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Rising property values expand fiscal disparities pool

by Kris Lyndon Wilson

The tax base sharing program is the legal and legislative acknowledgement of the interdependence of all jurisdictions — counties, schools and municipalities— in the region. *See page 2.*

INSIDE

As property values around the Twin Cities continue to grow, so too does the region's fiscal disparities pool. Up almost 13 percent over last year, the pool's $314,212,440 worth of commercial industrial tax base will be re-distributed among the 187 participating communities in an effort to reduce the disparities in commercial/industrial (C/I) tax base between metro communities.

What is Fiscal Disparities?

The Minnesota Legislature passed the Twin Cities tax base sharing law — commonly referred to as "fiscal disparities" — in 1971, and, after an unsuccessful court challenge, it was implemented in 1975. The law requires cities in the metro area to contribute 40 percent of the growth in their C/I tax base since 1971 to a region wide fiscal disparities pool. This tax base is then redistributed to participating communities based on a formula that takes into account a city's population and the market value of all property in the jurisdiction.

If a community's market value per capita, otherwise know as "fiscal capacity," is greater than the metro average, it will receive less from the pool than it contributed. On the other hand, if a community's market value per capita is less than the metro average, it will receive more from the pool than it contributed. Overall this year, 44 communities received less from the pool than they contributed, while 143 received more than they contributed.

The tax base put into the pool is taxed at a rate equal to the average metro tax rate and then the revenue generated by the pool is sent to each community according to the amount of tax base awarded to it. One advantage of this is that by having a portion of all C/I properties taxed at a uniform regional rate, the tax burden on comparable pieces of C/I properties varies less from one jurisdiction to another than it otherwise would.

In addition to reducing the fiscal disparities between neighboring communities, tax base sharing is also intended to promote regional planning. By ensuring that all communities in the metro area benefit from valuable commercial industrial tax base, supporters hope to discourage communities from competing against one another for development and to encourage them to accept certain types of development that generate less tax base, but serve regional purposes, such as parks and nature preserves or affordable housing.

This Year's "Winners" and "Losers"

Once again, in our annual analysis of metro cities with populations over 9,000, the city of St. Paul was by far the biggest beneficiary of the redistribution, with a net gain of approximately $27 million. Cottage Grove was a distant second with a net gain of approximately $3 million. Coon Rapids, South St. Paul and Richfield round out the top five gainers.

Cities experiencing the largest net loss of tax base as a result of tax base sharing include Bloomington, Eden Prairie, Plymouth, Minnetonka and Edina. Minneapolis, which tends to experience net gains some years and net losses other years, experienced a small net loss of $481,984 this year.

As in past years, Bloomington had the largest net loss, at approximately $22 million, which equals 14 percent of the city's overall tax base. Minnetonka, Plymouth and Eden Prairie also lost more than $10 million and more than 10 percent of their overall tax base.

However, this redistribution of tax base was

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It's a miracle: Minnesota's tax base sharing law survives for 30 years

by Phil Jenni

Imagine yourself looking down on the metropolitan area from above. Imagine, too, from that vantage point that you could see all the factories, warehouses, office buildings and shopping centers in the area.

"Now imagine lifting part of each commercial industrial building into the air, flattening everything out and dropping them back to earth. . .the tax base of every city in the metropolitan area would be affected. Some cities would have more, some less."

That's how Paul Gilje, former Citizens League research director, described Minnesota's tax base sharing law (also referred to as fiscal disparities) in a 1985 paper prepared for the Upjohn Company in Michigan. Gilje wrote the League report that proposed the tax-base sharing plan, was instrumental in the passage of the law and prepared the League's annual fiscal disparities survey from 1975 to 1987.

This year marks the 30th anniversary of the tax base sharing law often referred to as the Charles R. Weaver Fiscal Disparities Act, in honor of the late Anoka legislator who authored it (and father of the current state Commissioner of Public Safety). The law is designed to lessen the differences in fiscal capacity of cities and to encourage more sensible land-use decisions. Controversial at the time, the law still generates controversy today, despite not being widely known or understood by most citizens.

Most political observers agree that the landmark legislation couldn't be passed today. So what happened 30 years ago?

The story actually begins in the mid-1960s. The Twin Cities, like other regions around the country, practiced a fiercely competitive version of fiscal zoning. Since a municipality could only get tax revenue from development within its borders, every municipality wanted the highest value properties — leaving lower value properties to someone else. A large power plant was built on the St. Croix River on a site many in the region would have preferred preserving for scenic and recreational uses. Defenders of the siting argued that their area needed the additional tax base the plant would bring and shouldn't be a "playground" for the region without adequate compensation.

During this period the League produced a series of reports on local government finance reform, focused particularly on the need for non-property revenue for local government. In 1967, the League advocated a three-percent sales tax, two-thirds of which was to be dedicated to school districts and municipalities. The Legislature subsequently passed the sales tax with some revisions. But in the course of its research, the League also became increasingly aware, and concerned, about the differences in fiscal capacity among local governments.

Following the 1967 legislative session, the League Board authorized a research committee to review the differences in tax capacity, tax rates and service levels among jurisdictions in the metropolitan area with an eye toward how these variations affected an "orderly program" of development. The committee was asked to recommend ways to reduce disparities and facilitate metropolitan objectives. The committee concluded that the location of a property and the tax base are essentially two different things. After all, you can't move buildings, but tax base can be moved — it's just a number.

The committee's report became the basis for a bill introduced by Rep. Charles Weaver, a Republican from Anoka, during the 1969 legislative session. Weaver recognized that metropolitan planning (the Metropolitan Council had been created in 1967) and the existing fiscal system were incompatible. He believed that the public finance system should align with siting of major facilities that was often determined by regional assets. He saw commercial-industrial tax base sharing as a way to help recover some of the loss of tax base that could occur through Council decisions or because an area lacked the characteristics to attract major commercial development.

Weaver's bill passed the House in 1969 but died in the Senate. Circumstances changed in 1971. A Metropolitan Council committee conducted a study and endorsed Weaver's bill. His fellow Republicans controlled both the House and the Senate. But perhaps most important of all, Democratic Governor Wendell Anderson had campaigned on a pledge to reform local finance laws. The bill passed in 1971 and, along with the school aid bill, landed Wendell Anderson on the cover of *Time* magazine holding a fish under the title of "The good life in Minnesota." The 1971 fiscal reforms became known collectively as the "Minnesota Miracle."

But that still wasn't the end. The city of Burnsville, which was growing rapidly at the time, challenged the law and a district court found the law unconstitutional. But that decision was reversed by the Minnesota Supreme Court in September, 1974 and the law was finally implemented in 1975. Amazingly, the law has remained virtually untouched for more than a quarter of a century — nearly unheard of for tax legislation.

Today some argue that the law has failed to significantly alter growth and development patterns or stem the inter-city competition for development in the metro area. Some say it should be expanded to all development, not just commercial-industrial. Others argue that the law is unfair and burdensome because some cities lose significant shares of their tax base. Another concern is that the program doesn't reflect that different cities have different needs and that it hurts developing cities by taking tax base that should be used to provide services.

Despite these concerns and criticisms, the law has survived for 30 years and still exerts a powerful symbolic statement. Ted Kolderie, director of the League at the time the law passed, says the law is actually "anti-fiscal disparities" and calls it the "metropolitization of tax base." It refutes the notion that tax base belongs to a single municipality. Development occurs partly because of regional decisions about infrastructure and other regional assets like geography; therefore the entire region should benefit.

The tax base sharing program is the legal and legislative acknowledgement of the interdependence of all jurisdictions—counties, schools and municipalities—in the region.

"Imagine yourself looking down. . ." MJ

Phil Jenni is finance director of the Citizens League. He can be reached at

Viewpoint From the Executive Director

Taxing and spending reform: If not now, when?

by Lyle Wray

If Minnesota's current system of local property taxes and state aids to cities, counties and school districts were proposed today, it would be howled off the political stage as unfair and incomprehensible. Over time, Minnesotans have learned to deal with the system as a whole and special interests have grown up around each quirky element.

Now the Ventura administration has put together a sound package of reforms that would broaden the base of taxation, clarify accountability for spending decisions, and better target state assistance to local units of government. You can almost see the wolves beginning to circle in for the kill of the overall policy framework.

Broaden the base of taxation. Many of the administration's proposed reforms, especially those that broaden the tax base and expand taxation to nonprofits, are vintage Citizens League recommendations. In a 1995 Citizens League study on the global economy, the committee heard of the need to adjust the mix of taxation away from inputs and toward consumption. For decades, the economy has been evolving away from goods and towards services. We are now at the point where a "broad and shallow"tax policy means including a larger array of goods and services.

Clarify accountability for local spending decisions. The complexity of the current tax system invites a lot of finger pointing. An intricate system of aids to local governments, combined with the tangle of state mandates and numerous local spending decisions makes it extremely hard for citizens to determine who is responsible for increased spending. In an attempt to reduce this complexity and increase accountability, another 1995 Citizens League report, "Choose Reform, Not Declining Quality,"outlined a division of state and local funding known as the "ABC"plan. The plan called for the state to pay 100 percent of the cost of core, mandated services, and to provide compensatory aid for those communities with unique local circumstances. Local governments would fund the full cost of locally determined services. The administration's current proposal for 100% state funding of the state-determined property tax levy for education would move us in this direction by disentangling state and local spending decisions and increasing accountability.

Target aid to local governments. Currently, 14% of the state's budget is passed directly to local governments in the form of LGA ("local government aid") and HACA ("homestead and agricultural credit aid"). While continuing the LGA program, the administration is proposing reductions in HACA to pay for 100 percent of the state-mandated education levy and changes to more closely align county HACA with specific state-mandated / county-administered services. The League has long believed that general-purpose state aid for local governments hampers accountability by buying down local property taxes and leaving local taxpayers unaware of the true costs of the services they receive from their local governments. This is not to suggest that state assistance is not needed to help fill the gap between local capacity for raising revenues and the costs of providing a basic level of public services. A decade ago the Minnesota Legislature received the so-called Ladd Report that proposed just such a framework to rationalize and better target aids with a "need, capacity, gap"funding model. Again, the administration's current proposals would move Minnesota along this sound reform path.

So what is standing in the way of these reform proposals? With yet another healthy state surplus projected, it would seem to be a good time to smooth the way for major reform of the Minnesota's local taxing and spending system. But the usual reactions to reform are surfacing — "the devil you know is better than the devil you don't" or "why not stick with the current system rather than leaping into the unknown." Organized by highly motivated and generously funded "losers" under the reform proposals, the cherry picking of desirable items and discarding of an integrated reform package has begun.

While there are pieces of the Governor's overall budget that we could quibble with, the League believes this is the best opportunity in years to truly reform Minnesota's fiscal system. The time is right to move on taxing and spending reform.

For decades, the League and others have studied the current taxing and spending system. A multitude of studies going back to the Latimer Tax Commission and the Ladd Report have recommended targeting state aid to local governments in a way that funds state mandates and fills the gap between need and capacity. If the state doesn't move quickly in this direction, a unique opportunity will be lost. For his part, the Governor will continue to be pivotal. Now that he has laid out a compelling blueprint, he needs to call on his considerable charisma and persuasive powers to push hard for the major reforms that are long overdue in Minnesota. MJ

Lyle Wray is executive director of the Citizens League.

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Publisher—Lyle Wray
Editor—Dana M. Schroeder
Contributing Editor—Ted Kolderie
Sketches—Ray Hanson

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not enough to knock these cities out of their spots among the wealthiest metro cities, in terms of tax base per capita. Bloomington, Golden Valley, Eden Prairie, Roseville, Shakopee, Minnetonka, Arden Hills and Edina are the top eight cities in terms of C/I tax base per capita before sharing, and remain the top eight cities after sharing, although they are re-ordered slightly.

While tax base sharing does not significantly alter which cities have a lot of tax base per capita and which cities do not, it does appear to be accomplishing its primary goal of reducing the disparities between cities. Prior to sharing, C/I tax base per capita ranges from $1056 in Bloomington to $68 in East Bethel — a ratio of 16 to 1. After sharing, the range is $806 in Bloomington to $165 in Mound — a ratio of 5 to 1.

In actual dollar terms, the top five contributors to the fiscal disparities pool were Minneapolis, Bloomington, Plymouth, St. Paul and Eden Prairie. The top five recipients were Minneapolis, St. Paul, Brooklyn Park, Coon Rapids, and Bloomington.

Fourteen cities saw their overall tax base increase by more than ten percent as a result of the fiscal disparities program. Leading the way were South St. Paul, with a 24.3 percent increase, followed by Columbia Heights (24%) North St. Paul (23.5%) and Robbinsdale (22.5%). St. Paul experienced a 14.9% increase in its overall tax base as a result of tax base sharing.

Sharing Tax Base, Not Revenue

It is important to remember that the fiscal disparities program shares tax base — not tax revenue. Sharing tax base increases individual communities' capacity to generate revenue. Without tax base sharing, communities with lower value tax bases are forced to impose a higher tax rate on their property owners in order to deliver a basic level of public services. Meanwhile, communities with higher value tax bases, which came to them, in part, as the result of regional decisions about infrastructure, can impose a lower tax rate and still raise the amount needed to provide those basic services. Furthermore, the communities with smaller tax bases and higher tax rates become less attractive to businesses looking to re-locate or expand, making it difficult for these communities to attract the commercial industrial property they need to grow their own tax base, and the cycle continues.

Tax Base Sharing on the Iron Range

The Twin Cities is not the only tax base sharing region in the state. Since 1995, the Iron Range has had its own tax base sharing program that provides for sharing 40 percent of the growth in C/I tax base. It includes the Range's taconite tax relief area, which consists of all of Lake and Cook Counties, much of St. Louis (excluding Duluth) and Itasca Counties and portions of Aitkin, Crow Wing and Koochiching Counties.

A lawsuit challenging the constitution-

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Current activity at the Legislature

Tax base sharing, also known as fiscal disparities, has generated considerable debate over the last quarter century and modifications are regularly proposed in the Legislature. So far, though, only two significant revisions to the program have actually been enacted. The Mall of America surcharge, enacted in 1986, allows the city of Bloomington to receive an additional allocation from the pool equal to the amount of interest paid on city bonds that were sold to finance highway improvements around the mall. The Livable Communities Fund surcharge, enacted in 1995, allows the Metropolitan Council to receive a special distribution from the fiscal disparities pool to finance the tax base revitalization account within the metropolitan livable communities fund.

This session, legislation to repeal the program has been introduced by Rep. Ann Lenczewski (DFL) and Sen. Dave Johnson (DFL). Both represent the city of Bloomington, which suffered a net loss of $22 million in this year's redistribution — more than any other metro city.

Instead of completely repealing the program, Senator William Belanger (R-Bloomington) has introduced a bill to cap each city's contribution to the area-wide pool at 15 percent of the city's total tax base. While admitting that he would like to do away with the program completely, Senator Belanger believes that capping the contribution stands a better chance of passage.

On the other side of the debate, Sen. Myron Orfield (DFL-Minneapolis) is interested in offering legislation to expand the program to the "collar counties" that surround the traditionally recognized 7-county metropolitan area. In return for joining the program, the counties would have to agree to comply with metropolitan area planning requirements. In the past, Orfield has also proposed expanding the program to include high-value residential property. MJ

National interest in tax base sharing

Over the years, Minnesota's fiscal disparities law has attracted national attention. Regional tax base sharing plans patterned after the Twin Cities have been discussed in a number of metropolitan areas, including Baltimore, Chicago, and Detroit.

Next to the Twin Cities, New Jersey's Meadowlands District is probably the most extensive regional tax base sharing program. Municipalities in the region contribute 40 percent of the growth in their property tax base over the base year of 1970 to a regional pool. Funds from the pool are then distributed according to the number of schoolchildren in each community and the amount of property the community has inside the Meadowlands District. The program has been praised for helping support a regional approach to land use planning that successfully protects marshlands in an area facing heavy development pressure.

While both the Twin Cities and Meadowlands programs provide for tax base sharing, several other regions have revenue sharing agreements designed to achieve fiscal balance and promote regional goals. For example, Montgomery County, Ohio operates a small, voluntary revenue sharing program as part of a regional economic development program. Participating municipalities are eligible to receive economic development grants in return for agreeing to share a portion of increased property and income tax revenues. While the program has been successful in promoting a regional approach to economic development, the revenue sharing element is largely symbolic and involves a very small portion of each community's revenue growth. MJ

Dave Chadwick is a Citizens League research associate. He can be reached at dchadwick@citizensleague.net

OnBalance

Views From Around the State

Searching for the forest among the trees of Minnesota's editorial writers

When it comes to the two biggest issues at the capitol, the Mankato Free Press (Feb. 6) reminds readers to "Keep tax reform, budget separate." "One deals with how we fund government in this state, the other deals with the specific levels of funding needed to keep things working. That said, the governor's spending proposals don't appear to meet the needs of Minnesota — especially in the area of education."

The Marshall Independent (Jan. 24) agrees, calling "Ventura's budget plan too harsh on higher education." "At a time of overflowing budget coffers, the state can't muster more for higher education? More and more you hear the call that the state needs to invest in education to fuel its economy — especially if the state is interested in meeting the needs of high technology businesses."

The Bemidji Pioneer (Feb. 2) also takes exception to the budget funding for education. "Minnesota and its citizens have long been proud of the state's higher education and its quality. But those bragging rights may soon be endangered under the proposed Ventura budget."

However, The St. Cloud Times (Jan. 25) believes "Gov. Jesse Ventura deserves praise for the basic principles upon which he founded much of his proposed $27.3 billion biennial budget. Listen to the people, not the lobbyists. Maintain modest but effective public services. Return extra money to the people. And don't be afraid to adjust tax structures amid a changing economy."

The Star Tribune (Jan. 24) says, "Much of the spending Ventura proposes would take Minnesota in the right direction. It reflects sound thinking about long-term care, children's health, urban growth, workforce development, transit, criminal justice and more. But too often his budget takes baby steps in advancing that sound thinking, when strong strides are needed to better position Minnesota in the new economy."

Overall, the Rochester Post Bulletin (Jan. 30) is "impressed with the governor's budget. It is creative, painstakingly researched, and, for the most part, makes good economic sense." But, it says, the "Ventura proposal should include more for education [and] infrastructure."

The Red Wing Republican Eagle (Jan. 25) says "Jesse Ventura the candidate campaigned on a promise to reduce the size and influence of government. Ventura the governor advanced a budget this week to make good on that pledge. The governor's budget can be challenged, to be sure. But the fact that his call for tight-fisted spending has prompted concerns from a variety of interests might be the strongest endorsement of all for his proposals. "

The Duluth News Tribune (Feb. 26) calls the governor's tax plan "bold, miserly." "Certainly Ventura and legislators have to be wary of taking on permanent new commitments that may not be sustainable when the current economic prosperity wanes. But the state also has to be wary that it does not miss opportunities to keep the prosperity going. Now is the time to lay the groundwork for the highly educated populace and innovative economy of the future."

The governor's budget and tax reform proposals are not the only ones circulating at the capitol, though. Once again the idea of state owned casinos has surfaced, and the Fergus Falls Daily Journal (Feb. 1) thinks it makes good economic sense for the state. "A state-run casino could result in the state realizing an annual benefit of more than $100 million in taxes. In addition, residents who frequent casinos would benefit as the state-run and Indian casinos competed against each other." "The millions of tax dollars collected could help deliver tax breaks in other areas, help with education funding, transportation funding and perhaps even the construction of other entertainment venues such as new stadiums."

However, The Pioneer Press (Jan. 31) sees "no broad public interest," to justify a state-run casino. "A new gambling emporium, presumably located in the heart of the metro area, could only increase the social costs of gambling. At a minimum, the state's involvement in gambling would deepen, along with its dependence on an exploitive source of revenue." "State government has ample sources of revenue. Lawmakers are pondering a range of substantive reform proposals to improve the fairness and efficiency of the tax system. Tapping more gambling loot would not serve that goal."

The Duluth New Tribune (Feb. 7) says, "We have more than enough gambling in Minnesota already. Whether state-run or private, we don't need an expansion of casino gambling. Let's stick to the policy of containment of gambling."

The Pioneer Press (Feb. 5) thinks the recently completed ramp meter study "offers illuminating information that already is contributing to better transportation decision-making." However, it also sees a caution for policymakers like Sen. Dick Day (R-Owatonna) in the results. "Anecdotal experience is a useful and legitimate way to identify potential problems, but it doesn't present a reliable route to solutions."

In "Ramp meters matter little," the Red Wing Republican Eagle (Feb. 5) says "The Legislature should now get down to the real business of figuring out how to handle the increasing numbers of motorists on Twin Cities highways." As for the ramp meter study, "Taxpayers must be asking themselves why it required $651,000 to produce answers that fail to address the root problems." MJ

Disparities *continued from page 4*

ality of the Iron Range program is currently in the appeals stage. In October a district court struck down the program, but the state is appealing and tax base sharing will continue in the meantime.

In 2001, the 188 communities participating in the Iron Range tax base sharing program will share a pool of C/I tax base valued at $1,181,123. The biggest net gainers are Virginia ($85,434), Hibbing ($66,676), Eveleth ($36,827), Chisholm ($26,221), and Aurora ($24,500). The biggest net losers are an unorganized portion of Lake County (-$66,266), Two Harbors (-$64,030), Ely (-$42,858), Grand Rapids (-$32,211) and Blackberry Township (-$27, 129). MJ

Kris Lyndon Wilson is a research associate with the Citizens League. She can be reached at klyndon@citizensleague.net Steve Hinze of the Minnesota House of Representatives Research Department supplied the data for this analysis.

2001 Tax Base Sharing at a Glance

Top 5 Net Gainers
- St. Paul ($27,150,777)
- Cottage Grove ($3, 364,307)
- Coon Rapids ($3,123,898)
- South St. Paul ($2,953,218)
- Richfield ($2,563,798)

Top 5 Net Losers
- Bloomington (-$21,890,542)
- Eden Prairie (-$11,308,403)
- Plymouth (-$10,883,881)
- Minnetonka (-$10,705, 376)
- Edina (-$7,375,202)

C-I Tax Base Per Capita

Top 5 Cities Before Tax Base Sharing
- Bloomington ($1,056)
- Golden Valley ($886)
- Eden Prairie ($846)
- Roseville ($829)
- Shakopee ($828)

Bottom 5 Cities Before Tax Base Sharing
- East Bethel ($68)
- Mound ($79)
- Andover ($81)
- Prior Lake ($100)
- Robbinsdale ($130)

Top 5 Cities After Tax Base Sharing
- Bloomington ($806)
- Golden Valley ($774)
- Shakopee ($713)
- Roseville ($685)
- Arden Hills ($659)

Bottom 5 Cities After Tax Base Sharing
- Mound ($165)
- Prior Lake ($167)
- Andover ($176)
- East Bethel ($186)
- Lino Lakes ($218)

All rankings and comparisons are of participating cities with populations of at least 9,000.

2001 Twin Cities Tax-Base Sharing by Counties

County	1999 Population#	Total* Tax Base before fiscal disparities	C-I** Tax Base before fiscal disparities	Fiscal disparities contribution	Fiscal disparities distribution	Net Gain or (Loss) of Tax Base due to Sharing***	Net Gain or (Loss) of tax base per capita due to sharing	% chng. in total tax base due to sharing	% chng. in C-I tax base due to sharing
Anoka	297,776	$229,841,845	$74,418,999	$23,605,040	$42,628,483	$19,023,443	$64	8.3%	25.6%
Carver	66,168	$69,314,498	$18,966,756	$5,007,612	$7,080,774	$2,073,162	$31	3.0%	10.9%
Dakota	347,245	$356,821,784	$121,262,386	$39,804,932	$40,914,018	$1,109,086	$3	0.3%	0.9%
Hennepin	1,089,024	$1,386,960,705	$624,808,118	$178,340,530	$121,531,995	($56,808,535)	($52)	-4.1%	-9.1%
Ramsey	497,919	$420,572,931	$181,104,070	$46,120,458	$71,088,661	$24,968,203	$50	5.9%	13.8%
Scott	81,534	$83,406,354	$23,055,412	$6,537,701	$8,303,393	$1,765,692	$22	2.1%	7.7%
Washington	198,606	$198,215,818	$50,357,954	$14,796,167	$22,665,098	$7,868,931	$40	4.0%	15.6%
7-County Total	2,578,272	$2,745,133,935	$1,093,973,695	$314,212,440	$314,212,422	($18)	($0)	0.0%	0.0%

\# Population figures are Metropolitan Council estimates for 1999.

* A county's net tax capacity is its total tax base for taxes payable in 2001, before adjustment for fiscal disparities. This figure includes value in tax-increment finance districts, even though that value is "captured" to pay off costs related to economic development or other projects.

**Commercial-industrial net tax capacity, or tax base, for taxes payable in 2001. This figure includes value in tax-increment finance districts.

***The net gain or loss is the difference between the amount of tax base a community contributes to the tax-base sharing pool and the amount it receives back from the pool. The seven-county total does not add to zero because of rounding.

SOURCES: MINNESOTA HOUSE RESEARCH DEPARTMENT, MINNESOTA DEPARTMENT OF REVENUE

2001 Twin Cities Tax-Base Sharing for Cities with populations above 9,000

CITY	Total Tax Base Before Sharing	C/I Tax Base Before Sharing	Net Gain or (Loss) Due to Sharing	% Change in Total Tax Base Due to Sharing	% Change in C/I Tax Base Due to Sharing	C/I Tax Base per capita Before Sharing	C/I Tax Base per capita After Sharing
ANOKA COUNTY							
Andover	$18,987,435	$1,976,064	$2,309,390	12.2	116.9	$81	$176
Anoka	$13,740,288	$5,758,531	$1,304,816	9.5	22.7	$317	$389
Blaine	$36,586,037	$15,281,265	$1,768,538	4.8	11.6	$331	$369
Columbia Hts.	$10,484,142	$2,810,001	$2,512,062	24.0	89.4	$150	$284
Coon Rapids	$48,192,092	$18,627,318	$3,123,898	6.5	16.8	$298	$348
East Bethel	$6,357,381	$707,998	$1,231,990	19.4	174.0	$68	$186
Fridley	$29,851,680	$16,618,966	($1,091,445)	(3.7)	(6.6)	$581	$542
Ham Lake	$10,471,665	$2,012,525	$817,864	7.8	40.6	$161	$226
Lino Lakes	$13,046,216	$2,270,839	$1,157,163	8.9	51.0	$144	$218
Ramsey	$15,298,509	$4,096,048	$1,119,635	7.3	27.3	$217	$277
CARVER COUNTY							
Chanhassen	$27,415,430	$8,338,189	$53,154	0.2	0.6	$444	$447
Chaska	$18,012,458	$8,223,742	($1,046,849)	(5.8)	(12.7)	$520	$454
DAKOTA COUNTY							
Apple Valley	$40,533,771	$8,835,873	$2,341,498	5.8	26.5	$197	$249
Burnsville	$69,460,617	$31,734,829	($3,953,712)	(5.7)	(12.5)	$535	$468
Eagan	$81,068,231	$35,794,946	($6,072,291)	(7.5)	(17.0)	$586	$486
Farmington	$8,503,778	$1,682,596	$1,024,914	12.1	60.9	$150	$241
Hastings	$12,383,718	$3,331,453	$1,830,936	14.8	55.0	$185	$286
Inver Grove Hts	$27,239,769	$8,198,453	$872,884	3.2	10.6	$270	$299
Lakeville	$38,383,765	$8,868,522	$1,672,596	4.4	18.9	$220	$261
Mendota Hts	$18,827,173	$6,770,619	($1,567,075)	(8.3)	(23.1)	$657	$505
Rosemount	$14,601,548	$5,606,050	($170,005)	(1.2)	(3.0)	$414	$401
South St. Paul	$12,162,487	$3,621,935	$2,953,218	24.3	81.5	$179	$326
West St. Paul	$15,467,910	$4,713,263	$1,434,835	9.3	30.4	$240	$313
HENNEPIN COUNTY							
Bloomington	$154,942,895	$92,392,800	($21,890,542)	(14.1)	(23.7)	$1,056	$806
Brooklyn Centr	$23,525,901	$12,352,005	$746,438	3.2	6.0	$432	$458
Brooklyn Park	$52,900,542	$21,326,555	$2,157,723	4.1	10.1	$327	$361
Champlin	$14,932,495	$2,831,249	$1,938,568	13.0	68.5	$135	$227
Crystal	$14,679,498	$3,786,971	$2,515,906	17.1	66.4	$160	$266
Eden Prairie	$100,435,188	$43,939,396	($11,308,403)	(11.3)	(25.7)	$846	$629
Edina	$99,868,298	$36,886,165	($7,375,202)	(7.4)	(20.0)	$780	$624
Golden Valley	$35,486,088	$18,633,817	($2,349,609)	(6.6)	(12.6)	$886	$774
Hopkins	$17,827,089	$7,840,674	$431,911	2.4	5.5	$460	$485
Maple Grove	$58,660,419	$21,312,107	($1,628,640)	(2.8)	(7.6)	$431	$398
Minneapolis	$362,983,994	$192,829,478	($481,984)	(0.1)	(0.2)	$538	$536
Minnetonka	$96,710,545	$43,863,198	($10,705,376)	(11.1)	(24.4)	$821	$620
Mound	$8,114,518	$775,185	$848,644	10.5	109.5	$79	$165
New Hope	$18,851,506	$8,201,951	$414,093	2.2	5.0	$379	$398
Plymouth	$104,771,702	$46,481,058	($10,883,881)	(10.4)	(23.4)	$723	$553
Richfield	$26,733,364	$8,660,284	$2,563,798	9.6	29.6	$253	$327
Robbinsdale	$8,307,329	$1,831,502	$1,868,364	22.5	102.0	$130	$263
St. Louis Park	$56,386,138	$26,575,976	($2,237,020)	(4.0)	(8.4)	$601	$550
RAMSEY COUNTY							
Arden Hills	$13,630,720	$7,732,286	($1,363,376)	(10.0)	(17.6)	$800	$659
Little Canada	$8,212,488	$3,245,069	$279,310	3.4	8.6	$333	$362
Maplewood	$42,184,044	$23,431,238	($2,856,242)	(6.8)	(12.2)	$655	$575
Mounds View	$8,495,955	$3,319,894	$1,092,868	12.9	32.9	$256	$341
New Brighton	$18,749,241	$5,813,287	$1,104,007	5.9	19.0	$254	$302
North St. Paul	$7,125,190	$1,669,887	$1,675,108	23.5	100.3	$130	$261
Roseville	$50,318,286	$28,644,416	($4,969,197)	(9.9)	(17.3)	$829	$685
Shoreview	$25,296,196	$6,039,135	$870,823	3.4	14.4	$228	$260
St. Paul	$181,951,447	$81,518,334	$27,150,777	14.9	33.3	$305	$407
Vadnais Heights	$14,862,308	$6,362,063	($536,967)	(3.6)	(8.4)	$472	$432
White Bear Lake	$20,214,831	$6,230,989	$1,629,075	8.1	26.1	$234	$295
White Bear twp	$11,022,139	$2,775,255	$197,541	1.8	7.1	$251	$269
SCOTT COUNTY							
Prior Lake	$13,670,504	$1,504,469	$1,023,324	7.5	68.0	$100	$167
Savage	$18,239,673	$3,719,761	$769,985	4.2	20.7	$206	$248
Shakopee	$26,072,324	$14,280,514	($1,977,722)	(7.6)	(13.8)	$828	$713
WASHINGTON COUNTY							
Cottage Grove	$19,514,354	$4,212,682	$3,364,307	17.2	79.9	$135	$243
Oakdale	$20,814,138	$6,909,946	$1,238,012	5.9	17.9	$262	$309
Stillwater	$14,708,996	$4,682,586	$203,464	1.4	4.3	$289	$302
Woodbury	$54,698,325	$16,019,544	($788,971)	(1.4)	(4.9)	$378	$360

TakeNote Policy Tidbits

Another foray into the obscure in pursuit of the immaterial.

The recent ramp meter study had a lot of useful data about the effects of the meters for the entire system. And it seems clear that on average the system is aided by the meters. But unfortunately there was little information about how the meters affect trip lengths in various parts of the system. For instance, while overall travel times increased, along with congestion for the entire system, when the meters were off, the trip from Minneapolis to St. Paul generally took less time. For this observer it seems the chief beneficiaries of the ramp meters are those entering the system from its outer points and traveling longer distances. For short hauls within the belt-line the extra time on the road as a result of the meters being off pales in comparison to the 15-minute ramp wait when the meters are on. This certainly raises questions for smart growth advocates. Do we want to make it easier for people to commute in from farther out, while making it more difficult for those living in the denser inner ring areas? —*Phil Jenni.*

A glance through the list of 918 organizations that gave $100,000 or more in "soft money" during the 2000 election cycle reveals some pretty strange bedfellows (For the complete list see the Center for Responsive Politics at www.opensecrets.org). Here are a few pairs of donors with roughly equal giving levels:

▲ Slim-Fast Foods ($1.36 million, all but $20,000 to Democrats) and the National Rifle Association ($1.38 million, all to Republicans);

▲ Blue Cross /Blue Shield ($1.03 million, just over $800,000 of it to Republicans) and the International Brotherhood of Electrical Workers ($1.01 million, all to Democrats);

▲ Gap, Inc. ($184,000, $132,000 of it to Republicans) and employees of the U.S. State Department ($184,000, all to Democrats);

▲ Martha Stewart Living Omnimedia ($112,000, all to Democrats) and the Teamsters Union ($112,000, with $10,800 actually going to Republicans).

Campaign-finance reformers say these soft money contributions buy influence in Washington. But in a contest between Martha and the Teamsters, can anybody say who would win? —*Janet Dudrow.*

The Purina pet food company recently surveyed 2001 dog and cat owners across the US. Questions to dog owners included everything from whether they have trained their dog to whether they hug their dog (95 percent said yes). A 1999 survey of dog owners who use Ramsey County's off-leash site at Battle Creek provides an interesting comparison. For instance, fewer than 20 percent of Purina respondents have taken their dogs to obedience training, while more than 50 percent of Battle Creek respondents have taken their dogs to training. Sixty-six percent of Purina respondents have spayed or neutered their pet compared with 88 percent of Battle Creek respondents. So it seems that, like the children in Lake Wobegon, the dogs in Ramsey County are all above average. —*P.J.*

Invariably on television cold temperature is described as "bad weather" and the temperature warming up is described as "better weather." Which is maybe understandable, since most of the TV people don't come from here. In Minnesota, though, cold temperatures mean sun and blue sky and dry roads and usable snow. "Warming up" means clouds and gray and dirt all over the streets and wet snow you don't want to go out in. At 33 degrees the raw cold can even seem worse.

What we need is an alternate weather map. Minnesota's reputation gets killed by the conventional maps where the colors show temperatures. We need a map where the purple means cold rain and mud and clouds and ice breaking the trees and thousands of people without electric power. That'd put the Ohio Valley into perspective: say, Kansas City to Pittsburgh (which has the highest number of freeze/thaw cycles of any major city in America). Can you do that, Dave?—*Ted Kolderie.*

There's a ton of interesting information coming out of the 2000 census. St. Louis County, which includes Duluth, most of the Iron Range and the boundary waters, is the largest county in Minnesota. It is farther from Duluth to the northwestern-most corner of the county than it is from Duluth to St. Paul. St. Louis County has a population of 193,433 for an average density of 31 people per square mile. At Hennepin County's density (1,912 per square mile), it would hold nearly 12 million people, more than all the people in Wisconsin, Minnesota and the Dakota's combined. At New York County's density (an astonishing 54,642 people per square mile), St. Louis County would accommodate more than all the people in the United States and Canada combined! —*P.J.*

In the late '70s Kansas City broke the pattern of multi-purpose stadiums, building separate facilities for professional football and professional baseball, side by side.

Now look: Single-purpose stadiums, often co-located, are popping up across the country. In Seattle a new stadium for the Seahawks is going up right next to Safeco Field where the Mariners play baseball. Denver, where the baseball team now has its own Coors Field, is building a new stadium for the Broncos. In Pittsburgh a new football stadium for the Steelers, replacing the 1970s Three Rivers stadium, is under construction right next to the new stadium for the Pirates.—*T.K.*

"Take Note" contributors include Minnesota Journal *and Citizens League staff members and Janet Dudrow, policy analyst at Dorsey & Whitney.*

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

PERIODICALS
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MINNESOTA

CITIZENS LEAGUE matters

NEWS FOR CITIZENS LEAGUE MEMBERS February 20, 2001

Thirty years of tax-base sharing in the Twin Cities

Landmark law passed in 1971, three years after League report

This year marks the 30th anniversary of the passage by the Minnesota Legislature of the landmark fiscal disparities law. As noted in the articles in this month's *Minnesota Journal*, the idea for the law was generated in 1967 by a Citizens League study committee.

The committee, which produced the report "Breaking the Tyranny of the Local Property Tax" was chaired by Minneapolis attorney Earl F. Colborn, Jr. with Citizens League research director Paul Gilje playing the key staff role.

The 29 members of the committee met 39 times, beginning in March of 1968 and ending in March of the following year. Most of the meetings were three-hour evening meetings.

As usual the committee met with many local resource guests, but it also had the good fortune of hearing from several national experts including the senior economist at the Federal Reserve in Chicago and several economic professors from around the country.

Through the years the League has kept a close eye on the fiscal disparities program. We've produced the survey which is included in this issue of the *Journal* annually since 1975. We field calls from people across the country who are interested in how it works and various members of the League staff have spoken at national conferences on fiscal disparities issues.

After 30 years the law still works and remains one of the League's signature accomplishments.

Fifty years of improving lives through community living

On February 7 Citizens League Executive Director Lyle Wray and Colleen Wieck of the Council on Developmental Disabilities presided over a special event celebrating the start of the first year in which no Minnesotans are in institutions because of developmental disabilities.

Public policy change often comes painfully slow, and that's especially true with this issue. In 1948 reporter Geri Joseph, with the approval of Governor Luther Youngdahl, did a ten part series on the deplorable conditions of Minnesota's mental institutions.

Parent activists, led by Reuben Lindl (who passed away this month at the age of 96), began a campaign for better treatment of people with developmental disabilities. While conditions improved, overcrowding continued to be a problem. In 1961 there were more than 6,000 people with developmental disabilities in state hospitals and a waiting list of 900.

In 1972 Richard Welsch, the father of a young girl at a state hospital, filed a suit alleging that conditions didn't meet the constitutional standards of due process. Judge Earl Larson agreed, which gave needed impetus to community placements. In 1980 the Welsch Consent Decree was signed with the goal of reducing the total population of state hospitals to 1,850 by 1987. A youthful Lyle Wray was appointed court monitor.

The Citizens League added its voice to de-institutionalization in 1982. A committee, chaired by Emily Anne Staples, met for nearly a year and a half and found that Minnesota had over-built and over-relied on state hospitals and had not developed an adequate system of community support. One of the resource speakers for the committee was Lyle Wray who was then for the Welsch Consent Decree. It was Wray's first contact with the Citizens League.

In July 2000 the last resident with developmental disabilities left the Fergus Falls Regional Treatment Center.

At the celebration the League was awarded a plaque that reads:

Let Freedom Ring
In recognition of your efforts in creating community living for all Minnesotans with developmental disabilities
February 7, 2001
Citizens League

Welcome
New and returning members

Kathy Bonnifield
Valerie Butler
Jennifer Godinez
Cameron MacKay
John W. Mercer
Chia Youyee Vang

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. Please call 612-338-0791 for more information.

Happy Birthday to...us!

February 14 marks the 49th anniversary of the formal beginning of the Citizens League. On Valentines Day, 1952, more than 250 people gathered at the North American Life building on Hennepin Avenue. The group, presided over by Leonard Ramberg, adopted by-laws and articles of incorporation and elected a Board of Directors with Stuart Leck as the first president. Nearly 150 of those present joined the new organization.

Mind-Opener Policy Forums

From in-line to on-line: e-government in Minnesota

12 noon—1:30 p.m.

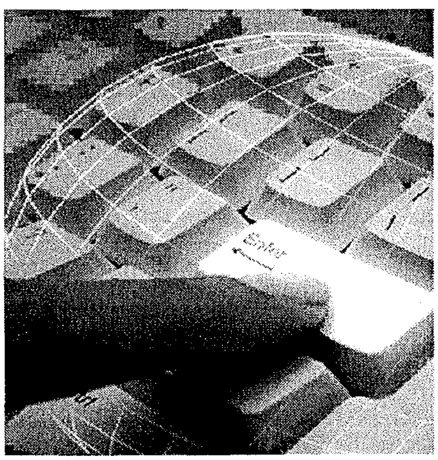
University Club of St. Paul
Cost: $15 for members

Thursday, February 22
Norm Coleman, *Mayor*
City of St. Paul

Thursday, March 1
Steve Clift, *internet consultant*
Publicus.Net

Thursday, March 8
David Fisher, *Commissioner*
Minnesota Dept. of Administration

The explosion of information technology that has reshaped our economy also holds great potential to improve how citizens interact with government. Many governments are already using the Internet to inform citizens, provide access to services, and conduct some financial transactions.



How can we expect technology and government to interact in the years ahead? What steps should governments take to maximize the opportunity that technology holds to improve government services and citizen participation? How should we address issues of the "digital divide" to ensure that all citizens can take advantage of improved government services?

The next series of Mind Opener meetings will hear from three respected leaders in the burgeoning field of e-government.

All meetings in this series are lunches from 12:00 – 1:30 p.m. at the University Club, 420 Summit Avenue, St. Paul.

Board groups gear up for spring

At its retreat last fall the League Board of Directors approved several short-term subcommittees to examine specific issues related to the League's agenda. The subcommittees have been assembled and are beginning their work this month. If you have any questions about these projects, please call the League office at 612-338-0791 or email info@citizensleague.net.

Program Selection

Wednesday, February 21, 2001
11:30 – 1:30
Room 170, Humphrey Center
University of Minnesota

This committee, co-chaired by Barb Sporlein and Bill Diaz, will recommend several study committee topics for the next League project. The Board of Directors will select the next study at its meeting on March 20, 2001.

Technology Enhancement

Tuesday, February 27, 2001
7:30 – 8:30 a.m.
Citizens League Office
708 South 3rd Street, Suite 500

This committee, co-chaired by Laurel Feddema and Sean Kershaw will examine cost-effective ways for the League to use technology to expand the reach of its work.

Network Inventory

Friday, March 9, 2001
8:00 – 9:30 a.m.
Louisiana Café
Selby and Dale, St. Paul

Missy Thompson will lead this effort to develop a Board contact network for broadening our access to resources, ideas, leverage, etc.

Legislative Affairs

Every other Friday (next mtg. March 2, 2001)
8:00 – 9:30 a.m.
Louisiana Café
Selby and Dale, St. Paul

The Legislative Affairs Committee, co-chaired by Buzz Cummins and Pam Neary, will occasionally invite legislators and executive branch officials for their take on issues and help implement the strategic goals as identified by the Board. The committee began on January 19 and will continue to meet every other Friday morning at 8:00.

The awards just keep on coming

Executive Director Lyle Wray represented the League at a Capitol ceremony acknowledging the League's role in the development of Minnesota's charter school laws which was awarded an Innovation in Government Award by the Ford Foundation and the Kennedy School of Government at Harvard.