Fiscal disparities pool shrinks; Range sharing begins

by Dana Schroeder

Now in its 24th year of operation, the Twin Cities area tax-base sharing program, broadly known as the "fiscal disparities" program, has spawned a "country cousin" on northeastern Minnesota's Iron Range.

The Twin Cities tax-base sharing program currently redistributes over 28 percent of the area's commercial-industrial (C-I) tax base among metro-area communities. Every community puts 40 percent of its growth in C-I tax base since 1971 into a regionwide pool. Every community (except Sunfish Lake, which is ineligible, since it does not allow C-I development) then receives back tax base from the regionwide pool, based on its relative shares of population and tax base. (See "How fiscal disparities works" on page 3.)

The program, which has generated interest from around the country, has been controversial from the start. Passed in 1971, court challenges upheld its implementation until 1975. Since then, there have been a number of legislative attempts to weaken the program or to expand it to include residential property.

Like its Twin Cities counterpart, the new Iron Range program—also created amidst challenge and controversy—provides for sharing 40 percent of C-I tax-base growth, with 1995 as the base year, rather than 1971. The area covered by the program is the Iron Range taconite tax relief area, which includes all or part of seven counties. In its first year the shared pool redistributes about 1.3 percent of the Range's C-I tax base. (See "Tax-base sharing comes to the Range" on page 6.)

Shared pool declines

The Citizens League's 24th annual tax-base sharing analysis shows that the pool of commercial-indus-

Today's civic enterprise murkier, but less top-down

by Chuck Neerland

How do you define leadership? Look behind you.

When I was asked to offer a few comments on civic leadership, my first thought was: It used to be better. My second thought was: New wine in old wine skins won't go—an adage that suggests something about my age.

In the old days—the late '60s, '70s and '80s, in my experience—we did things differently than we do now in matters of civic enterprise and our blessed public/private partnerships. But better? In some ways, perhaps; in other ways, maybe not.

Here's how we used to do things...Sometime in the mid '70s—I forget what the issue was, probably something to do with downtown housing—I remember some city official and I were complaining to Peter Gillette, then executive this-or-that for Northwestern National Bank. Our lament was that First National Bank wasn't on board. We were talking on the skyway level of the old Northwestern National Bank and Gillette said he'd go call on Jim Hetland, executive this-or-that.

We need bold maneuver; try light rail on Hiawatha

by Curt Johnson

Editor's note: Many were surprised when the Star Tribune reported recently that Metropolitan Council Chair (and former Citizens League Executive Director) Curt Johnson had announced a change of heart on light-rail transit. In last month's Minnesota Journal current League Executive Director Lyle Wray called for a dedicated transitway—with a range of transit services—in the Hiawatha corridor. This month the Journal invited Johnson to share his views, which differ from the League's.

A decade ago, the Twin Cities region could still afford the luxury of debating the comparative efficiencies of competing approaches to transit as an alternative to nearly complete dependence on automobiles. We are fast running out of time to make up our minds.

The number of lane miles seriously congested is escalating—from 210 when the decade started, to a forecast 570 by 2020.

Vehicle miles in the region are rising at the rate of about three percent per year.

Continued on page 5
Transit
Continued from page 1
We're stretching the capacity of our interstate through metering, but improving the flow is mostly the job of the motorists who don't buy the.pix that the wait at the access ramp definitely.

We got tells a tentative try in 1996—in the growing southwest subways where a swarm of light-of-way implies a future route for Highway 212. You can argue that the proposal was doomsday because the law prescribed a decision process not unlike the one set up by the national Surface Transport Council. Whatever the reasons, the consent of some user fees was necessary to increase road capacity. The last 20 years of both the Center for Urban and Urban Studies' long-term study shows that the 20 next years, the plan implies more than 15 more of the 20 regions being.

Meanwhile, the population looks beyond 20 years and you can't do that. You don't need a

Continued on page 3

Transit
Continued from page 2
degree in planning to figure out people take transit.

m. The mobility we've long

Sarted for is grand for

Navigated. Our question to the public is: What is the competitive

attitude is at stake.

We've run out of time for talking. What we need is a bold maneuver.

Metro's Metro On the stage for the change in its revisions to the Regional

Transportation Act. It is one of the most

enormous development, connecting people to the

more efficient system, in which operating resources are responsibly

charged. This is the era of economic
efficiency for transit. Arguing for a bigger slice, just for buses, has not
produced impressive gains.

In the ripeness of opportunity that good economic times bring, I believe we should add up all the supporters of transit and agree to try every reasonable strategy for which we can get adequate funding. We mean the transit that is connecting the state and the region's investment in Metro Transit. The system we start now will serve the next 50
generations, at least, in this case, the 29th Street

transit corridor in Minneapolis or the Riverview Corridor in St. Paul.

The critical next step is a regional

ization of the logical corridors, the acquiring of the rights-of-way as quickly as possible. The best

If the $2 million in the pending

STEA transportation bill in Congress is not signed, something

standing that we will upgrade Haithawa to rail, then let's do it.

The Minneapolis Journal

Publisher—Lyle Wing

Editor—William S. Mack

Contributing Editor—Ted Kirsch

Skatich—Ray Haeman

The Minneapolis Journal (ISSN 0894-0114) (1998) is a
citizen support our

on the process.

The roadway we have, solving serious tech

Town, and MnDOT were accused of everything from coddling the rich to selling out transit.

The 20-year plans of both the Center for Urban and Urban Studies' long-term study shows that the 20 next years, the plan implies more than 15 more of the 20 regions being.

Meanwhile, the population looks ahead 20 years and you can't do that. You don't need a

Continued on page 3

How fiscal disparity works

The 1971 fiscal disparity act—a

officially known as the Charles R. Weaver Revenue Distribution Act, in honor of its late author, Charles R. Weaver—was designed to

levied on business and income tax rates.
Leadership

Continued from page 1

the First of the First, and see just what the buck was going on.

And off he ran—and I mean ran. The与

Cargill Building. Shortly thereafter, First Bank joined the cause. None of this was a tabloid thought it was the odd world worked that way.

The larger and more sedentary version of this technique was the proverbial private meeting at the Minneapolis Club.

In those days there were simply no prominent business leaders, some time in the early ’80s. The purpose was to get one of the CEOs in attendance and his company to become engaged some way with the public policy initiatives of the day. They were not even all the civic-minded secondlieutens nurtured enough of their corpora-

tions’ portfolios to be effective in their own right. And then there was a change. We have a new city mayor, a man, the former city manager of Oakland, California, whom we had never heard of before, who officially paid us. It was chummy, if you know what I mean.

Most importantly, Gillite and Hetland had stirring civic and political credentials, as well as corporate standing. They had been members of the Minneapolis Club for more than 10 years. Hetland had been its chair. Other prominent cor-

porations had been its chair. Other prominent cor-

p

Officers like to talk about the Min-

neapolis Center for Com-

munity’s reigning civic culture; more

the cause of the civic things. And the soft stuff

and back interests. Once that principle is

left out of the picture, no cohesion. Instead, lit-

pirings. Some

said: If this new stadium isn’t built,

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We’re not going to

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In the 59 metro-area cities, the

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The new Iron Range tax base shar- ing program, which is in effect for the first time this year, was estab- lished by the 1996 Legislative. Par- ticipants in the program, double your tax base sharing on the Range. Despite at least one proposal, low- est one proposal, low- est one proposal, low-

**Tax-base sharing comes to the Range.**

St. Louis County generated by far the largest contribution to the program aid also play a part. Tax-base shar- ing is only one part-and by no means the most significant factor, commercial- industrial net tax capacity. This figure includes value in tax-increment finance districts.

If commercial-industrial market values are increasing in the seven county area, why did the size of the shared tax-base pool decline?

It's important to note that tax-base sharing on the actual taxes paid by home- owners or business property in any one community, the best strategy is the only such strategy, 

Why did the fiscal disparities pool decline? **Disparities**

Continued from page 5

While tax-base sharing reduces dis- parities in tax base among communities, it does not reduce their wealth. Since only a portion of tax base is shared, the wealthiest communities benefit from sharing generally remain that way after sharing, as do the poorest. **Disparities**

Continued from page 6
School helps kids, teachers excel despite adversity

During a recent House K-12 Finance Committee hearing on proposals for "reconstituting" failing schools, many of the familiar arguments were aired again. Why punish teachers and schools for the failures of parents? The implicit assumption—again—seemed to be: Education failure is an inevitable result of poverty, family breakdown and troubled neighborhoods. Schools can't be held accountable when they have to teach under these conditions.

Meanwhile, the private Seed Academy and Harvest Preparatory School in Minneapolis, which provides 350 preschool and elementary students with strong, African-centered basic instruction, reports that its students continue to score above the national average on standardized reading and math tests—and their students' advantage is growing. During the 1996-97 school year, Seed/Harvest kindergartners' reading scores were in the 89th percentile of students nationwide and math scores were in the 88th percentile. First-graders were in the 87th percentile in reading and the 81st percentile in math. And this is not cream-skimming: Half of Seed/Harvest students qualify for free or reduced-price lunch and 60 percent come from single-parent families.

Does Seed/Harvest know something about teaching the school districts don't? Maybe. The school tests every child upon enrollment and systematically tailors the learning program to the child's level of readiness.

Or maybe it's that Seed/Harvest believes that kids and teachers can both excel, even when their environments aren't trouble-free.

—Janet Dahlrow

Neal Thao on the St. Paul board of education likes to say that attendance comes first. If kids don't want to be in school, they aren't very likely to learn.

One morning during Winter Carnival a friend was walking back to downtown with a broom and a shovel he'd bought at the hardware store. Near the main library he passed two boys, maybe 12 years old. "Are you looking for the medallion?" one of them said.

"Nope," was the answer. "We are!" the boy said.

It was a Wednesday, about 9:30 a.m.—Ted Kolderie.

While tramping through the Iron Range tax-base sharing data for this month's article on fiscal disparities, we came across jurisdictions in each of the seven Range counties identified only as "Unorganized," followed by a number. What are these wild-sounding places? Could my office be declared an "unorganized territory?"

Discussions with staffers at the Minnesota House Research Department revealed that 14 Minnesota counties contain one or more of these unorganized areas. According to Gary Currie, unorganized territory is land outside of city boundaries that is not organized into a functioning township. There is no town board and local services are provided by the county, which can tax the "unorganized" residents.

Currie pointed out that two Minnesota counties—Koochiching and Lake of the Woods—have no organized township boards and a third, Cook County, has only a few. Even so, Minnesota has more townships organized for government—around 1,800—than any other state in the country.

Residents of an unorganized area must petition the county board to become a township. Likewise, a township can petition to dissolve into an unorganized area, as a number of townships did during the Depression years of the 1930s, following large drops in tax base.

—Dana Schroeder

Light (rail) humor: During a recent House Transportation and Transit committee, advocates for light- and heavy-rail transit were pitching the idea (complete with maps) of a light-rail line in the Hiawatha corridor, as well as a number of commuter rail lines to service different portions of the Twin Cities metro region.

At one point, a legislator noted that a rail line proposed for St. Paul appeared to be routed directly through a local watering hole. When asked if this line was, in fact, slated to go through this particular establishment, Paul McCarron, Anoka County commissioner and rail advocate, told the committee, "Yes, but very slowly."—Ron Wirtz.

According to House Research, Minnesota lottery sales in 1997 were $368.5 million, down slightly from 1996. Sixty percent of that total was paid out in prizes to gamblers, 11 percent went to lottery expenses, five percent to lottery retailers and 24 percent—$89 million—into state government coffers.

Whether state-sponsored gambling is good or bad policy, one can't help ponder the irony: $147.4 million wagered by the losers in the hope of striking it rich, during one of the most remarkable Wall Street bull markets in history.—J.D.

Minnesota's attorney general, Hubert H. Humphrey III, is trying frantically to stop parents and kids from getting the benefit of good new learning programs that come into public education on contract to charter schools. A for-profit school, he says, is a bad thing. For whom, exactly, it isn't clear.

What is clearly a bad thing is adults putting their economic interest ahead of kids. And this, of course, is what districts do all the time: cutting program and raising class size in order to cover the salary settlement.

The classic case came to light during the 1991 bargaining round in Forest Lake. The Pioneer Press got hold of a letter in which the teachers' union local offered to sacrificial members' jobs to free up revenue to pay a salary increase to the more senior teachers.

Asked to think about this recently, a former school board member said quietly, "Of course, that's true." If Mr. Humphrey wants to put consumer interests first, he might propose a law saying simply: "No board of education may enter into any agreement the effect of which is to raise class size or to reduce program offerings to students."

Would he?—T.K.

Canadian colleges, facing declining enrollments and wanting to diversify their student bodies, are actively recruiting Americans. The best of the Canadian universities are ranked just slightly below the Ivy League or top state universities by American guidance counselors, but their price tags are significantly lower. While the average U.S. private college charges $20,361 per year for tuition, room and board, Canada's highly rated McGill University charges only $10,000.

Most universities in Canada are public institutions with taxpayer-subsidized tuitions. Not surprisingly, some politicians and taxpayers are Rankling at the notion of subsidizing tuition for Americans who don't pay provincial taxes.—J.D.

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

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Welcome
New and Returning Members

Kathleen Corley
Roger Fraser
Charles and Sally Jorgensen
Matthew Mega
Ember Reichgott Junge
Todd Smalley

Bullets over Thresher

We're used to people throwing brickbats at us. But bullets? That new experience happened when the staff returned to work after the long Martin Luther King weekend to find a bullet hole through one of our office windows—on the fifth floor. The bullet ricocheted off the wall into a filing cabinet and stopped under a desk. Since there is no grassy knoll nearby, our best guess is that it was fired from atop the abandoned grain elevators between Washington Avenue and the river. All the same, Oliver Stone is investigating.

This year's Citizens League Legislative Network Breakfasts will focus on Governor Carlson's $1 billion bonding bill.

The Legislative Networks will begin with an overview of the Governor's proposal and then be followed by sessions on the University of Minnesota, the Minnesota State Colleges and Universities and the environment—which account for nearly two-thirds of the Governor's proposal.

Each meeting will begin with a short presentation outlining the specific proposal. A panel discussion featuring legislative leaders will follow.

The Citizens League Legislative Network Breakfasts offer a great opportunity to keep abreast of activities at the Capitol during the legislative session. They provide an informal setting for citizens, lobbyists and policy-makers to discuss important issues.

If you are interested in getting beyond the headlines—and hearing firsthand from policy-makers and others who have the most recent information about Minnesota politics and policy—then these meetings are for you.

All of the meetings are at the Commodore, 79 Western Avenue N., St. Paul (two blocks south of Western and Selby) from 7:30 a.m. to 9:00 a.m. There is plenty of free parking in a lot next to the building and the location is just off the 21 bus route.

Cost of the meetings is $10 and includes a continental breakfast. To register, or for more information, please call 338-0791.

Friday, February 20
Overview of the 1998 Bonding Bill

Resource Guest
Wayne Simoneau, Commissioner
Minnesota Department of Finance

Panelists
Sen. Roger Moe, Senate Majority Leader
Rep. Steve Sviggum, House Minority Leader

Friday, February 27
University of Minnesota

Resource Guest
Mark Yudof, President
University of Minnesota

Panelists
Sen. Steve Kelley (DFL-Hopkins)
Rep. Jim Knoblach (R-St. Cloud)
Sen. Sheila Kiscaden (R-Rochester)

Friday, March 6
MN State Colleges and Universities

Resource Guest
Linda L. Baer, Senior Vice Chancellor
MN State Colleges and Universities

Panelists
Sen. Steve Morse (DFL-Winona)
Rep. Joe Opatz (DFL-St. Cloud)
Sen. LeRoy Stumpf (DFL-Thief River Falls)

Friday, March 13
Environment

Resource Guest
Rod Sando, Commissioner
Minnesota Department of Natural Resources

Panelists
Sen. Gary Laidig (R-Stillwater)
Rep. Loren Solberg (DFL-Bovey)
Rep. Steve Trimble (DFL-St. Paul)
Getting the Jobs Done: Mobilizing public leadership to cope with Minnesota’s labor shortage

The Citizens League's March Mind Openers will focus on a situation few baby-boomers ever thought they'd live to see: a labor shortage. The series will officially launch the Citizens League's next study, The third session will focus on the challenge for Minnesota's labor shortage. The infrastructure investment.

The study is being co-chaired by Gary Cunningham and Steve Keefe.

On Thursday, March 5, Minnesota's state economist Tom Stinson and state demographer Tom Gillaspy will give an overview of the demographic trends the state will experience over the next 20 to 30 years. That picture shows that Minnesota's employers—already scrambling to fill their job vacancies—can look forward to tight labor markets for many years to come. Stinson and Gillaspy will describe the potential effects of a prolonged shortage on Minnesota's economy.

On Wednesday, March 11, Hazel Reinhardt, a strategic planning consultant and demographer, will provide a detailed look into the demographic trends and their implications for policy related to education, immigration, and infrastructure investment.

The third session will focus on the challenge for Minnesota's public leaders in government, business and the independent sector. Must the state simply accept these trends and wait for the market to respond, or can we make choices to capitalize on the opportunities and minimize the dangers? (The date and speakers for the last session were being finalized as the Matters went to press.)

All sessions will be held from 4:00-6:00 p.m. at the Hubert H. Humphrey Institute of Public Affairs, on the West Bank campus of the University of Minnesota. Watch your mail for complete information about the series.

In April, the Citizens League will begin the study committee that will develop an in-depth report and recommendations for policy. Applications for study committee membership will be available at the Mind Openers and will be due by March 20; people selected to serve on the committee will be notified by the end of March.

1998 Public Affairs Directory available

The annual Citizens League’s Public Affairs Directory is hot off the press. It contains the names, addresses, telephone numbers and, in some cases, the email addresses of government, education, communications and public affairs officials, especially those in the metropolitan area.

Cost of the PAD for members is $15 plus $1.50 for shipping and handling. Discounts are available for multiple orders. Cost for non-members is $20 plus shipping. To order, call 338-0791.

More March Madness

It’s policy meetings, not tournament meetings, that make next month “March Madness” at the Citizens League. Here’s a preview—watch your mail for the details.

Does the Common Good Have a Prayer?

The Citizens League will hold its annual membership meeting on Wednesday evening, March 25. Details are still being worked out, but it’s likely to be held at the Lutheran Brotherhood auditorium from 4:30 to 7:00 p.m.

This year’s meeting will focus on the role of the faith community in public leadership. While religion was not explicitly identified in the leadership interviews conducted last summer, many of the issues raised and problems identified have a spiritual dimension—especially when it comes to areas people referred to as the “culture.” At the same time, there seemed to be a sense that the spiritual dimension of our public life has diminished.

The annual meeting will feature panelists from various segments of the faith community discussing two questions: What is it that faith brings to public leadership? and what are people of faith failing to do in public leadership? Panelists will then join the audience for roundtable discussions followed by a summation from the panel.

A New Wrinkle on Aging

The Citizens League is collaborating with the Minnesota Department of Human Services (DHS) Project 2030 on a series of policy events on the issue of the impact of an aging baby boom generation.

The initiative will focus on three themes related to the aging baby boom generation:

- Increasing choice and options for tomorrow’s elderly;
- Building communities that meet future needs; and
- Ensuring a strong workforce for tomorrow’s economy.

The goal of the project is to generate greater public awareness about the issue, and to develop initial policy positions and a legislative action plan to respond to the problem.

The project will begin with a four-part Mind-Opener series beginning in mid-March. Topics in the series will be:

Week 1: Overview of issues and policy implications of an aging baby boom generation.

Week 2: Impact of aging baby boomers on retirement and long term care costs; financial matters relating to the social safety net; increasing personal responsibility for health maintenance of the aging population.

Week 3: Productive aging and the changing expectations for retirement.

Week 4: Impact of current land use practices on an aging community; building communities that meet future needs of an aging population.

The League will then host a luncheon featuring a nationally recognized speaker.

The project will conclude later this spring with a half-day symposium focusing on policy implications and potential solutions to problems identified in the earlier sessions.