MINNESOTA Journal

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# Getting online government back on track

## How Minnesota can capture savings and improve customer service

Providing citizens with efficient, effective and responsive public services is not a new challenge. Each new administration has appropriately pledged to further these objectives, as has the Pawlenty Administration. Given the state's looming $5 billion deficit, there is no better time for reform.

While budget crises usually prompt cutbacks in investments, this is precisely the time that Minnesota needs to make an aggressive push into electronic government or e-government services. By tapping advanced information, computing and telecommunications technologies, the state can provide citizens and businesses with faster, better and cheaper services. A true win-win opportunity exists.

### Where Minnesota needs to go, and how it can get there

In the fall of 2002, a Citizens League study committee was charged with the task of developing "an e-government framework for better public services in Minnesota."

One core question the committee sought to answer was, what kind of policy and financing framework does the state of Minnesota need for using the Internet and related technologies to move ahead more rapidly in improving public services and producing savings?

This study committee report suggests a blueprint for how Minnesota can regain and retain its leadership in web-based services. The action items are designed to:

- ▲ Increase convenience and access for the state's multiple customers, and capture savings through greater efficiency;
- ▲ Ingrain a web-centric culture so that e-government is appropriately viewed as a strategic resource, rather than an expense; and
- ▲ Move Minnesota back into the top 10 in state rankings on e-government, and insure it retains that position through continuous improvement.

Just five years ago, Minnesota was ranked among the top 10 states in the country for its technology efforts. In one recent survey, the state had slipped to 37th in the overall quality and depth of its web services. Although some progress has been made, other states have far outpaced these limited efforts. In order for Minnesota to regain its standing as a leader in citizen-focused web technology, the following four steps are necessary:

### Provide Sustained Leadership

The single most important ingredient for success is leadership throughout the state government. Sustained support from the Governor and Legislature is essential to instill web-based technologies as a core cultural value. State and local governments must understand and accept this goal, and continuous support and funding must be provided as an unalterable priority.

▲ **Designate web-based technology as one of the Governor's top three priorities.** States that consistently rank in the top five for electronic government services all benefit from strong leadership from their top executive. Governor Pawlenty should set as a goal that Minnesota be ranked among the top 10 states in e-government by 2005, midway through his term. In addition, annual goals should challenge state government to continually increase the percentage of transactions conducted online.

▲ **Provide statewide leadership in web-based technologies.** The state must also provide the necessary leadership to promote e-government

*e-Government continued on page 2*

INSIDE



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throughout Minnesota. State government should provide incentives, define common standards and set the example for local governments, rather than hinder their progress through inaction or legal and procedural barriers. Local agency cross-jurisdictional cooperation should also be encouraged. Citizens care about the service they receive, not about which government agency is responsible for delivering it.

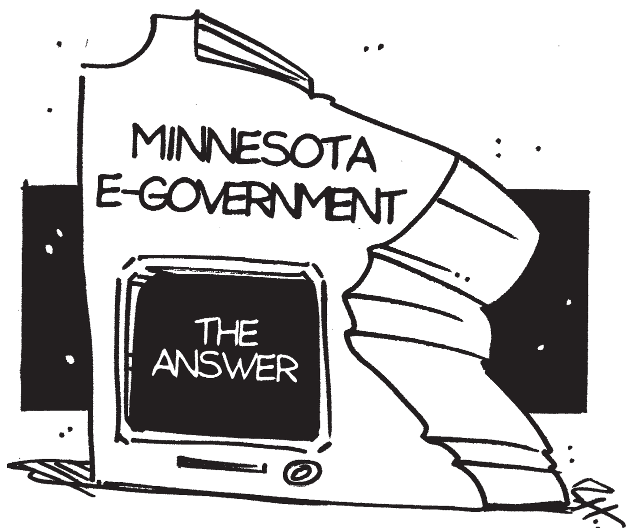
▲ **Have the Chief Information Officer (CIO) report directly to the Governor.** The Commissioner of Administration currently serves as the CIO for the state, and this model is not conducive to progress. With no authority over other agencies, it is difficult for the CIO to implement innovative electronic government services throughout the executive branch. An independent CIO reporting directly to the governor should have central budgetary authority over all state technology investments. The Department of Administration should focus on internal administrative operations and provide support for the necessary reforms.

▲ **Establish a joint legislative technology committee.** Technology is currently an afterthought in the legislative process. A joint committee would facilitate review and speed the implementation of e-government by providing a common forum for the legislative, executive and judicial branches of government to work together.

### Capture Cost Savings

There are multiple benefits associated with supplying government services electronically. The Minnesota Department of Motor Vehicles and University of Minnesota are two stellar success stories that should be emulated. Transactional costs were reduced, access to services was vastly improved, and staff was redeployed to deal with higher value customer services rather than paperwork.

▲ **Make high volume, high cost services a priority.** To focus its efforts, the state should immediately identify cost savings opportunities that can be either captured or redeployed. Transactions that are either high volume or high cost (licensing, registration and tax services) offer the greatest opportunity to reduce costs by either automating high volume transactions or decreasing the expense of high cost transactions. In addition, citizens and businesses would be allowed to work and interact with government more efficiently and at their own convenience. This lowers their costs, improves customer service and supports business development.




FASTER, BETTER AND CHEAPER.

▲ **Migrate as many transactions as possible to the web.** The key to capturing cost savings is the reduction of hands-on paper processing. "Channel incentives" should be provided to increase the level of customer self-service, and thereby reduce end-to-end transaction costs. Although access and digital divide issues need to be considered, parallel web and paper systems need to be eliminated to reduce the last-dollar costs of manual transactions. The state should require government-to-government and government-to-vendor transactions be completed electronically in order to compel savings and encourage web service deployment. As an example of the potential, an estimated 95 percent of all banking transactions are now online, compared with only four percent of state government transactions.

### Emphasize Customer Service

State efforts must be refocused on end-user customers, rather than on internal operations. As one telling example of the need for cultural change, some state agency web-based transactions assess a "convenience" charge, even though they save on operating costs. This philosophy must be reversed.

▲ **Restructure the state website to be more customer-focused.** The Northstar website should be reorganized by three interaction categories: citizen-to-government, business-to-government, and government-to-government. Customers should be able to move seamlessly, without "digging" through multiple web pages to find the correct service. Although some changes were recently made, Minnesota's revised website is still far behind other states. As examples, the "My California" website allows citizens to customize the website to meet their specific needs. Many states, such as Alabama, offer multiple language options.

▲ **Make Northstar a true government portal.** Minnesota's website should serve as a comprehensive government services portal by offering integrated links to local, state and federal agencies.

Northstar should be the link for citizens to interact with their "government," not separate agencies. Large portals offer greater transaction cost savings, improve citizen access and satisfaction, and allow more unification of legacy systems. These benefits greatly outweigh the significant upfront costs often associated with large portal development.

▲ **Market Northstar to increase usage.** In order to be successful, citizens and businesses need to be educated about the capabilities and advantages of web-based services. Marketing, like that used for ISEEK, can increase web-enabled transaction volume, and thereby decrease total agency operating costs. As one example, Pennsylvania creatively printed their state's web portal address on all vehicle license plates. This inexpensive and highly effective marketing strategy promoted the web portal and elevated public awareness

*e-Government continued on page 6*

# Viewpoint

## Invest in web-enabled government despite difficult financial times

*by Lyle Wray*

With a backdrop of massive state budget deficits, this may seem to be a very poor time for new investments in electronic government services, but it is actually a good time to move forward. e-Government services can save tax dollars while providing more efficient and convenient service delivery.

Consider the story of the airline industry, which is making the switch from paper to electronic ticketing. The cost of a paper ticket: $8.50. The cost of an online ticket: 25 cents. In Minnesota, only four percent of government transactions are currently handled online. We need to do better.

The Citizens League report, "Getting Online Government Back on Track: How Minnesota Can Capture Savings and Improve Customer Service," released Feb. 7, recommends steps the state can take to move ahead on web-enabled government, even in difficult financial times.

The first step is for Gov. Tim Pawlenty to provide strong leadership. Most states that have moved aggressively in this area have had a major push from the top to initiate and sustain momentum. On the state's webpage, Utah Gov. Mike Leavitt states that electronic government service is one of his top core goals. Former Gov. Tom Ridge of Pennsylvania pushed his state forward on electronic government services, and even had the address of the state website printed on every state vehicle license plate.

A second key step is to develop a "hit list" of opportunities for immediate implementation. The federal government developed a list of two dozen major opportunities in electronic government services and then went ahead and found the funds to make them happen. (The federal government's entire *E-Government Strategy* report is available at www.whitehouse.gov/omb/inforeg/egovstrategy.pdf.) We need this kind of aggressive approach in Minnesota. In order to properly develop a similar approach, it might be useful for the Governor or the commissioner of administration to have a small outside panel spend six weeks coming up with a list of opportunities for Minnesota. Once the list is developed, the Governor needs to lead the initiative and support the implementation of the changes.

One stop shopping makes as much sense on the web as it does in general. Bigger web portals with many functions on one site have been shown to save more money than smaller ones, and can reduce the cost of marketing the site by up to 60 percent. We should not have separate and costly marketing programs for 511.com competing with two or three other electronic government services programs for road conditions. As a third important step, Minnesota needs a larger and enhanced state Northstar web portal-and needs to market it on every letterhead and piece of state paper.

Given the state's financial situation, a fourth ingredient will be finding new ways to finance web-enabled government. To begin with, it might be necessary to change state law to allow capital bond funds to be used for web portal development. Portals have a large front-end cost and should not be expensed in a single year. The front-end expense should not be allowed to stand as a "killer factor" for large portal development that can save the state a great deal of money.

In addition, the state should undertake an aggressive review of funding models, such as private-public partnerships, to pay the cost of automating tasks where business would benefit from a streamlined interaction with government. Having a franchise operator manage transactions, as is done in Arizona's driver services, for example, might address the challenge of high front-end costs.

A fifth and final key ingredient is to move from thinking of web-enabled services and the information technology infrastructure to support them as expenses to thinking of them as strategic investments that need to be made, even in difficult times.

Minnesota does have some good success stories in web-enabled government services. This year will mark the first time in the state's history that more than half of Minnesota income tax payers will file online. State purchasing online with reverse auctions has been a success. Department of Natural Resources' permits and Department of Public Safety's driver services are other positive improvements. Yet our ranking of 20 in one report and 37 among states in another suggests that Minnesota needs to act now to get back in the game to provide lower cost and more convenient public services. Web-enabled government services can be one tool to help that come about. **MJ**

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# OnBalance

## Views From Around the State

*The size of the budget deficit makes other problems seem small by comparison*

The **Duluth News Tribune 1/22** expressed concern over the debate on the size of the state's budget reserve. "Pawlenty's leadership in prodding the Legislature is admirable and needed. It will not be easy to compromise and come to agreement on where cuts can be made, but surely they can forge agreement on how large a budget reserve is needed for the remainder of this fiscal year. Holding back $136 million in these difficult times seems like too much, although it's all a guessing game. On the other hand, $28 million seems somewhat paltry."

Should our leaders be mindful of the vulnerable as they cut spending? The **Rochester Post-Bulletin 1/16** thinks so. "It is also an opportunity—if it is not done with extreme care—to inflict serious pain on the old, on children, on the sick and the poor. That is because a large part of state spending affects health care, long-term care and other services that affect vulnerable people. Pawlenty has proceeded creditably thus far, and we believe he intends to be as even-handed as possible. We hope that he and legislators of both parties will continue in that mode as they address one of the most serious budget deficits in the state's history."

The **Bemidji Pioneer 1/22** stressed the need for quick and creative action to help resolve the budget crisis. "With only a few weeks to find hundreds of millions of dollars, lawmakers need to do what they can to shift and cut, and then settle down to the real work-crafting a real two-year budget plan that offers reform of state government spending. Even then, lawmakers have only a few months to work on that but that process will need the full participation of the public. That process will not only stop new programs before they even start, it will end many programs now a part of state spending."

The **Fergus Falls Daily Journal 1/15** thinks lawmakers and the governor need to cut spending and raise taxes to insure the state's quality of life doesn't decline. "...the impact of just the initial cuts should demonstrate that erasing the $4.6 billion deficit will be devastating unless Pawlenty and the Legislature mixes tax increases with spending cuts. There's no question that, in comparison to others, Minnesota is a highly taxed state, and that the Legislature probably is spending state funds now that could be saved. But if you compare Minnesota to others in the quality of roads, parks, schools, human services, health care and other services which rely on state funding, we also are getting what we pay for. Let's make sure we keep the quality of life our state provides, which is due in great part to the services our state offers."

The **Mesabi Daily News 1/16** urged the Governor to join the ranks of Minnesotans who must compromise and sacrifice in order to fix the budget. "Gov. Tim Pawlenty has told all Minnesotans that we must share the pain of a multi-billion-dollar budget deficit. And he is right to point out that shared sacrifice will be needed. But the governor should also realize that shared sacrifice may have to include some compromise on his campaign promise of no tax increases."

Eliminating ethanol subsidies is not the way to go, argues the **Mankato Free Press 1/17**. "Ethanol cooperatives stand as a good example of home-grown, grass roots businesses that succeed. State ethanol subsidies end after a plant has received them for 10 years. Some ethanol plants only have a few years left, but all have probably based their business plans on getting the subsidies. They're needed now to help these cooperatives establish themselves for the future. Cutting all ethanol subsidies will hurt rural Minnesota and increase the cost of clean air."

"If the governor and his administration want credibility on the budget-cutting plan, if they want statewide support for the difficult decisions it includes, they should not single out industries just because they're unhappy with them," writes the **Marshall Independent 1/16**, criticizing Governor Pawlenty's plan to dramatically decrease the ethanol subsidy. "In this case, as other area lawmakers complained Tuesday, it also makes it look as if Pawlenty is targeting rural Minnesota unfairly. How can the governor say he supports rural economic growth if a leading rural industry is expected to suffer..."

"Any change in LGA [Local Government Aid] should be incremental in implementation to help facilitate a new tax policy change," cautions the **West Central Tribune 1/21**. "Any significant drop in LGA to those cities utilizing the aid will likely result in a major jump in city property taxes or a drastic cut in services provided. Many cities in rural Minnesota are already facing higher property taxes from changing school financing and declining student enrollments. These cities and their economies are ill-prepared to assume additional increases in property taxes."

Creativity may be the answer to solving the budget shortfall. The **Red Wing Republican Eagle 1/17** argues it has worked for their community. "Governments have taken some measures to tighten their belts. The city of Red Wing went through a formal examination of services a few years ago. One of the results was that city crews no longer pick up Christmas trees, and the Lions Club has stepped forward to dispose of them at a nominal fee. We're not so naïve to believe that some government services will not be greatly reduced or eliminated altogether. But government cannot be all things to all people. It's contradictory for people to demand that government maintain existing programs and to demand that their taxes be reduced." **MJ**

# Fiscal disparities pool rebounds some in 2003 after tax reform

by *Scott McMahon*

After a dramatic decrease in the fiscal disparities pool in 2002, the result of property tax reform in 2001, the pool is starting to "fill up" again. Property taxes have increased over the past year, as has size of the pool available for fiscal disparities redistribution. The pool increased from $214,269,279 last year to $231,716,099 in 2003, but still remains well below the pre-2001 tax reform high-water mark. The pool is redistributed each year among the 187 participating communities in the seven-county metropolitan area in an effort to reduce the disparities in commercial/industrial (C/I) tax base between those 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 metropolitan 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 capacity, otherwise known as "fiscal capacity," is greater than the metro average, it will receive less from the pool than it contributed. 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, 48 communities received less from the pool than they contributed, while 135 received more than they contributed. Four communities did not contribute or receive; these communities are precluded from participation.

The tax base contributed to 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 that community. 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 would otherwise.

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 generates less base but serve regional purposes, such as parks and nature preserves or affordable housing.

## 2003 net gainers and net contributors

All metropolitan communities contribute to and receive from the pool. The net difference between the contribution and the distribution results in a net gain when the community receives more than they contribute, or a net loss when there is a greater contribution than is received.

In our annual analysis of metro cities with populations over 9,000, St. Paul was once again the biggest recipient of tax base sharing with a net gain of almost $22 million. Cottage Grove moved up to the second highest receiver at $2,321,606. Andover, Coon Rapids and South St. Paul round out the top five. Minneapolis moved out of the top five this year, posting a net gain of $1,678,082.

## 2003 Twin Cities tax base sharing by counties

| County | 2001 Pop. | Total tax base before Fiscal Disparities ($) | C/I* tax base before fiscal disparities ($) | net (loss) or gain of tax base due to sharing ($)** | % change in 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 | Net Gain or (Loss) of tax base per capita |
|---|---|---|---|---|---|---|---|---|---|
| Anoka | 302,271 | 209,590,487 | 54,146,415 | 12,611,675 | 6.0% | 23.3% | $179 | $221 | $42 |
| Carver | 73,305 | 63,238,829 | 13,599,718 | 1,961,404 | 3.1% | 14.4% | $186 | $212 | $27 |
| Dakota | 362,348 | 308,487,047 | 83,293,622 | 2,343,185 | 0.8% | 2.8% | $230 | $236 | $6 |
| Hennepin | 1,123,420 | 1,128,792,529 | 419,524,010 | (40,001,719) | -3.5% | -9.5% | $373 | $338 | ($36) |
| Ramsey | 512,629 | 362,903,792 | 130,146,159 | 18,141,923 | 5.0% | 13.9% | $254 | $289 | $35 |
| Scott | 94,838 | 82,186,446 | 17,724,759 | 807,542 | 1.0% | 4.6% | $187 | $195 | $9 |
| Washington | 206,027 | 181,920,235 | 38,877,924 | 4,135,989 | 2.3% | 10.6% | $189 | $209 | $20 |
| 2003 Total | 2,674,838 | 2,337,119,365 | 757,312,607 | 231,716,100 | 231,716,099 | | | | |
| 2002 Total | 2,642,056 | 2,130,112,196 | 710,388,589 | 214,270,244 | 214,269,279 | | | | |
| Difference | 32,782 | 207,007,169 | 46,924,018 | 17,445,856 | 17,446,820 | | | | |
| % Difference | | 9.7% | 8.1% | 8.1% | 8.1% | | | | |

* Commercial industrial net tax base, for taxes payable in 2003, including value in tax-increment distrcits

**The net gain or (loss) is the difference between the amount of tax bse a community contributes to the sharing pool and the amount it receives back.

SOURCE: Minnesota House Research Department

# Fiscal disparities *continued from page 5*

The five communities ranked highest for their net contributions to the tax-base sharing pool are the same as last year: Bloomington (-$14,024,110), Minnetonka (-$8,418,844), Eden Prairie (-$8,094,166), Plymouth (-$7,415,476), and Edina (-$5,612,044).

As in previous years, Bloomington experienced the largest net loss. At about $14 million, the loss is equal to 12.3 percent of the city's overall tax base. Other cities contributing more than 10 percent of their base include Minnetonka with a net contribution of $8.4 million (11.4 percent of tax base) and Eden Prairie at $8.1 million (10 percent). Four cities Bloomington, Golden Valley, Arden Hills and Roseville, are listed in the top five for C/I tax base per capita both before and after sharing.

While tax base sharing does not significantly alter which cities have a lot of tax base capita and which cities do not, it does accomplish its primary goal of reducing the disparities between cities. Before the tax base was reapportioned, the C/I tax base per capita ranged from $685 in Bloomington to $42 in East Bethel—a ratio of 16.3 to 1. After sharing, the range drops to $555 in Golden Valley and $114 in Prior Lake-a ratio of 4.9 to 1.

In actual dollar terms, the top five contributors to the fiscal disparities pool were Minneapolis ($33,998,625), Bloomington ($19,453,006), St. Paul ($11,884,480), Plymouth ($11,518,963), and Eden Prairie ($11,193,583). The top five recipients were Minneapolis ($35,676,707), St. Paul ($33,783,356), Brooklyn Park ($7,001,307), Coon Rapids ($6,446,313), and Bloomington ($5,428,896).

While only five cities saw their overall C/I tax base decrease by more than 10 percent as a result of the fiscal disparities program, 12 cities saw an increase of more than 10 percent: Columbia Heights (17.7 percent), South St. Paul (16.8 percent), Robbinsdale (16.5 percent), and East Bethel (15.1 percent) lead the way. St. Paul experienced a 13.6 percent increase in its overall tax base as a result of tax base sharing.

### Sharing tax base, not revenue

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. At the same time, communities with higher value tax bases, which came to them, in part, as a result of the regional decisions about infrastructure, can impose a lower tax rate and still raise the amount needed to provide basic services. The result is that the communities with smaller tax bases and higher tax rates become less attractive to businesses looking to relocate or expand, making it difficult for those communities to attract the commercial industrial property needed to grow their own tax base. And the cycle continues. **MJ**

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## 2003 tax base sharing at a glance

| **Top 5 net gainers (rank last year)** | **Top 5 net contributors (rank last year)** |
|---|---|
| St. Paul, $21,898,876 (1) | Bloomington, -$14,024,110 (1) |
| Cottage Grove, $2,321,606 (3) | Minnetonka, -$8,418,844 (2) |
| Andover, $2,007,035 (6) | Eden Prairie, -$8,094,166 (3) |
| Coon Rapids, $1,965,256 (5) | Plymouth, -$7,415,476 (4) |
| South St. Paul, $1,889,736 (4) | Edina, -$5,612,044 (5) |

**C/I tax base per capita**

| **Top 5 cities before sharing** | **Bottom 5 cities before sharing** |
|---|---|
| Bloomington $685 | East Bethel $42 |
| Golden Valley $646 | Andover $52 |
| Arden Hills $621 | Mound $61 |
| Roseville $607 | Prior Lake $66 |
| Minnetonka $563 | Robbinsdale $85 |

| **Top 5 cities after sharing** | **Bottom 5 cities after sharing** |
|---|---|
| Golden Valley $555 | Prior Lake $114 |
| Bloomington $521 | Mound $115 |
| Arden Hills $491 | Andover $125 |
| Roseville $484 | East Bethel $126 |
| Fridley $414 | Lino Lakes $156 |

# e-Government *continued from page 2*

of the system.

▲ **Establish customer advisory boards.** Advisory panels should be established for citizen, business and government customers to track what they really want in electronic services.

### Provide Entrepreneurial Incentives

State agencies should be provided incentives to invest time and resources into electronic services. Current practices actually discourage such investments.

▲ **Apply lower budget reduction targets** for those departments making web investments that save current and future costs.

▲ **Allow departments to retain 10 percent of any savings** to use in their own budgets. The remaining 90 percent could be returned to the state's general fund or be reinvested in other electronic service projects.

▲ **Allow web investments to remain in base budgets.** This accounting approach would treat public agency investments similar to private sector depreciation.

▲ **Eliminate legal barriers.** Statutes and rules that hinder web-based services should be eliminated. As examples of such barriers, certain data practices requirements discourage efficient information sharing, and legal notice rules require antiquated and redundant publication.

▲ **Establish a flexible technology development fund** to encourage the ongoing development and adoption of rapidly changing technologies, and to provide incentives for significant cross-departmental initiatives. **MJ**

*The full Citizens League e-government report is available at www.citizensleague.net.*

## 2003 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 (loss) or gain of tax base due to sharing ($) | % Change in 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 | 17,947,204 | 1,427,498 | 2,007,035 | 11.18% | 140.60% | $52 | $125 |
| Anoka | 12,175,868 | 4,474,393 | 597,644 | 4.91% | 13.36% | $247 | $280 |
| Blaine | 34,275,697 | 11,018,241 | 976,645 | 2.85% | 8.86% | $240 | $261 |
| Columbia Heights | 9,621,327 | 1,766,414 | 1,702,165 | 17.69% | 96.36% | $95 | $187 |
| Coon Rapids | 42,115,306 | 12,793,496 | 1,965,256 | 4.67% | 15.36% | $207 | $239 |
| East Bethel | 6,154,346 | 468,530 | 930,626 | 15.12% | 198.63% | $42 | $126 |
| Fridley | 25,044,218 | 12,382,381 | (1,006,567) | -4.02% | -8.13% | $451 | $414 |
| Ham Lake | 10,265,237 | 1,711,210 | 534,238 | 5.20% | 31.22% | $131 | $171 |
| Lino Lakes | 12,397,889 | 1,740,220 | 977,875 | 7.89% | 56.19% | $100 | $156 |
| Ramsey | 13,818,122 | 3,243,394 | 603,125 | 4.36% | 18.60% | $174 | $206 |
| **CARVER COUNTY** | | | | | | | |
| Chanhassen | 23,421,141 | 6,240,852 | (19,916) | -0.09% | -0.32% | $296 | $295 |
| Chaska | 15,542,773 | 5,643,844 | (274,288) | -1.76% | -4.86% | $307 | $292 |
| **DAKOTA COUNTY** | | | | | | | |
| Apple Valley | 6,836,545 | 2,408,593 | 1,484,903 | 21.72% | $147 | $179 | $32 |
| Burnsville | 55,296,972 | 20,556,877 | (1,728,699) | -3.13% | -8.41% | $340 | $312 |
| Eagan | 65,885,102 | 24,254,072 | (4,029,365) | -6.12% | -16.61% | $377 | $315 |
| Farmington | 9,238,788 | 1,241,548 | 948,120 | 10.26% | 76.37% | $93 | $165 |
| Hastings | 11,640,549 | 2,368,652 | 1,278,480 | 10.98% | 53.98% | $128 | $197 |
| Inver Grove Heights | 23,902,414 | 5,680,368 | 648,860 | 2.71% | 11.42% | $188 | $210 |
| Lakeville | 35,170,077 | 6,224,993 | 1,547,594 | 4.40% | 24.86% | $139 | $174 |
| Mendota Heights | 15,242,289 | 4,855,058 | (1,144,406) | -7.51% | -23.57% | $423 | $324 |
| Rosemount | 13,507,591 | 3,860,736 | 27,123 | 0.20% | 0.70% | $253 | $255 |
| South St. Paul | 11,227,823 | 2,574,768 | 1,889,736 | 16.83% | 73.39% | $128 | $221 |
| West St. Paul | 13,558,006 | 3,379,422 | 934,531 | 6.89% | 27.65% | $172 | $220 |
| **HENNEPIN COUNTY** | | | | | | | |
| Bloomington | 114,255,557 | 58,457,312 | (14,024,110) | -12.27% | -23.99% | $685 | $521 |
| Brooklyn Center | 19,091,894 | 7,756,895 | 875,145 | 4.58% | 11.28% | $266 | $296 |
| Brooklyn Park | 46,787,659 | 15,026,522 | 1,619,149 | 3.46% | 10.78% | $221 | $245 |
| Champlin | 14,542,608 | 2,315,152 | 1,484,415 | 10.21% | 64.12% | $103 | $169 |
| Crystal | 13,551,158 | 2,600,281 | 1,537,673 | 11.35% | 59.13% | $114 | $182 |
| Eden Prairie | 80,537,301 | 30,118,608 | (8,094,166) | -10.05% | -26.87% | $541 | $396 |
| Edina | 78,108,531 | 24,679,456 | (5,612,044) | -7.18% | -22.74% | $520 | $402 |
| Golden Valley | 28,671,987 | 13,169,479 | (1,861,400) | -6.49% | -14.13% | $646 | $555 |
| Hopkins | 14,203,802 | 5,193,756 | 116,277 | 0.82% | 2.24% | $301 | $308 |
| Maple Grove | 53,354,755 | 16,149,992 | (1,916,820) | -3.59% | -11.87% | $309 | $272 |
| Minneapolis | 296,194,816 | 128,982,743 | 1,678,082 | 0.57% | 1.30% | $337 | $342 |
| Minnetonka | 74,104,487 | 28,965,892 | (8,418,844) | -11.36% | -29.06% | $563 | $400 |
| Mound | 7,413,909 | 578,992 | 504,959 | 6.81% | 87.21% | $61 | $115 |
| New Hope | 15,270,348 | 5,506,843 | 387,932 | 2.54% | 7.04% | $263 | $282 |
| Plymouth | 82,210,120 | 30,329,098 | (7,415,476) | -9.02% | -24.45% | $455 | $344 |
| Richfield | 24,303,026 | 6,271,382 | 1,859,089 | 7.65% | 29.64% | $180 | $233 |
| Robbinsdale | 7,611,198 | 1,193,365 | 1,255,376 | 16.49% | 105.20% | $85 | $174 |
| St. Louis Park | 45,058,852 | 17,469,274 | (1,477,254) | -3.28% | -8.46% | $392 | $359 |
| **RAMSEY COUNTY** | | | | | | | |
| Arden Hills | 11,184,612 | 5,996,765 | (1,253,781) | -11.21% | -20.91% | $621 | $491 |
| Little Canada | 7,489,947 | 2,648,052 | 24,162 | 0.32% | 0.91% | $270 | $272 |
| Maplewood | 32,838,493 | 14,523,860 | (1,571,958) | -4.79% | -10.82% | $414 | $369 |
| Mounds View | 7,775,178 | 2,625,069 | 664,704 | 8.55% | 25.32% | $206 | $258 |
| New Brighton | 16,590,829 | 4,493,708 | 646,890 | 3.90% | 14.40% | $202 | $231 |
| North St. Paul | 6,785,205 | 1,316,595 | 885,381 | 13.05% | 67.25% | $110 | $185 |
| Roseville | 40,896,426 | 20,608,204 | (4,191,383) | -10.25% | -20.34% | $607 | $484 |
| Shoreview | 22,587,667 | 4,816,025 | 298,867 | 1.32% | 6.21% | $183 | $194 |
| St. Paul | 160,615,056 | 58,548,852 | 21,898,876 | 13.63% | 37.40% | $204 | $280 |
| Vadnais Heights | 12,562,246 | 4,636,271 | (529,606) | -4.22% | -11.42% | $353 | $312 |
| White Bear Lake | 18,078,588 | 4,669,208 | 781,224 | 4.32% | 16.73% | $190 | $222 |
| White Bear twp. | 9,866,625 | 2,184,865 | 114,967 | 1.17% | 5.26% | $192 | $202 |
| **SCOTT COUNTY** | | | | | | | |
| Prior Lake | 13,038,156 | 1,093,627 | 787,780 | 6.04% | 72.03% | $66 | $114 |
| Savage | 17,826,006 | 3,049,968 | 773,833 | 4.34% | 25.37% | $135 | $169 |
| Shakopee | 24,964,659 | 10,698,462 | (2,035,748) | -8.15% | -19.03% | $482 | $390 |
| **WASHINGTON COUNTY** | | | | | | | |
| Cottage Grove | 19,258,514 | 4,044,974 | 2,321,606 | 12.05% | 57.39% | $132 | $207 |
| Forest Lake | 12,702,087 | 3,212,839 | 32,780 | 0.26% | 1.02% | $218 | $221 |
| Oakdale | 18,974,733 | 4,864,015 | 1739,981 | 3.90% | 15.21% | $181 | $208 |
| Stillwater | 14,285,290 | 4,003,832 | (77,716) | -0.54% | -1.94% | $257 | $252 |
| Woodbury | 49,446,467 | 12,366,083 | (1,362,123) | -2.75% | -11.01% | $257 | $229 |

# TakeNote Policy Tidbits

*The lengthening daylight gives us heart for the difficult tasks ahead.*

**Minnesota needs to act to strengthen our economy.** In the Feb. 2 *Star Tribune* Fred Zimmerman wrote about "Manufacturing and the Minnesota budget deficit" concerning the Minnesota state economy. Minnesota's economy is weaker than in the 1990s and in fact a bit weaker than other Midwestern states, Zimmerman argues. Minnesota has lost the entire manufacturing job gain during the 1990s. "Worse yet, the jobs remaining are not as good," he writes. "The computer companies are gone. Honeywell's headquarters has left town. ADC Telecommunications has shrunk. The sales at many of the well-equipped supplier companies are off substantially. Not surprisingly, the shrinkage in the number of good industrial jobs has left Minnesota with astronomical budget deficits." Zimmerman also identifies what he believes are six misconceptions: Minnesota is a high technology state; Minnesota schools are outstanding; Investments in education pay off in a stronger economy; Minnesota's high quality of life attracts companies; The downturn in the economy is cyclical; The service economy will bail us out. The full article may be found at: http://www.startribune.com/stories/535/3621493.html.—*Lyle Wray*.

**Some indicators say the economy is getting stronger.** The Mid-American Business Conditions Survey showed economic improvement from December to January. The survey, which uses a scaled system of a below 50 rating to indicate contracting economy and a ranking above 50 to indicate an expanding one, gave the Midwest a 54.5 ranking for January, an 2 point increase from December. The January survey marked the first time since July 2002 that the new jobs index, currently at 51.9, rose above 50. The import index for the region was 53.3. The national index slipped from 55.2 in December to 53.9 for January. The survey includes data from nine states. —*Scott McMahon*.

**Calls for mandatory health insurance.** Ted Halstead of the New American Foundation wrote an opinion piece titled: "To guarantee universal coverage, require it" for the Jan. 31 *New York Times*. In Halstead's view the grand bargain underlying compulsory health insurance would be universal coverage in exchange for universal responsibility. There are some interesting facts on who the uninsured are in the United States. Of the 41 million Americans without health insurance two-thirds are below the age of 35 and one-third have annual incomes of more than $50,000. Moving to mandatory health insurance would change our entire healthcare framework. We would no longer need to maintain a separate Medicaid system for the very poor. Insurers would have to accept all comers and be prevented from discriminating on the basis of pre-existing conditions.—*L.W.*

**U.S. ranks 10th in entry rates for post-secondary education.** The Jan. 26 issue of the *London Sunday Times*, listed entry rates to higher education for 14 countries with advanced economies. Entry rates varied from a high of 71 percent in Finland to a low of 29 percent in Denmark. The U.S. rate of 43 percent placed it 10th on the list.—*L.W.*

**Minnesota is leading the pack for state well-being,** according to the United Health Foundation. In a recent survey of states' well-being, Minnesota was one of two states, along with New Hampshire, that receive top marks of 20 percent or more on the scale for the national health norm. The scale is based on measures such as infant mortality, the prevalence of smoking and violent crime.—*S.M.*

**Minnesota ranks fourth in the nation in tax revenues** per capita, according to a recent survey by *Governing Magazine*. Minnesota's per capita tax revenue is $2,722. The state ranks sixth in state tax revenues as a percentage of personal revenue at 8.5 percent. Minnesota is lower than the national average on sales tax percentage of total revenue, but is considerably higher than the national average for percentage of revenue from income tax. Minnesota's sales tax accounts for 27.9 percent of revenue, compared to 32.1 percent nationally; income tax accounts for 43.6 percent of state revenue, compared to 37.1 nationally. The percentage of the state's revenue from corporate income tax, 5.4 percent, is lower than the national average of 5.7 percent.—*S.M.*

**Upper Midwest Brain Drain.** Ron Wirtz wrote a cover story for the January 2003 issue of *Fedgazette* on brain drain and to reduce it in the Upper Midwest region. Between 1989 and 1999, Minnesota had a net gain of 141,055 in the migration of college graduates, the only state with a net gain in the region. In a knowledge economy producing and holding onto graduates is of great significance.—*L.W.*

**Can states still deal with problems creatively?** You bet, and Iowa is a good example. As part of the Keep Iowa Beautiful campaign, the state conducted a roadside litter study that identified the litter by brand name and category as a means of focusing litter reduction programs. Some of the leading categories and brand names of trash included: cigarette butts (Marlboro), candy wrappers (Snickers), beer containers (Bud Light), beverage containers (Mountain Dew), paper cups (McDonald's) and plastic cups (Burger King).—*S.M.* **MJ**

*Take Note is compiled by the Citizens League staff.*

PERIODICALS
POSTAGE PAID
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