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Disliking the increasingly aggressive policy actions of state governments, business looked to Washington for decision-making. Public affairs officers asked each other, "Which would you rather fight, 50 chimps or one gorilla?" and the correct answer was, "one gorilla."

See page 2.

INSIDE

Cold Sunbelt: Part two
The decline of civic life **2**

Viewpoint: Firing up
Minnesota's hydrogen
economy **3**

Take Note: Policy tidbits **8**

Average home values up, so are property taxes

by Phil Jenni

Healthy increases in the average assessed market value in metropolitan communities resulted in increased 2001 property taxes for the average homeowner, according to the results of the 2001 Citizens League property tax survey.

The average market value increased in all 109 metro communities surveyed. While taxes on the hypothetical \$130,000 home used for comparison went down, most homeowners' taxes actually went up because of the increase in the market value of their homes.

The average assessed market value of homesteads across the 109 communities surveyed was \$142,983, nearly 9 percent higher than last year's average of \$131,472. Twelve communities saw assessed market value increase more than 10 percent this year, compared with just one last year. Average assessed market value is derived by dividing a community's total non-agricultural homestead property valuation by the number of residences.

The average assessed market value tax in 2001 for metro communities increased 9.8 percent this year, from \$2,136 in 2000 to \$2,346. Homeowners in 94 communities saw property taxes increase for an average homestead while only 13 percent saw taxes decrease. In percentage terms, the greatest tax increases were in Jordan (43.3%), Centerville (31.5%) and Lakeville (30.4%). Centerville saw the highest increase in average assessed value (13.2%). Shakopee had the largest percentage decrease in value for an average value homestead at 8 percent, followed by Spring Lake Park and Lauderdale at 7.7 percent.

However, the picture changes when comparing taxes on a hypothetical \$130,000 home across

the 109 metropolitan communities surveyed, rather than the average assessed valued home. While average assessed market value indicates what the "average" homeowner pays in property taxes in a community, the \$130,000 home is an important comparison because it provides a constant value that enables tax comparisons between communities.

Metrowide, the average tax on a hypothetical \$130,000 homestead dropped by 3.9 percent from \$1,793 last year to \$1,726 this year. The decrease in the average tax is not surprising. In 87 communities taxes on a \$130,000 home declined, while 20 communities saw taxes on that same home increase. Increasing market values result in an overall decrease in taxes for that \$130,000 house because, as the overall tax base increases, the share of the tax burden decreases for a property with a static value.

Other major findings in the survey:

Jordan (in school district 717) replaced Chanhassen as the metro community with the highest taxes on a hypothetical \$130,000 home. Chanhassen dropped to fourth place. Centerville climbed from 12th place last year to number two this year.

Bemidji remained the top-ranked nonmetropolitan community this year in a comparison of taxes on a home valued at \$85,000. It's important to note that total property taxes that result in the rankings reflect the spending decisions of several local government players, including the city, county and school district.

Taxes on a home valued at \$130,000 decreased by 5.3 percent in Minneapolis and by 4.3 percent in St. Paul. Minneapolis dropped to ninth place this year, after moving from 11th place in 1999 to sixth place last year. St. Paul remained in 16th

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Property taxes continued on page 6

The decline of Minnesota's civic-corporate partnerships

by Ted Kolderie

Excerpted from the 2001 Stans Memorial Lecture delivered at the Minnesota Historical Center October 16, 2001.

Editor's note: In last month's Minnesota Journal, Ted Kolderie noted that Minnesota's reputation as a good place to live didn't happen by accident: It's the result of the hard work, determination and good ideas of a generation of civic leaders after World War II. Kolderie recounted the factors that led to this well-deserved reputation. In part 2 this month, Kolderie traces the decline of our civic process.

Erosion

In the 1970s the rest of the country began to pay attention to Minnesota. The Twin Cities area became an exporter of know-how: magazine writers, newspaper reporters, graduate students, and Neil Peirce doing research for his book on the states. The governor was on the cover of Time magazine. Foundations like Kettering showed up, asking initially about what we'd done here. Quickly they became curious about how it was done, about our process of policy development. After a discussion on health-care issues a New York visitor said: "If we'd had this discussion where I live people would have been at each others' throats in five minutes."

Minnesota basked comfortably in this approval. About 1980, in a conference at Spring Hill, Bob Holland from the Committee for Economic Development was asking what people saw as the next challenges. He was astonished not to get a response. I remember Harlan Cleveland, then newly-arrived as dean of the Humphrey Institute, saying in the parking lot afterward: "Any community that thinks all it has to do is sit on its accomplishments is not in business in the last quarter of the 20th century."

That was prophetic. In the '80s some powerful forces began to erode our institutional structure of policy development. Let me touch on two that seem especially significant.

The growth of scale

First has been the sheer growth of scale,

affecting especially the role of the business firms in civic and public affairs.

Into the 1960s many of the major firms were headquartered here and did most of their business here. At the core were what Wayne Thompson used to call the "can't run" businesses: the newspaper, the department store, the electric and telephone utilities, the banks. Some may in truth have been owned by the trust departments of the New York banks but they felt like—more important, behaved like—local businesses.

Don Dayton brought Wayne here about 1965 from city management, and made him responsible "for everything outside the walls of the business." Quickly other CEOs, especially in Minneapolis, moved to this unusual pattern of corporate public affairs. It made a difference for this function to be directly under the CEO and staffed by persons with backgrounds in government, who functioned as much to represent the community to the company as the company to the community.

But about the same time business and its public affairs was becoming much more national. Disliking the increasingly aggressive policy actions of state governments, business looked to Washington for decision-making. Public affairs officers asked each other, "Which would you rather fight, 50 chimps or one gorilla?" and the correct answer was, "one gorilla." I remember in the '70s calling on the public-affairs vice president of Honeywell. He was happy to renew their contribution. But he said to me: "My problem is Congress." By 1980 we heard an executive of the Saint Paul Companies say, "The insurance industry is the last major industry in America still to believe in a framework of state regulation as a matter of principle. And you can't imagine the pressure we're under to change that."

In the '80s and '90s the corporate public-affairs function changed. Giving, government relations, and civic affairs consolidated under a single officer. Budgets tightened. Increasingly, public affairs had to justify itself to—had to serve—the line units of the company. Inevitably this meant general community problems had a smaller claim on scarce resources and time. The public-affairs officer was no longer the CEO's private staff. And as the

firms grew larger the headquarters city became a smaller part of their total concern. Perhaps the Twin Cities is not quite in the national pattern. There has always been an effort here to socialize new CEOs into the civic culture. The concern today is that this might put their careers at risk.

Al Sorensen was a friend of my father in Omaha. Al grew up poor; had a lot of life-experiences early; quit school early. When his local electric-supply business was going well in the 1950s Al got into civic affairs, first with the Chamber of Commerce. He got AAA baseball for Omaha, got a new city charter adopted, became president of the new city council, then mayor. "Our biggest companies," Al said to me, "are the poorest citizens we have." This was hard for a Minnesotan to understand at the time.

The Media: "Things have changed"

Into the 1970s people from the radio-TV stations would come around to civic organizations each year, doing the assessment of public needs required by the FCC; reflecting the original notion that the airwaves were public and that licensees had an obligation to serve the public interest. Even then it was an empty procedure, a dead routine.

It was always the newspapers—not licensed, but out of their civic responsibility, their curiosity, their desire to be influential, perhaps—that sent reporters into the institutions of public life to find out what was going on and to tell the community about it. John Cowles' concept of the newspaper as an educational institution . . . of the reporter as the equivalent of a college professor . . . was something you heard about when you joined the *Star* and *Tribune* in the late '50s, not from management but from other reporters. In the 1960s when the papers let their beat reporters follow their stories into the Legislature—traditionally covered for the political story and the tax story—it changed what the Legislature did; affected what could and could not pass.

Then three things happened. Television happened, radically altering the newspaper first as a business and then as an institution, a process still continuing. The

Sunbelt continued on page 7

Viewpoint

From the Executive Director

Next Stop for Buses: The Hydrogen Economy?

by Lyle Wray

Several years ago I had the opportunity to spend some time at a series of exhibits on the prospective hydrogen and sustainable energy economy at the Cooper Hewitt National Design Museum in New York City. The exhibit showed clips of closed loop jet engines, which run on hydrogen—created from water and solar power—and emit only water vapor. The upshot of the exhibit was that we seem to be heading for an alternative energy economy that emphasizes hydrogen fuel (to supplement solar fuel cells, wind turbine power, geothermal and biomass replacements) as an alternative to massive additional consumption of fossil fuels. The so-called "hydrogen economy" is shorthand for a much cleaner, higher technology future.

Last month, I attended a meeting in Chicago sponsored by the International Council for Local Environmental Initiatives (www.iclei.org). The meeting was to promote advanced technology buses, and to alert local governments to the advantages of working in partnership, among themselves and with manufacturers, to develop and procure them. Seven presenters from the United States and the European Union described a variety of public transit technologies, including pure

battery-electric buses, compressed natural gas (CNG), fuel cells powered by hydrogen, and hybrid electric-diesel engines.

The most ambitious presentation was by Gustaf Landahl of Stockholm, Sweden, where very low emission hybrid buses are used in dense urban areas. The city also has an extensive fleet of vehicles powered by alternative fuels. But Stockholm has also taken the lead in initiating a program across Europe called ZEUS-Zero and Low Emission Vehicles in Urban Society (www.zeus-europe.org). Eight EU cities are participating in the project, including an Austria city where city vehicles burn recycled frying oil. (There is the solution to what to do after the state fair closes on Labor Day.)

One clear goal of the ZEUS program is joint purchasing and technology development of the next generation of advanced technology buses. The logic behind joint purchasing became clear after one of the presenters explained that a 40-foot diesel-powered bus costs about \$275,000, while the cost of a hydrogen fuel cell bus doesn't come close to this number until you reach a production volume of about 100,000 buses.

Interest in advanced technology buses comes not just from transit managers. Consumers much prefer quieter buses. The transit director for Santa Barbara County reported that people pass up diesel buses to wait for quieter electric ones. Being able to hold a conversation at normal speaking volume matters to riders.

The upshot of experiences in the EU, and in U.S. cities like Oakland, Palm Springs, and Chicago, is that we are moving in the direction of hydrogen fuel-sourced transit buses (and other public service vehicles), although there will be mid-term use of hybrid diesel-electric powered buses while we refine the technologies and costs come down. Refining the design of advanced technology buses, increasing production to lower unit costs, and putting infrastructure in place to build and maintain fuel cells are all items on the agendas of transit authorities in the developed world.

But major questions remain concerning the sources for hydrogen fuel and how those sources will be processed—onboard vehicles, in decentralized locations, or in large facilities analogous to refineries. The pollution benefits from hydrogen fuel are only as good as the source: If we burn coal to make electricity to produce hydrogen, total emissions may exceed that, if diesel engines are well designed.

So what is in all this for Minnesota and the Twin Cities? Maybe part of the answer for Minnesota's hydrogen economy future is "blowing in the wind." It sure would be nice to see Minnesota on the list of leaders in developing zero and very low emission transit and public service vehicles. We already make fuel cell components in the metropolitan area for use elsewhere. We have major potential energy stores in Buffalo Ridge in the form of wind. But we are also a major importer of fossil fuels and, in the past few summers, our air quality has become dubious in some places.

We can move forward by getting Metro Transit—and other transit operators around the state—connected as active partners in developing and procuring advanced technology buses, and we can do some aggressive demonstrations to help others "get with the program."

One possibility: Why not do a demonstration showing wind farm-to hydrogen fuel-to fuel cell buses for a number of public transit vehicles in Minnesota? Palm Springs plans to do this with solar hydrogen fuel cells (hybrids) by 2002? Why not invest in technology that employs Minnesotans and looks like a major pathway for vehicles in the future? Turning wind power into transit vehicles that emit only water vapor might capture the imagination and loyalty of some of next generation's transit riders. Such a demonstration can also help us get ready as a state for the coming "hydrogen" economy. **MJ**

Lyle Wray is executive director of the Citizens League. He can be reached at 612-338-0791 or at lwray@citizensleague.net.

What do the rankings mean?

\$85,000 and \$130,000 comparisons.

To arrive at a constant value for comparing taxes among communities, we computed the average home values in the 109 metro communities with a population greater than 2,500, (plus Excelsior, Osseo and Lauderdale for historical comparison) and in nonmetro communities with a population greater than 8,500. Hypothetical home values of \$130,000 and \$85,000 are used as a way of making a comparison between communities.

A high ranking in this comparison shows that a community pays relatively high taxes per dollar of homestead property—a high tax rate not sufficiently offset by tax relief, such as the Education Homestead Credit available to all homeowners (a maximum of \$390 this year) and the Taconite Homestead Credit available to Iron Range communities.

It's important to remember that total property taxes reflect the spending decisions of several layers of local government. High tax rates indicate high government spending—by cities, schools, counties or special districts, like hospital districts or watershed districts—relative to a community's property tax base. Sometimes a particularly high tax rate set by one level of government can pull a community into a high ranking, even if the other levels of government have more moderate tax rates. The analysis ranks taxes by various levels of government, as well as total taxes. This comparison does not account for differences in communities' assessment practices.

A community's property tax base can vary depending on several factors: the value of homes; the amount of commercial-industrial property—which adds more tax base per dollar of property value than homestead property; the amount of agricultural property—much of which adds less tax base per dollar of value than homestead property; and the amount of tax base unavailable because of tax-increment financing (TIF).

Average-value homes. We calculated the average estimated market value for each community and compared taxes on these average-value homes. This analysis gives a better sense of what homeowners in various communities actually pay in property taxes. But because the analysis reflects differences in tax rates and differences in value, a high ranking can mean that a community either has a high average home value, a high tax rate, or both. MJ

TABLE 1: 2001 TAXES ON HOMES IN 109 METROPOLITAN COMMUNITIES

Community (School District)	\$130,000 HOME *			AVERAGE VALUE HOME **				
	2001 Tax	Rank	% change in tax 2000-01**	Average assessed market value (MV)	2001 Tax	Rank	% change in assessed ave MV	% change in tax 2000-01**
ANOKA COUNTY								
Andover (11)	\$1,486	96	-3.7%	\$153,236	\$1,915	59	8.9%	9.7%
Anoka (11)	\$1,612	76	-4.2%	\$112,542	\$1,267	99	8.3%	5.2%
Blaine (11)	\$1,581	78	-2.2%	\$119,093	\$1,369	92	10.1%	12.3%
Burns Township (11)	\$1,295	107	-5.2%	\$158,522	\$1,767	71	7.4%	5.9%
Centerville (12)	\$2,268	2	8.2%	\$132,141	\$2,324	40	13.2%	31.5%
Circle Pines (12)	\$2,029	13	13.3%	\$113,791	\$1,640	76	6.9%	24.7%
Columbia Heights (13)	\$1,775	44	-5.9%	\$97,187	\$1,089	109	8.9%	1.6%
Columbus Twp. (831)	\$1,668	64	-4.8%	\$149,342	\$2,063	50	7.8%	6.7%
Coon Rapids (11)	\$1,519	90	-3.8%	\$113,788	\$1,214	102	8.6%	6.5%
East Bethel (15)	\$1,392	102	-15.4%	\$127,263	\$1,344	93	9.0%	-2.5%
Fridley (14)	\$1,518	91	-4.4%	\$113,589	\$1,215	101	8.2%	8.0%
Ham Lake (11)	\$1,416	100	-3.1%	\$156,363	\$1,884	60	10.5%	12.8%
Lino Lakes (12)	\$2,031	11	9.1%	\$160,901	\$2,773	25	6.7%	19.2%
Linwood Twp.p (831)	\$1,530	88	-9.3%	\$131,039	\$1,550	85	8.4%	3.4%
Oak Grove (15)	\$1,495	94	-13.3%	\$145,251	\$1,779	68	8.1%	-1.9%
Ramsey (11)	\$1,582	77	0.2%	\$143,572	\$1,846	64	9.0%	14.4%
Saint Francis (15)	\$1,510	92	-10.7%	\$118,939	\$1,302	97	12.4%	8.3%
Spring Lake Park (16)	\$1,624	73	-15.2%	\$107,822	\$1,188	104	8.3%	-7.7%
CARVER COUNTY								
Chanhassen (112)	\$2,164	4	-7.2%	\$203,097	\$3,981	10	8.3%	2.8%
Chaska (112)	\$1,942	18	-6.9%	\$156,081	\$2,532	34	9.6%	6.0%
Norwood Y. Am. (108)	\$1,741	51	-7.9%	\$101,472	\$1,138	107	5.9%	-2.3%
Victoria (112)	\$2,151	5	-5.3%	\$223,636	\$4,466	9	6.0%	1.6%
Waconia (110)	\$1,915	23	-9.8%	\$135,630	\$2,043	52	7.5%	0.7%
Watertown (111)	\$1,879	27	-7.5%	\$110,127	\$1,437	89	5.1%	0.3%
DAKOTA COUNTY								
Apple Valley (196)	\$1,631	72	-1.0%	\$153,130	\$2,090	47	8.8%	12.2%
Burnsville (191)	\$1,644	69	-2.8%	\$142,139	\$1,881	61	8.4%	9.6%
Eagan (196)	\$1,520	89	-1.8%	\$155,245	\$1,992	56	8.8%	11.3%
Farmington (192)	\$1,765	46	2.0%	\$129,995	\$1,765	72	9.0%	17.3%
Hastings (200)	\$1,618	74	-6.7%	\$125,119	\$1,522	86	9.8%	9.0%
Inver Grove Hts. (199)	\$1,538	87	-2.0%	\$145,309	\$1,824	66	10.5%	14.2%
Lakeville (194)	\$1,717	57	14.6%	\$168,524	\$2,493	38	10.7%	30.4%
Mendota Heights (197)	\$1,377	105	-6.5%	\$211,236	\$2,770	26	8.5%	4.9%
Rosemount (196)	\$1,778	43	-5.3%	\$146,507	\$2,129	45	7.8%	5.9%
South Saint Paul (6)	\$1,724	54	12.7%	\$103,216	\$1,170	106	8.4%	22.4%
West Saint Paul (197)	\$1,481	97	-4.4%	\$121,003	\$1,318	95	8.6%	9.9%
HENNEPIN COUNTY								
Bloomington (271)	\$1,695	62	-5.1%	\$148,707	\$2,076	49	7.8%	6.1%
Brooklyn Center (279)	\$2,192	3	1.0%	\$95,046	\$1,313	96	8.6%	7.9%
Brooklyn Park (279)	\$2,051	10	-1.0%	\$118,422	\$1,774	70	9.8%	15.1%
Champlin (11)	\$1,787	41	-2.6%	\$133,257	\$1,857	63	9.6%	12.6%
Corcoran (877)	\$1,717	56	-1.7%	\$182,808	\$2,810	22	9.7%	11.4%
Crystal (281)	\$1,809	36	-3.6%	\$104,098	\$1,253	100	8.5%	5.1%
Dayton (11)	\$1,812	34	-1.2%	\$161,460	\$2,496	37	8.1%	10.4%
Deephaven (276)	\$1,793	40	-6.3%	\$342,419	\$6,218	3	8.4%	2.7%
Eden Prairie (272)	\$1,853	30	-12.2%	\$206,992	\$3,526	13	8.4%	-1.7%
Edina (273)	\$1,793	39	-7.7%	\$233,314	\$3,962	11	8.4%	2.8%
Excelsior (276)	\$1,920	22	-7.2%	\$183,122	\$3,094	19	9.5%	4.7%
Golden Valley (281)	\$1,812	35	-6.4%	\$157,108	\$2,394	39	8.7%	5.7%
Greenfield (883) #	\$1,999	15	n/a	\$191,715	\$3,457	14	n/a	n/a
Hopkins (270)	\$1,855	29	-9.5%	\$124,932	\$1,744	73	7.0%	0.7%
Independence (879)	\$2,016	14	-5.3%	\$243,350	\$4,720	8	10.2%	7.4%
Maple Grove (279)	\$1,908	24	-2.0%	\$157,536	\$2,526	35	9.4%	11.5%
Medina (284)	\$1,541	86	-6.4%	\$330,484	\$5,289	5	9.2%	2.5%
Minneapolis (1)	\$2,055	9	-5.3%	\$112,626	\$1,638	77	8.7%	7.8%
Minnetonka (270)	\$1,650	67	-10.3%	\$192,745	\$2,896	21	7.2%	-1.1%
Minnetrista (277)	\$1,542	85	-12.9%	\$311,910	\$4,962	7	9.8%	-1.9%
Mound (277)	\$1,577	80	-11.3%	\$149,694	\$1,954	58	9.3%	1.4%
New Hope (281)	\$1,938	20	2.8%	\$122,914	\$1,777	69	8.5%	17.3%
Orono (278)	\$1,564	82	-8.9%	\$368,968	\$6,099	4	12.3%	3.4%

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Osseo (279)	\$2,140	6	-0.8%	\$108,785	\$1,613	80	8.0%	10.2%
Plymouth (284)	\$1,640	70	-6.4%	\$185,913	\$2,739	28	7.7%	3.9%
Richfield (280)	\$1,802	37	0.1%	\$115,543	\$1,492	88	8.6%	12.9%
Robbinsdale (281)	\$1,831	32	-2.7%	\$100,268	\$1,191	103	8.0%	3.7%
Rogers (728)	\$2,113	7	9.6%	\$158,438	\$2,808	23	7.8%	21.3%
Saint Anthony (282)	\$2,080	8	2.1%	\$132,137	\$2,131	44	11.1%	20.1%
Saint Louis Park (283)	\$1,879	28	-5.7%	\$129,079	\$1,859	62	7.9%	6.6%
Shorewood (276)	\$1,903	25	-5.4%	\$277,235	\$5,133	6	7.1%	2.4%
Wayzata (284)	\$1,737	52	-5.7%	\$358,853	\$6,464	2	9.7%	5.6%
RAMSEY COUNTY								
Arden Hills (621)	\$1,719	55	-2.0%	\$171,454	\$2,575	33	8.1%	9.3%
Falcon Heights (623)	\$1,715	58	-13.4%	\$151,840	\$2,158	43	7.8%	-3.1%
Lauderdale (623)	\$1,896	26	-12.8%	\$97,853	\$1,186	105	7.9%	-7.7%
Little Canada (623)	\$1,741	50	-14.0%	\$124,070	\$1,620	78	9.5%	-1.0%
Maplewood (622)	\$1,829	33	-4.8%	\$128,562	\$1,798	67	9.0%	9.1%
Mounds View (621)	\$1,934	21	3.3%	\$115,789	\$1,610	81	8.4%	17.7%
New Brighton (621)	\$1,772	45	-0.3%	\$144,481	\$2,079	48	8.1%	12.0%
North Oaks (621)	\$1,548	84	-1.3%	\$397,371	\$6,612	1	9.1%	9.4%
North Saint Paul (622)	\$1,744	49	-5.3%	\$113,702	\$1,406	90	8.4%	9.2%
Roseville (623)	\$1,752	47	-12.2%	\$134,521	\$1,845	65	8.5%	-0.7%
Saint Paul (625)	\$1,970	16	-4.3%	\$100,892	\$1,291	98	8.3%	5.8%
Shoreview (621)	\$1,745	48	-1.0%	\$152,180	\$2,208	42	7.1%	9.5%
Vadnais Heights (624)	\$1,663	65	-6.5%	\$145,507	\$1,975	57	8.6%	6.0%
White Bear Lake (624)	\$1,652	66	-7.4%	\$126,581	\$1,584	83	8.4%	5.4%
White Bear Twp. (624)	\$1,644	68	-6.6%	\$153,296	\$2,109	46	8.5%	5.5%
SCOTT COUNTY								
Belle Plaine (716)	\$1,941	19	0.1%	\$105,539	\$1,375	91	3.6%	6.0%
Credit River Twp. (719)	\$1,458	98	5.0%	\$193,782	\$2,607	31	6.5%	14.0%
Jordan (717)	\$2,269	1	30.6%	\$105,252	\$1,615	79	6.4%	43.3%
New Market Twp. (194)	\$1,696	61	10.3%	\$209,828	\$3,292	15	10.8%	23.5%
Prior Lake (719)	\$1,966	17	-1.5%	\$165,699	\$2,782	24	8.7%	10.6%
Savage (191)	\$1,727	53	-6.0%	\$158,664	\$2,311	41	10.6%	8.4%
Shakopee (720)	\$1,410	101	-16.2%	\$126,056	\$1,341	94	6.4%	-8.0%
Spring Lake Twp. (719)	\$1,567	81	6.9%	\$189,399	\$2,702	30	8.8%	19.6%
WASHINGTON COUNTY								
Afton (834)	\$1,386	104	0.0%	\$226,769	\$3,065	20	5.4%	7.1%
Bayport (834)	\$1,796	38	-2.1%	\$139,134	\$1,992	55	5.9%	6.8%
Cottage Grove (833)	\$1,834	31	-2.4%	\$125,566	\$1,737	74	8.3%	10.8%
Forest Lake (831)	\$1,699	60	0.7%	\$124,219	\$1,579	84	8.6%	15.7%
Forest Lake Twp. (831)	\$1,420	99	-0.8%	\$164,841	\$2,045	51	9.0%	12.6%
Grant (834)	\$1,345	106	-3.8%	\$263,137	\$3,602	12	7.8%	6.8%
Hugo (624)	\$1,493	95	-6.3%	\$159,048	\$2,028	54	3.5%	-1.2%
Lake Elmo (834)	\$1,508	93	-2.1%	\$222,132	\$3,220	17	7.9%	8.2%
Mahtomedi (832)	\$1,615	75	-3.5%	\$187,736	\$2,740	27	6.8%	5.8%
May Township (834)	\$1,162	109	-2.7%	\$234,311	\$2,738	29	10.5%	11.2%
New Scandia Twp. (831)	\$1,578	79	-3.4%	\$178,442	\$2,523	36	7.0%	6.3%
Newport (833)	\$2,031	12	-3.9%	\$116,377	\$1,709	75	7.6%	6.4%
Oak Park Heights (834)	\$1,549	83	-1.7%	\$132,171	\$1,590	82	8.8%	12.6%
Oakdale (622)	\$1,638	71	-6.0%	\$123,502	\$1,510	87	7.9%	6.7%
Saint Paul Park (833)	\$1,689	63	-2.3%	\$101,253	\$1,108	108	8.4%	3.4%
Stillwater (834)	\$1,714	59	-1.5%	\$145,924	\$2,042	53	7.5%	9.7%
Stillwater Twp. (834) #	\$1,391	103	n/a	\$238,627	\$3,281	16	n/a	n/a
W. Lakeland Twp. (834)	\$1,192	108	-3.0%	\$256,141	\$3,135	18	7.4%	6.5%
Woodbury (833)	\$1,780	42	-3.1%	\$168,851	\$2,597	32	8.5%	8.7%
Averages	\$1,726		-3.38%		\$2,346		8.41%	8.23%
* Assumes a home with the same \$130,000 assessor's market value in both 2000 and 2001.								
** Compares tax on a 2001 average value home with tax on a 2000 average value home.								
# New to the survey this year.								
SOURCE: Minnesota Department of Revenue; calculations by the Citizens League.								

None of the analyses account for the special targeted property-tax refund intended to help offset large increases in taxes since homeowners must specially apply for that refund. Also not factored in is the circuit breaker refund, which is dependent on homeowners' incomes.

What do those school district numbers mean?

Each community in the property tax survey is associated with a school district (listed in parentheses) since school taxes are a key part of total property taxes. For example, the top metro and nonmetro cities are listed as Jordan (717) and Bemidji (31). That means the property tax figures used for Jordan are for the portion of the city located in school district 717. Similarly, the figures used for Bemidji are for the portion of the city located in school district 31.

Some cities are located entirely in one school district. Others are split among two, or even three districts. We chose which district to associate with each community by reviewing state Department of Revenue data showing the number of homesteads located in each unique taxing area—that is, each portion of a community overlapped by a different school district—and then used the figures for the district that has the most number of non-agricultural homesteads.

Since cities grow unevenly, this year we needed to change the school district associated with two metro communities: Grant, in Washington County, is now associated with District 834, rather than District 832 (it was in 834 before last year); and Medina, in Hennepin County, is associated with District 284, rather than 278. No change was needed in any of the 33 non metro cities in our survey.

place. Ranked by city taxes alone, Minneapolis moved from sixth place to number four, while St. Paul dropped to 17th place in the rankings from 12th place last year.

In between years

This year is really an “in-between year” in terms of the survey. Last year two major legislative changes helped bring taxes down on average homes despite an increase (although not as great as this year) in the average home’s assessment value. The first change lowered the rate used to figure a home’s tax capacity. The second change significantly increased the maximum allowable education homestead credit, first introduced in 1998, from \$320 to \$390. The average home in all metro communities qualifies for the maximum credit of \$390.

Next year, changes made by the 2001 Legislature will remove the state’s general education levy from the property tax. Taxpayers should already have noticed a large reduction in property taxes payable in 2002 as the truth in taxation notices have begun appearing in the mail. Voter approved referenda for school districts will stay on the property tax, however.

Tax comparisons for a \$130,000 home

Jordan, in Scott County and school district 717, ranked 67th in last year’s survey, but moved to number one this year. Taxes there on a \$130,000 home are \$2,269. Anoka County’s Centerville (school district 12) followed close behind with taxes of \$2,268. Centerville made its first appearance in last year’s survey at number 12 when its population climbed above 2,500. Rounding out the top five for 2001 are: Brooklyn Center (Hennepin County, school district 279) at \$2,192; Chanhassen (Carver County, 112) at \$2,164; and Victoria (Carver County, 112) at \$2,151. Last year, Brooklyn Center ranked number five and Chanhassen and Victoria were ranked one and two respectively.

As mentioned earlier, although the list is organized by city, total taxes on the \$130,000 homes come from a variety of sources other than the city tax. The cities in the top five arrived there in different ways.

While Jordan does rank second in the portion of the total tax bill that comes from city taxes (it ranked third last year), its climb in the rankings is largely the result of a big increase in the school portion of their taxes stemming from the decision to build a new high school and an addition to the elementary school. The school portion of

Jordan’s taxes jumped from 63rd last year to eighth this year.

Similarly Centerville owes its ranking to relatively higher school and city taxes. Brooklyn Center is higher than average across the board, ranking sixth (out of 18) in county taxes, ninth (of 109) in city taxes and 11th (of 61) in school taxes.

On the other hand, the city portion of taxes in Chanhassen and Victoria rank 31st and 33rd respectively. These cities owe their overall ranking largely to county and school taxes. They are in the same county and school district, which rank third in county taxes and fifth in school taxes.

Average assessed market value (AMV)

North Oaks is the community with the highest average market value in the metro area at \$397,371. North Oaks also boasts the highest average property tax bill at \$6,612. Using a \$130,000 home for comparison, however, North Oaks ranks 84th. Wayzata is next with an average value of \$358,853 and an average tax of \$6,464. It ranks 52nd for taxes on the \$130,000 home. The average tax in Deephaven is \$6,218 on an average home value of \$342,419. Orono (\$368,968) is the only other community in the state with an aver-

Property taxes continued on page 7

TABLE 2: 2001 TAXES BY TAXING DISTRICT FOR TOP FIVE METRO AND NONMETRO CITIES

METRO CITIES (\$130,000 home)											
County	Community	County Tax	County Rank	City Tax	City Rank	Net School	School Rank	Spec. dist. taxes	Spec. dist. rank	Tax Total	2001 Tax Rank
Scott	Jordan (717)	\$523	11	\$836	2	\$873	8	\$37	67	\$2,269	1
Anoka	Centerville (12)	\$476	12	\$814	3	\$848	10	\$129	24	\$2,268	2
Hennepin	Brooklyn Center (279)	\$621	6	\$595	9	\$829	11	\$146	17	\$2,192	3
Carver	Chanhassen (112)	\$712	3	\$478	31	\$904	5	\$70	71	\$2,164	4
Carver	Victoria (112)	\$712	3	\$468	33	\$904	5	\$67	76	\$2,151	5
Hennepin	Minneapolis (1)	\$555	7	\$710	4	\$663	31	\$126	36	\$2,055	9
Ramsey	Saint Paul (625)	\$635	5	\$544	17	\$662	32	\$130	23	\$1,970	16
Average taxes		\$549		\$399		\$677		\$101		\$1,726	
Number of rankings			18		109		61		67		109
Range of taxes		\$466 - \$715		\$48 - \$859		\$468 - \$928		\$37 - \$167		\$1,162 - \$2,269	
NONMETRO CITIES (\$85,000 home)											
County	Community	County Tax	County Rank	City Tax	City Rank	Net School	School Rank	Spec. dist. taxes	Spec. dist. rank	Tax Total	2001 Tax Rank
Beltrami	Bemidji (31)	\$671	1	\$296	18	\$326	5	\$4	26	\$1,296	1
Benton	Sauk Rapids (47)	\$543	7	\$255	24	\$406	2	\$27	3	\$1,231	2
Waseca	Waseca (829)	\$431	10	\$444	1	\$248	13	\$7	21	\$1,130	3
Carlton	Cloquet (94)	\$602	2	\$382	5	\$105	32	\$2	30	\$1,091	4
McLeod	Hutchinson (423)	\$437	9	\$411	2	\$218	17	\$9	16	\$1,075	5
Average taxes		\$404		\$295		\$228		\$10		\$937	
Number of rankings			33		33		33		31		33
Range of taxes		\$262 - \$671		\$100 - \$443		\$105 - \$462		\$0 - \$33		\$715 - \$1,296	

Values, taxes up in outstate cities too

The story for the 33 nonmetropolitan communities with populations greater than 8,500 is much the same as the metro: higher average market values increased the taxes for average homeowners in those cities, but taxes on the hypothetical \$85,000 home went down. Market values increased in all the cities included in the survey; Rochester and Sauk Rapids went up by more than 10 percent. The average assessed market value of homesteads across the 33 communities surveyed was \$90,493, an increase of nearly 9 percent over last year’s average of \$83,220. Taxes on the average home went up in 23 cities.

On the other hand, taxes on the hypothetical \$85,000 went down in 26 cities. Bemidji, located in Beltrami County and in school district 31, is the top-ranked nonmetro community with taxes on an \$85,000 home of \$1,296. Bemidji was also top-ranked in last year’s survey. The other cities in the top five this year all appeared in the top five last year as well, although in slightly different order. Sauk Rapids, number five last year, was number two this year with taxes of \$1,231. Waseca, fourth last year, was third at \$1,130, followed by Cloquet (\$1,091) and Hutchinson (\$1,075) last year’s number two and three respectively.

Bemidji and Sauk Rapids earned their high ranking again this year primarily because of relatively higher county and school taxes. City taxes in the two cities ranked 18th and 24th out of 33. In contrast, Waseca had the highest city taxes, followed by Hutchinson at number two. Cloquet ranked fifth.

At the other end of the spectrum, Virginia had the lowest taxes on an \$85,000 homestead, followed by Brainerd, Austin, Alexandria and Fergus Falls. All but Fergus Falls were at the bottom of last year’s survey, too. MJ

Taxes continued from page 6

age assessed market value greater than \$340,000.

Last year the average home value in 11 metro communities with populations greater than 2,500 was still below \$100,000. This year, just three communities with popula-

TABLE 3: 2001 TAXES ON HOMES IN 33 NONMETROPOLITAN COMMUNITIES * \$85,000 HOME ** AVERAGE VALUE HOME ***											
Community (school district)	2001 Tax	Rank	% change in tax 2000-01	Average assessed market value (MV)	2001 Tax	Rank	% change in assessed ave MV	% change in tax 2000-01			
Albert Lea (241)	\$884	19	-14.1%	\$65,599	\$654	28	8.3%	-1.8%			
Alexandria (206)	\$765	30	-13.9%	\$88,485	\$729	25	5.5%	-13.6%			
Austin (492)	\$764	31	-5.4%	\$67,575	\$592	30	7.0%	8.5%			
Bemidji (31)	\$1,296	1	0.6%	\$59,330	\$865	24	4.4%	10.8%			
Brainerd (181)	\$752	32	-9.2%	\$65,652	\$558	31	3.1%	-1.0%			
Buffalo (877)	\$854	23	-5.8%	\$121,638	\$1,446	5	7.3%	6.1%			
Cloquet (94)	\$1,091	4	-10.9%	\$74,962	\$909	23	8.1%	0.5%			
Duluth (709)	\$1,015	10	-8.2%	\$80,467	\$936	21	9.4%	7.8%			
Elk River (728)	\$1,050	9	12.5%	\$131,345	\$1,933	1	9.5%	27.3%			
Fairmont (2752)	\$884	18	-4.3%	\$65,186	\$643	29	7.6%	-13.4%			
Faribault (656)	\$905	16	-10.2%	\$98,477	\$1,123	12	7.6%	3.3%			
Fergus Falls (544)	\$810	29	-12.9%	\$75,638	\$687	27	7.4%	-2.1%			
Hibbing (701)	\$855	27	-16.2%	\$53,887	\$411	32	5.2%	-0.7%			
Hutchinson (423)	\$1,075	5	-7.3%	\$102,009	\$1,407	7	5.8%	4.4%			
Mankato (77)	\$875	20	-8.7%	\$97,521	\$1,053	16	7.8%	3.5%			
Marshall (413)	\$904	17	-8.4%	\$95,948	\$1,068	14	6.5%	2.5%			
Moorhead (152)	\$1,065	6	-3.3%	\$84,243	\$1,052	17	4.2%	6.5%			
New Prague (721)	\$1,055	7	n/a	\$116,302	\$1,721	3	n/a	n/a			
New Ulm (88)	\$933	14	-15.5%	\$84,607	\$926	22	7.1%	-2.5%			
North Mankato (77)	\$869	22	-7.9%	\$113,780	\$1,329	9	7.5%	6.2%			
Northfield (659)	\$873	21	-6.6%	\$130,613	\$1,714	4	4.7%	4.3%			
Owatonna (761)	\$824	28	-8.4%	\$104,090	\$1,115	13	4.3%	1.7%			
Red Wing (256)	\$997	11	3.9%	\$105,508	\$1,370	8	4.6%	14.9%			
Rochester (535)	\$930	15	-15.0%	\$106,452	\$1,301	10	10.3%	2.2%			
Saint Cloud (742)	\$976	12	-9.2%	\$95,181	\$1,138	11	8.3%	4.2%			
Saint Michael (885)	\$841	26	n/a	\$140,681	\$1,772	2	n/a	n/a			
Saint Peter (508)	\$852	24	-9.6%	\$99,771	\$1,054	15	11.5%	7.2%			
Sauk Rapids (47)	\$1,231	2	9.8%	\$94,756	\$1,440	6	8.9%	2.8%			
Virginia (706)	\$715	33	-11.7%	\$51,336	\$304	33	4.6%	10.7%			
Waseca (829)	\$1,130	3	0.4%	\$79,457	\$1,021	18	7.3%	14.9%			
Willmar (347)	\$1,053	8	-1.2%	\$81,221	\$985	19	3.5%	8.1%			
Winona (861)	\$850	25	-4.6%	\$91,518	\$947	20	7.5%	9.7%			
Worthington (518)	\$939	13	-13.3%	\$69,230	\$725	26	1.4%	-7.8%			

* all nonmetropolitan communities with a population of more than 8,500.
** a hypothetical home in each community with an assessor's market value of \$85,000
*** the average value of all non-agricultural homestead property in the community

tions greater than 2,500 showed average values less than \$100,000: Brooklyn Center (\$95,046), Columbia Heights (\$97,187) and Lauderdale (\$97,853). The average homeowner in Columbia Heights pays \$1,089 in taxes, the lowest tax bill in the survey.

The average assessed market value (AMV) increased 8.7 percent in Minneapolis to \$112,626. In St. Paul, the AMV crested \$100,000, increasing 8.3 percent to \$100,892. Still, St. Paul’s AMV is the fifth lowest in the metro area. The tax bill for the owner of the average value home in Minneapolis increased by 7.8 percent to \$1,638, which dropped it in the rankings to 77th from 75th last year. In St. Paul, taxes on the average value home increased 5.8 percent to \$1,291. While the taxes on a \$130,000 house in St. Paul are 16th highest in the metro, the tax paid by the “average” St. Paul homeowner ranks 98th on the list. MJ

Phil Jenni is finance director of the Citizens League. He can be reached at pjenni@citizensleague.net or at 612-338-0791.

Sunbelt continued from page 2

postwar prosperity broke down what Daniel Yankelovich describes as the old “ethic of self-denial.” Rapidly a new “ethic of self-fulfillment” spread from college students to other young people, then to their parents. By the mid-70s the newspapers were moving to serve this new interest in “You”: your life, your health, your career, your home, your family.

And in the ‘60s public confidence in institutions—including government—massively declined. This powerfully reinforced the press’ interest in private affairs over public affairs and offered a plausible explanation for not doing what they could no longer afford to do anyway. It also changed the perspective of their reporting of public affairs, away from the traditional coverage of government toward a new emphasis on how what

Sunbelt continued on page 8

TakeNote

Policy Tidbits

No coal for naughty kids this year, we're moving from fossil fuels to renewable fuels.

Students in Fergus Falls took their excess levy referendum into their own hands. In a school district that really felt the financial crunch, the levy passed by a margin of nearly two to one. However, according to the *Fergus Falls Daily Journal*, the school district can thank students for the levy's success. Many students spent the week before the vote pounding the pavement, canvassing neighborhoods, passing out literature and waving signs. What happened to the good old days when students just went door-to-door selling magazines and candy bars? -Scott McMahon.

The great outward migration from cities to the suburbs over the last generation is certainly not news to most people. But a new report from Hennepin County quantifies just how stunning this trend has been. In 1970, Minneapolis residents accounted for nearly half of the residents of Hennepin County, and the first ring suburbs accounted for an additional 30 percent. In 2000, only one-third of the county's residents lived in Minneapolis (despite the fact that Minneapolis actually grew between 1990 and 2000) and just 22 percent lived in the first ring suburbs.

During this 30-year period, the population of Hennepin County grew by 156,120 people (16 percent) while the populations of Minneapolis and the first ring each declined by about 12 percent (51,782 and 35,079, respectively). The beneficiary of the outward movement, and it seems from the in-migration from rural areas, was the second ring suburbs. Population in this ring more than doubled from 183,324 to 400,016, and as a proportion of Hennepin County's population, it grew from 19 percent to 36 percent. While the population of third ring suburbs, such as Mound, Orono, Wayzata and Long Lake grew by 50 percent, the percentage of county residents living in those cities remains rather small and only grew from 5.3 percent to 6.9 percent during the period. -Phil Jenni.

U.S. students show poorly again in reading, math and science skills. Based on research conducted by the Organization for Economic Cooperation and Development on 32 developed countries, U.S. 15 year olds ranked 14th in science skills (top three: Korea, Japan and Finland), 15th in reading (top three: Finland, Canada, and New

Zealand), and 18th in math (top three: Japan, Korea and New Zealand). -Lyle Wray.

Raising the gas tax might be a successful way to raise money for transportation in the state, according to the *Mankato Free Press*. The current tax is set at 20 cents per gallon, and has not changed for 13 years. The state's Major Transportation Projects Commission, created by the Legislature this year, determined that current funding is only one-third of what is needed to meet even the minimum needs. Although fuel prices are low right now, Minnesotans are not likely to forget paying \$1.80 for gas earlier this year. -S.M.

Minnesota Supreme Court Justice Alan Page recently told the National Press Club in Washington D.C. that he agrees with Minnesota rules that prohibit judicial incumbents and candidates from participating in party politics, from taking stances on political issues that may be considered judicially or accepting campaign funds from organized parties. However, the *Bemidji Pioneer* thinks he missed an opportunity to speak about a real judicial/political issue—the election of judges by the general public. They believe this automatically politicizes judicial selection. At the federal level, the President makes nominations and the Senate approves. The *Pioneer* suggests that Minnesota enact a similar system where the Governor nominates and the Senate approves judicial candidates. -S.M.

Recently heard at a League meeting: "To most people in the environmental movement, coal is a four letter word." MJ

"Take Note" contributors include *Minnesota Journal* and *Citizens League* staff members.

The Minnesota Journal
Citizens League
708 S. Third Street, Suite 500
Minneapolis, MN 55415

Sunbelt *continued from page 7*

"they" are doing affects you.

Coverage changed, editors changed, management changed, ownership changed. I remember calling an editor about a story on a decision about an issue I did not recall the newspaper ever having reported under discussion. I said "It's as if the reporter comes back and the editor asks, 'What did they do?'" and the reporter said they just talked about it. And the editor said, "Let me know when something happens." "Yes," she said, "we say that to reporters a lot."

Public affairs is the discussion before the vote is taken. When the discussion itself is no longer something to be followed and reported closely, something significant has changed in our policy process.

Changes like these affecting institutions as important as the business community and the newspapers are bound to impact civic life in major ways, changing contributions, changing the pattern of individual involvement. Some civic organizations and programs have disappeared. Spring Hill is gone. The Minneapolis Foundation has dropped the Itasca Seminar. Some organizations have declined or shifted their focus. State Planning has been reduced to an "office." The Metro Council, built for policy leadership, is pre-occupied now with growth-management and with its sewer and transit operations. The Legislature does less talking and thinking now in the interim between sessions. The head of a policy shop at the University said recently that its contacts with the state have almost disappeared and that this is true generally across the University. MJ

The series will conclude next month with a look at the consequences of the decline and suggestions for what we might do about it.

PERIODICALS
POSTAGE PAID
AT MINNEAPOLIS
MINNESOTA

Welcome**New and returning members**

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CITIZENS LEAGUE

708 South 3rd St. Suite 500
 Minneapolis, MN 55415
 612-338-0791 Fax 612-337-5919
www.citizensleague.net

The Citizens League promotes the public interest in Minnesota by involving citizens in identifying and framing critical public policy choices, forging recommendations and advocating their adoption.

The Citizens League is an open membership organization. Suggested dues are \$50 for individuals and \$75 for families. For more information, please call 612-338-0791.

Every year the League's homestead property tax survey reveals more information than we have room to print. More information can be found on our website, www.citizensleague.net. You will find more detailed results, including the individual rates for your city, county and school district.

Property tax review aims to inform citizens, local officials

This month's issue of the *Minnesota Journal* contains the Citizens League's 35th annual homestead property tax review for the metropolitan area.

The League's first property tax review was actually in 1963, but not until 1967 did the survey compare taxes outside Hennepin County.

The 1967 report compared tax rates for 75 communities in Hennepin, Ramsey, Anoka and Dakota counties. To make the comparisons understandable to the "average reader," the League used the estimated tax on an \$18,000 house in each community.

By 1972 the hypothetical home value used for comparison rose to \$20,000 and the median property tax paid was \$397. In 1980, the hypothetical value had jumped to \$60,000 with an average tax on that home of \$615. In 1991 the League increased the comparison on the hypothetical home to \$90,000. The median property tax for that home in the metro was \$1,046.

Times, and home values, have certainly changed. We now use a house value of \$130,000 in the metro area and \$85,000 in nonmetro communities. And next year we will increase the comparison value again.

The League and the Minnesota Taxpayers Association collaborated on the survey in the mid-

1990s and dramatically expanded its scope. A special publication included detailed information on all Minnesota communities, metro and outstate, with more than 2,500 people.

Last year, the League produced the survey on its own again, and only included information on nonmetropolitan cities of more than 8,500.

The League has published this review continuously -- through changes in mill rates, tax capacities and taconite credits.

But we don't continue to analyze the results, year after year, just because we have always done it. The Citizens League faithfully produces the homestead property tax review each year for a number of reasons: (1)

to monitor the impact of legislative changes on homestead taxes; (2) to track homestead values in various metro and nonmetro communities; and (3) to offer citizens and public officials a chance to compare their taxes with those in other communities.

The annual homestead property tax review is designed for two audiences—citizens and local government officials. First, we aim to provide citizens (and League members) with the information they need in order to ask intelligent questions.

The point is not so much who is first or second or third in the rankings, but why are these rankings the way they are?

Why are taxes on a \$130,000 home in Moundsview \$270 more than taxes on a \$130,000 home in Vadnais Heights? What added value are residents of Moundsview receiving for their money? Are the differences in tax burdens purely the result of local choice or do particular cities face unique responsibilities and funding demands that others escape?

Second, our annual property tax review is intended to inform local government officials about where their community stands in relationship to its neighbors.

Not only do we hope that local officials will

ask themselves the same question of why, but we also want them to know there are people and organizations prepared to hold them accountable for their decisions.

Good information and active citizens are often quiet, but important, parts of a vital democracy. The Citizens League's annual homestead property tax review does its part to help citizens participate in a more informed way when decisions are made about local budgets and priorities.

For more information and for our methodology visit www.citizensleague.net

Fixing Minnesota's budget problem

In a *Pioneer Press* opinion column from Monday, December 3, **Steven Dornfeld** recommended that policy makers dust off several reports on the state budget from the early to mid 1990s. Minnesota now suddenly faces a projected deficit of \$1.95 billion in the current biennium and perhaps up to \$1.2 billion each year by 2005. In this current situation, the Citizens League report on the state budget, completed in the summer of 1993, deserves a good dusting.

Co-chaired by **Ed Dirkswager** (who replaced **George Latimer** after he left for Washington) and **Jean King**, the report emphasizes the long term budget dilemma in Minnesota goes beyond issues of spending and revenue and includes structural flaws in the public sector.

The sudden budget deficit comes as no surprise. Policy makers failed to address structural weaknesses during the late 1990s. At that time, the growth of expenditures was matched by strong revenues in the strong economy. Yet in truth, the Minnesota budget was always vulnerable to a slowdown, due to unrestrained spending growth and the expanding needs of an aging population.

To address the deeper flaws in the public sector, the Citizens League report recommended a completely new set of design principles to promote greater productivity and equity in services provided by the state. The design principles outlined in the 1993 report to reach the goals of efficiency and equity are listed below:

1. Target public subsidies directly to people who are financially needy. For example, rather than providing government institutions with large grants, the funds should be directly targeted to individuals based on their need.
2. Use competition to align institutional self-interest with the public's interest in the quality and cost of services. This principle can be accomplished in these three ways.
 - Create citizen markets. Individuals in need should be directly provided with resources.
 - Separate the role of purchaser and producer of public services.
 - Pay for performance.
3. Allow prices of public services to reflect true costs, including the social cost of individual decisions.
4. Meet more public responsibilities through non-governmental communities in which people already have relationships of mutual obligation.
5. Consider long-term economic growth to be one of the objectives of state spending. Spending on infrastructure, research, and education should be made to promote the long-term economic strength of Minnesota.

For a complete report, please call the Citizens League at 612-338-0791 or visit our web site at www.citizensleague.net.

Fixing the League's budget problem

The League needs your help. By now you should have received a letter from League president Dave Durenberger asking you to make a year-end contribution to the League. Individual support is always important to the League. But now, more than ever before, the League needs vigorous support from its members.

Corporate contributions, which have been the mainstay of the League, are down substantially. For most of its history the League has relied on the corporate community for 80 percent of its operating budget. That support now accounts for less than half the League's budget.

The focus, and geography, of many of our best corporate supporters has changed dramatically. But the League is still one of the key players that makes this region what it is. As Ted Kolderie points out in his articles for the *Journal*, this metropolitan area's reputation as a good place to live didn't happen by accident. A generation of civic leaders worked hard to positively change this region's reputation. Members of the Citizens League supplied many of the good ideas, and a lot of work, for the innovative solutions that helped give Minnesota national recognition.

Contributions from League members are critical to ensuring the League's long-term financial vitality so that we, and the next generation, can develop policy initiatives that will make Minnesota admired nationally once again.

As you make your year-end contribution and tax decisions, please remember the Citizens League. The League's future, and the community's, depends on it.

Past presidents renew old bonds

In true Citizens League fashion, a dozen hardy League past presidents and executive directors braved the first winter storm of the season

to attend the Past Presidents' Dinner on Monday, November 26 at the Minneapolis Club. Present were: **Chuck Clay, Buzz Cummins, Peter Heegaard, Jim Hetland, Curt Johnson, Verne Johnson, Jean King, Ted Kolderie, Barbara Lukermann, Chuck Neerland** and **Wayne Popham**. Despite the



Executive Director Lyle Wray (standing left) and current president Dave Durenberger pose with Buzz Cummins (seated left) and Jean King.

inclement weather, the attendees renewed acquaintances and caught up on the Citizens League's programs and priorities.