group of "free trips" per week to those with an annual income below a certain level. Fees can be variable based on time of day and type of vehicle, with tolls for large trucks or recreational vehicles.

Whereas many others fear the additional costs, even when public purposes are met. Apparently the tax burden falls on the community at large. But high-income families gain the benefits of lower public transit costs, lower public service costs, and better quality of life. Payment of tolls is voluntary and the public has the choice of paying a fee or using public transit. The issue clearly workers in these low-wage jobs clearly workers in these low-wage jobs.
**Minnesota Journal August 21, 2001**

---

**Even Minnesota's editorial writers are overeared**

---

**Treesm is over, but the debate on education financing is not.**

"The extra $335 million for Ferguson Falls Community College student will pay for tuition this fall is an indicator of how Minnesotans will be hurt by state lawmakers' strategic error in Capitol this summer," argues the Ferguson Falls Daily Journal. "While Minnesotans may have been favorably impressed by the news of tax cuts coming from the Capitol this month, cuts in property taxes and another round of sales tax rebates were clearly made at the expense of education...One goal of state-run higher education has always been to make learning affordable to everyone. But a $350 tuition increase may not be enough for people to have access, it is bound to hurt the chances of at least some who cannot afford the higher costs."

"St. Cloud State University students are expected to pay 10 percent more in tuition this fall. That's in addition to the 7.7 percent increase of 2000-01. Will they get more for the money? Perhaps surprisingly, the answer is yes," reports the St. Cloud Times (7/19). "The University plans to offer essentially the same curriculum as last year, there will be no layoffs, three graduate-level programs will be added, and freshmen and sophomores will get more help in career planning. Still, the state aid continues the 10-year trend of the state putting a declining amount of money toward higher education. For the 2000-01 fiscal year, the MnSCU received 4.6 percent of the state's general fund budget. That amount was 6.4 percent in 1990-91."

While the debate on higher education financing focused largely on how much additional funding the university system requested for the fall, and how much legislators believe they really need, the Rochester Post-Bulletin (7/27) points out that some important long-term questions were not asked, including this one.

"Are the University of Minnesota and the Minnesota State Colleges and Universities systems organized to meet the state's current needs? Do some of the two systems' functions overlap?"

"I believe that higher education has not received adequate funding in recent years. Nevertheless, it is important to determine whether MnSCU and the U of M could benefit from reorganization or redefinition of their missions. Making such a determination would be contentious and painful. In the long run, however, it might be the only effective remedy for both system's financial problems."

Energy seems to be the watchword of the summer. According to the Red Wing Republican Eagle (7/14), "A proposal to let Wisconsin lawmakers rather than utility companies decide whether to condemn land for new power lines is wrongheaded. Uninterrupted supply of electricity is too important to today's economy to let such decisions be governed by emotion rather than fact...We appreciate the fact that few people welcome power plants or transmission lines in their back yards. But we'd also bet that these same individuals enjoy the convenience of microwave ovens, air conditioners and televisions."

"So long as consumers continue to demand for electricity, utilities will need to build more power plants and lines. The sites chosen for the facilities or the paths selected for the towers will not please everyone." What would the Journal be without transmission questions?

The Minnesota Public Radio News (7/25) favors the state's decision to proceed with a study of car-pool lanes despite the objections of the federal highway administration. "The founding fathers wisely put serious restrictions on the federal government's power over states, believing that power should lie with the states. The Constitution clearly intended to limit."

---

**Taxes continued from page 1**

levy and total state takeover of the costs of general education expenses. These expenses, deemed to be about $4,000 per pupil, were shared by the state and school districts using a mandatory local levy and supplemental state aid. The new law eliminates the mandatory levy, and the entire $4,000 plus an additional $415 per pupil will be a state responsibility.

- Completion of the state takeover of core expenses for districts costs and 30 percent of the cost of out-of-home placements.
- Replacement of property taxes for metro and rural transit operating costs with a dedicated 15 percent of all real estate tax collections, which then go to the state, the state's share of the tax base rise from 46 to 50 percent.

These shifting shares of the tax base are key to the accountability claims made by reformers like MTA and the Citizens League. Except for the new market value credits described below, they still think homeowners will pick up a greater share of local tax levy increases in future years. This doesn't necessarily mean their taxes will increase. Our data show that the initial tax cuts from the reforms are so deep that it will take 6 to 8 years before homestead taxes return to 2002 levels.

Apart from these central changes, a number of other property tax reform provisions are worth noting. They include:

- A new market value credit for homes and farms.
- No change in the current city aid (CLA) formula, despite a new $14 million reform account established for the design of a new formula for payable 2003.
- An enriched property tax refund program (court broker) with more relief for lower income filers.
- Elimination, over six years, of the "limited market value" provision, which protects property values from big tax increases resulting from rapidly growing valuations.
- Tax Increment Financing to help existing TIF districts and those just certified prior to enactment meet their debt service obligations.

**The Unfinished Agenda**

The new reforms will not necessarily improve the politics of local property taxation. Taxpayers naturally prefer to have someone else pay for services for which local governments prefer state aid to "own source" revenues. That's why tax refunds has been so slow and why the improvements of 2001 must be defended in 2002 and beyond.

We need to continue to look for local spending items that should be funded by the state so that levies can be even more "local." As long as we have both un-funded state mandates and large amounts of general purpose aid, there is an unfinished reform agenda. It's time to take another look at city aid. Why should the state pay citys general-purpose aid when numerous county mandates continue to go un-funded? And shouldn't the money at least go to cities that need it the most? Must it be the states that choose where and how public funds are spent? Does a new era of property reform merely bring us to the rational average relationship between homes and businesses. As we succeed in making levies even more local in the future, further compression is justified.

**Risks of Reform**

Legislation is a necessary part of reform. But our reaction to the legislation is just as important. Reform is really not complete until local residents taxpayers understand that reform means they will be held more responsible for local levy increases and will pay a greater share of them. Legislation also needs to break a 30-year habit of hand wringing over the property tax. If they continue to take responsibility for every single improvement in the reform, they will not take root, and a new era of property tax buy-downs, however cleverly disguised, will likely follow.

A frustrated Tom Phipps once said the property tax is a local tax, not a state tax. It wasn't exactly true back then, nor is it completely true now. But if we complete the reform agenda, Phipps' wishful declaration will finally come true.

---

**Minnesota Taxpayers Association.**
Putting out the welcome mat: ensuring Minnesota's welcome remains warm

help me find a job" or "I want to learn English. Can you help me find an English-as-a-second-language program?" At the Refugee Services program of the Minnesota Council of Churches our job is to meet the needs voiced in these (and many other) questions. The fact that our efforts are typically successful reveals some of the answer: refugees are here because there is opportunity and support.

Our state is one of only a few in the nation that boasts both a vibrant economy with an abundance of entry-level jobs, and a generous safety net for those who can't grasp the bottom rung of the career ladder. Compare Minnesota to Texas and our allure becomes clear. In Texas, a wage-earner with limited English can hope to make $6.50 to $7 per hour doing cleaning work. For those who aren't working, the state offers cash support and food stamps totaling about $400 per month for a family of four. In Minnesota, that same wage-earner can make $7.50 to $9 per hour at a hotel or factory. Until work is secured, the state will support this family of four with $950 of combined cash and food stamps each month. Furthermore, the family can continue to receive limited assistance as their earnings rise, and up to a year of free medical coverage when they finally earn their way off of welfare. Add into the mix an abundance of free English-as-a-second-language programs, fine schools, good health care, and a rich network of social service programs, and one begins to understand the draw of this state.

And if you look beyond the logic of dollar and cents and you can see a fundamental and pervasive force at work: hospitality. From the first influx of refugees after the Vietnam War, our state has opened its doors wider than most others. Churches sponsored hundreds of families in the 1970s and '80s, and this outreach continues today. Public and private human services agencies have plant a seed and water it, let alone enough from all of them." The housing shortage has impacted the numbers of refugees moving here from other parts of the country, but some will continue to move in. With frustration building among even middle-class buyers and renters, the temptation to speculatively buy homes may prove hard to resist. These trends have not (yet) turned the tide against refugees. Minnesota remains a hospitable and supportable place. But our historically warm welcome could begin to cool without some constructive interventions.

New restrictions on state IDs and driver's licenses

Last year, the Department of Public Safety decided to restrict the variety of identification documents for getting a Minnesota ID or driver's license. They had encountered instances of fraud and felt the need to tighten up security. In doing so, they placed a serious handwriting barrier on new refugees. Instead of getting a state ID card, refugees must now present a passport, UN Convention, or some evidence of citizenship. Immigrant and Naturalization Service, a process that takes 6 to 12 weeks, and then apply to the state. Refugees-serving agencies lobbied the state to consider other verification systems, citing examples from other states, but DPS declined. Minnesota now has the unique distinction of being the only state that will not give identity documents to new refugees. This may signal a change in the public sector's willingness to adapt to the needs of newcomers.

The increase in dark-skinned refugees

The vast majority of refugees currently resettling in Minnesota are Africans from the Horn of Africa (Ethiopia, Somalia, Uganda) or Western Africa (Liberia, Sierra Leone). The increase is one of many non-Caucasian in the past, but I see something different in our reaction to Africans. These are bold people, both in
dresses and attitude. Many are devout Muslims, members of a "competing" world religion. And most significantly, they are black. Their presence calls forth a whole set of stereotypes and prejudices deeply rooted in our culture. Is it simply a coincidence that the state decided to crack down on issuing identity documents when these were the same refugees who had demonstrated that the first major anti-immigration group in our state (Minnesota for Immigration Reform) formed just a couple of years ago? The ethereal mix of moral and economic reasoning is too much to our efforts to build an inclusive and respectful community. These trends have not (yet) turned the tide against refugees. Minnesota remains a hospitable and supportable place. But our historically warm welcome could begin to cool without some constructive interventions.

Creating opportunities for refugee women

People may flee their homelands, but they do not leave their traditions. Vast differences may exist between the needs of women in refugees' cultures and in American culture. In traditional societies, women's role centers on the home and family. They may receive only minimal training or formal education. Such women are ill-equipped to compete in the labor marketplace. Or if they do work, they often enter low-paying, low-skill jobs. In other words, the stresses of immigration have left many women to care for their families without the help of a spouse. These nurturers of family and community need both opportunities to develop their skills and a reprise from the race towards wage earning imposed by lifetime limits on welfare benefits.

Home ownership and building wealth

Credit in modern America is about as ubiquitous as it is easy to forget. It underwrites our shelter, transportation, education, and retirement. Most refugees come from societies where the concept of "credit" is either foreign or forbidden. Until they understand how to use loans and investments wisely, newcomers will keep on treading water instead of swimming ahead. Most essential is the ability to access financing to purchase a home. Without homes, certainly the temptation to scapegoat newcomers may prove hard to resist. Access to credit is a crucial step in the process of integration. Building a home is a symbol of stability, an investment in community and against the erosion of economic opportunity. Credit is key to upward mobility, the shattering of stereotypes, and a greater capacity for communal self-care. The opposite is a recipe for criminalization and traditional cultures into self-destructive gang culture. It is impossible for the mainstream to formulate a solution to this challenge. Refugee communities must find solutions. Our role is to support these solutions.

Supporting the second generation

The promise of America is rarely realized by the first generation of immigrants or refugees. It is the second and subsequent generations that make the most of our country's educational and economic opportunities. Their challenge is to reconcile the culture of their parents with the demands of life in this country. A successful synthesis can lead to upward mobility, the shattering of stereotypes, and a greater capacity for communal self-care. The opposite is a recipe for criminalization and traditional cultures into self-destructive gang culture. It is impossible for the mainstream to formulate a solution to this challenge. Refugee communities must find solutions. Our role is to support these solutions.

Creating opportunities for refugee women

People may flee their homelands, but they do not leave their traditions. Vast differences may exist between the needs of women in refugees' cultures and in American culture. In traditional societies, women's role centers on the home and family. They may receive only minimal training or formal education. Such women are ill-equipped to compete in the labor marketplace. Or if they do work, they often enter low-paying, low-skill jobs. In other words, the stresses of immigration have left many women to care for their families without the help of a spouse. These nurturers of family and community need both opportunities to develop their skills and a reprise from the race towards wage earning imposed by lifetime limits on welfare benefits.

Home ownership and building wealth

Credit in modern America is about as ubiquitous as it is easy to forget. It underwrites our shelter, transportation, education, and retirement. Most refugees come from societies where the concept of "credit" is either foreign or forbidden. Until they understand how to use loans and investments wisely, newcomers will keep on treading water instead of swimming ahead. Most essential is the ability to access financing to purchase a home. Without homes, certainly the temptation to scapegoat newcomers may prove hard to resist. Access to credit is a crucial step in the process of integration. Building a home is a symbol of stability, an investment in community and against the erosion of economic opportunity. Credit is key to upward mobility, the shattering of stereotypes, and a greater capacity for communal self-care. The opposite is a recipe for criminalization and traditional cultures into self-destructive gang culture. It is impossible for the mainstream to formulate a solution to this challenge. Refugee communities must find solutions. Our role is to support these solutions.

Supporting the second generation

The promise of America is rarely realized by the first generation of immigrants or refugees. It is the second and subsequent generations that make the most of our country's educational and economic opportunities. Their challenge is to reconcile the culture of their parents with the demands of life in this country. A successful synthesis can lead to upward mobility, the shattering of stereotypes, and a greater capacity for communal self-care. The opposite is a recipe for criminalization and traditional cultures into self-destructive gang culture. It is impossible for the mainstream to formulate a solution to this challenge. Refugee communities must find solutions. Our role is to support these solutions.

Creating opportunities for refugee women

People may flee their homelands, but they do not leave their traditions. Vast differences may exist between the needs of women in refugees' cultures and in American culture. In traditional societies, women's role centers on the home and family. They may receive only minimal training or formal education. Such women are ill-equipped to compete in the labor marketplace. Or if they do work, they often enter low-paying, low-skill jobs. In other words, the stresses of immigration have left many women to care for their families without the help of a spouse. These nurturers of family and community need both opportunities to develop their skills and a reprise from the race towards wage earning imposed by lifetime limits on welfare benefits.

Home ownership and building wealth

Credit in modern America is about as ubiquitous as it is easy to forget. It underwrites our shelter, transportation, education, and retirement. Most refugees come from societies where the concept of "credit" is either foreign or forbidden. Until they understand how to use loans and investments wisely, newcomers will keep on treading water instead of swimming ahead. Most essential is the ability to access financing to purchase a home. Without homes, certainly the temptation to scapegoat newcomers may prove hard to resist. Access to credit is a crucial step in the process of integration. Building a home is a symbol of stability, an investment in community and against the erosion of economic opportunity. Credit is key to upward mobility, the shattering of stereotypes, and a greater capacity for communal self-care. The opposite is a recipe for criminalization and traditional cultures into self-destructive gang culture. It is impossible for the mainstream to formulate a solution to this challenge. Refugee communities must find solutions. Our role is to support these solutions.

Supporting the second generation

The promise of America is rarely realized by the first generation of immigrants or refugees. It is the second and subsequent generations that make the most of our country's educational and economic opportunities. Their challenge is to reconcile the culture of their parents with the demands of life in this country. A successful synthesis can lead to upward mobility, the shattering of stereotypes, and a greater capacity for communal self-care. The opposite is a recipe for criminalization and traditional cultures into self-destructive gang culture. It is impossible for the mainstream to formulate a solution to this challenge. Refugee communities must find solutions. Our role is to support these solutions.

Creating opportunities for refugee women

People may flee their homelands, but they do not leave their traditions. Vast differences may exist between the needs of women in refugees' cultures and in American culture. In traditional societies, women's role centers on the home and family. They may receive only minimal training or formal education. Such women are ill-equipped to compete in the labor marketplace. Or if they do work, they often enter low-paying, low-skill jobs. In other words, the stresses of immigration have left many women to care for their families without the help of a spouse. These nurturers of family and community need both opportunities to develop their skills and a reprise from the race towards wage earning imposed by lifetime limits on welfare benefits.
Heart of Gold. The artificial heart in the news recently may allow cardiac patients to live longer and better. But each new marvel of medical technology also poses difficult questions for public, private and non-profit health care funders. USA Today reported that in less than five years, the artificial heart might be used on as many as 125,000 patients annually, which could mean something around 2,200 such procedures per year in Minnesota. At $75,000 each, that would be a cost of about $164 million, in this state alone.

This back-of-the-envelope estimate provides just one illustration of the heart-wrenching choices society faces as the pace of medical technology quickens. Consider that studies show that every dollar spent on lower technology preventative health measures like the diphtheria-tetanus-acellular pertussis (DTP) vaccine prevents more than $30 in future medical care costs. So, taxpayers could either fund artificial hearts to extend the life of 2,200 Minnesota patients or provide DPT vaccinations to something like 7 million children. Tough choice! Come on, have a heart.—Joe Loveland

States have long used auto license plates to plug their character, their scenic advantage, whatever: The Show Me State (Missouri); the Peace Garden State (North Dakota), The Sunshine State (New Mexico) and so forth.

Pennsylvania was the Keystone State; a now-obsolete reference to its position between east and west. No more. Now the revenue in 2003 because of an inability to collect taxes from Internet and mail-order purchases. It is estimated that state and local governments will lose $21 billion in revenue in 2003 because of an inability to collect taxes. Many Internet retailers say they can deal with the different state tax codes, but the thousands of different local sales taxes pose the largest problem.

—Scott McMahon

According to William Fulton of Governing Magazine, 15 years after the Massachusetts miracle created a high tech boom, the state now has a familiar problem: a labor shortage. “In the past decade, the national labor force expanded by 11 percent, but labor supply in Massachusetts increased only 1.5 percent…” Dig deeper, though, and you’ll find that Massachusetts’ real problem isn’t a lack of workers. Rather, it’s a lack of workers who can do the jobs the economy is creating… Welcome to the 21st century, where, all those sports stadiums, convention centers and high-profile headquarters don’t matter nearly so much as the prosaic nuts and bolts of helping people get and keep jobs. The key to the future of the American economy is linking people to skills and skilled workers to jobs.” —Michael Raja

There’s good news for midwestern corn farmers. California Governor Gray Davis stated at the National Governors Association summer meeting that California has no plans to buy ethanol from Brazil, which leaves the market open for Midwest sales. California is required to use fuel additives other than MTBE because it is linked to recent ground and surface water pollution. Davis told Iowa Gov. Tom Vilsack that if California has to buy ethanol, it should come from the Midwest suppliers.—S.M.

Minnesota’s legislature this year required school district budgets to be “structurally balanced” between revenue and spending. Politically it was an effort, mainly by the House, to keep budgets from overspending on the salary settlement, which is the biggest item of expense.

It didn’t take a teachers’ union representative long to see the hole in that. “Is there anything in the law that prevents you from cutting non-salary items in the budget?” he asked during a school boards negotiations the other day. Told that, no, there isn’t, he said, “Then what’s the problem?”—T.K.

“Take Note” contributors include Minnesota Journal and Citizens League staff members and former League staff member Joe Loveland.
Welcome

New and returning members

Deborah Burke
Ward Einess
Mary Hepokoski
Donald Knapp
Mark Langseth
Jim Long
Heidi Ludeking
Alfred F. Michael
Becky Montgomery
Stephen Rathke
Maryjane Reagan

David Durenberger elected League president

Former United States Senator Dave Durenberger was elected President of the Citizens League at the annual Board transitional meeting on Friday, August 10.

Durenberger takes over from Matthew Ramadan who relocated to North Carolina this summer.

Sen. Durenberger is a longtime veteran of the League. He was very active throughout the late 1960s and 1970s and continued his association after his 1978 election to the U.S. Senate.

In his remarks to the Board, Durenberger said the decision to be president was easy. When he was approached by George Latimer and Matthew Ramadan to be president, he never even hesitated in saying yes. He explained why at the annual meeting in 1996 when he said, "I have learned everything I know about how to be a public servant from people in the Citizens League. I have a picture of David Graven that I'll always cherish because he stimulated me to think about... the role of government. And it was that reflection that I took into public service."

"There is nothing else in America like the Citizens League. And there is nothing... that we need more in America today than what we do in the Citizens League."

"Whether it's because the special interests are running things or the money is running things or whatever it is, forget that. You can override that by doing what the people in this organization have always done so well."

Serving as president in the League's 50th anniversary year is Durenberger's way "to say thank you for all the Citizens League has done and to pay back my debt to the organization."

In his remarks to the Board, Durenberger laid out four broad goals for the year: The first goal is to celebrate the League's 50th anniversary. He has asked Board member Chris Roberts to spearhead the planning effort. Secondly, as part of celebrating the past, create a vision for the future. Third, put the League on a firmer financial footing. The League is about to undertake a feasibility study to identify the best financial strategies. And finally, he appointed a program selection committee, co-chaired by John Adams and Missy Thompson, to develop new study topics for the League.

In addition to electing Durenberger as President, the Board also appointed the following officers: Gary Cunningham, Vice President; Barb Sporlein, Secretary; and Buzz Cummins, Treasurer. They will serve on the Executive Committee with at-large appointees Sean Kershaw and George Latimer.

Also appointed to one-year terms on the Board were: John Adams, Martha Brand, George Garnett, Keith Halleland, Steve Keefe and Chris Roberts.

Keefe continues his Board service, while Roberts and Adams both return after a short absence. Brand, Garnett and Halleland are newcomers to the League Board.

As always, the Board transition marks the end of service for several people. Jean Harris, Adeel Lari, Tony Morley, Pam Neary, Felix Ricco and Bob Vanasek all leave the Board. Vanasek and Neary both have served the Board term limit of six consecutive years. Jean Harris served for five years, Morley for four, Ricco for two and Lari, one.
You say it’s your birthday...

Minnesota Meeting opens its 20th Anniversary Season on Tuesday, September 4, with a luncheon address by Senator John McCain (R-AZ).

McCain’s speech, A Politics for the Next Generation: A Conversation About America’s Future, is one of four major speaking events held this fall in Minnesota Meeting’s 20th Anniversary Season.

The Citizens League is one of 25 civic and business organizations acting as community sponsors of the anniversary season, a series of events focusing on Looking Ahead 20 Years: The Issues That Will Shape A Generation.

The luncheon program with Senator McCain is being held from 11:30 to 1 p.m. at the Marriott City Center in downtown Minneapolis.

The other speakers this fall include: Carly Fiorina, Chairman, President and CEO, Hewlett-Packard Company; Madeline Albright, former U.S. Secretary of State; Hardwick Simmons, CEO, The NASDAQ Stock Market.

For more information go to www.mnmeeting.com.

Don’t know much about history...

League members are invited to once again audit George Latimer’s urban affairs class at Macalester College. Classes are held Monday nights at 7 p.m. The class will begin September 10 when League stalwart John Adams provides a perspective on regional issues. Other speakers in the first four weeks include: Tom Gillaspy, state demographer; Sen. Myron Orfield and John Powell of the Institute on Race and Poverty.

Former League Executive Director Ted Kolderie will be the featured speaker at the 2001 Stans Memorial Lecture. His lecture, entitled "Cold Sunbelt: Maintaining Minnesota’s Institutions of Public Policy,” will be on Tuesday, October 16, at 7 pm in the 3M Auditorium of the Minnesota History Center, St. Paul. The lecture is free and open to the public. For more information please call 651-296-3252.

Start spreading the news...

It’s been a good month for news coverage of League activities. The release of the Tax Increment Finance (TIF) survey contained in the July issue of the Minnesota Journal was covered by the Star Tribune. Pioneer Press business editor Dave Beal wrote about the survey and quoted Lyle Wray in the Saturday, July 28 edition.

Steve Dornfeld, Associate Editor of the Pioneer Press Editorial Page, also quoted Lyle in two separate articles; one on a new vision for higher education in Minnesota and the other on a new Stillwater toll bridge. The subject of tolls and congestion pricing was also the topic for MPR’s Midmorning hosted by Katherine Lampher. (For more on the subject see this month’s Viewpoint on “value pricing.”)

Energy committee has full tank

The League’s Energy Committee officially got under way on July 21. Committee co-chair Ken Keller, director of the Center for Science, Technology and Public Affairs at the Humphrey Institute of Public Affairs, provided an overview of the topic and the committee’s work. The committee has also heard from Dee Long, Director of the Tax Incentives program with ME3 (Minnesotans for an Energy-Efficient Economy), and a current member of the committee, and Steve Corneli, a regulatory specialist in competition, regulation and reliability.

Future speakers include legislators, representatives from the Department of Commerce, producers and consumers, along with conservationists and associations with a focus on renewable sources.

The committee will meet once more before the Labor Day weekend. After that, the committee will meet more regularly, with two or three meetings per month.

The 67-member committee is co-chaired by Keller, and Andrew Brown, partner at the Dorsey & Whitney law firm in Minneapolis. Both are members of the Citizens League Board of Directors.

League members and others interested in the Energy Committee can follow the committee’s work at www.citizensleague.net. The site will contain the minutes from previous meetings, articles and information related to the topic, and links to important websites produced by the government, non-profits and corporations with an interest in energy production and reliability. The energy link is still under construction but should be operating soon. We encourage you to log on and see how the committee is progressing.

Last month we reported that this month’s Journal would feature an article on the report from the school completion committee. While the report was approved in June, it will not be formally released until August 20. In the meantime, committee chairs George Latimer and Gary Cunningham and Executive Director Lyle Wray are busy briefing community leaders and building support for the report.