Minnesota Journal

A publication of the Citizens League

Volume 17, Number 1
January 25, 2000

Inside This Issue

Fiscal disparities pool grows 10%, after 2-year decline

by Dana Schroeder

After two years of decline, the "fiscal disparities" pool grew by a healthy 10.2 percent this year. The pool is comprised of commercial-industrial (C-I) tax base shared through the Twin Cities area tax-base sharing program—widely known as "fiscal disparities." This year's regionwide pool is $278,430,704, compared with last year's pool of $252.5 million. The larger pool means more tax base will be redistributed this year among metro-area communities.

The Citizens League's 26th annual tax-base sharing analysis shows that the program currently redistributes 28.4 percent of the area's 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 Dakota County's 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. (For more details see "How fiscal disparities works" on page 5.) The shared tax base is then subject to taxation by the municipality, school district, county and any special districts to which it is distributed.

It's important to understand that the *tax-base* figures discussed in this article are only a small percentage of the *market value* of commercial-industrial (C-I) property. While the market value of C-I property in the seven-county metro area amounts to $29.819 billion in tax year 2000, the C-I tax base—the portion of C-I value available to be taxed—amounts to $980.1 million. (For further explanation see "Why did the fiscal disparities pool grow?" on page 6.)

The tax-base sharing program, which has generated interest from around the country, has been controversial from the start. Created by the 1971 Legislature, court challenges held up 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.

Now in its third year, the Iron Range tax-base sharing program—modeled after its Twin Cities cousin—provides for sharing 40 percent of C-I tax-base growth since 1995. The area covered by the program is the Iron Range taconite tax-relief area, which

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Fund three MnSCU 'Best in Class' printing centers

by Renee McGivern and Kel Johnson

The Citizens League has helped the state focus on the need for better approaches to the crisis in workforce development. There are not enough highly-skilled workers to fill available positions. The Minnesota State Colleges and Universities (MnSCU) system has failed to meet the need for well-prepared graduates, as well as for ongoing training for incumbent workers. There is a disconnect between what students are learning (and want to learn) and actual jobs. Therefore, many businesses cannot grow and the state's long-term economic health is in jeopardy.

One innovative solution to the workforce needs of the printing and publishing industry is on the MnSCU table. The recommendations in the report, "Best in Class: Partners in Excellence," focus on funding three regional printing and publishing centers of excellence in MnSCU schools. These centers will require a major investment in

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Mondale finds reaching regional consensus difficult

Part one of two.

Editor's note: *Citizens League Executive Director Lyle Wray and Research Associate Kris Lyndon Wilson recently interviewed Metropolitan Council Chair Ted Mondale on a variety of issues. Following is part one of an edited transcript of the interview. The second part will appear in the February issue of the* Minnesota Journal.

Minnesota Journal: *Have there been any surprises in your first year as Chair of the Metropolitan Council?*

Ted Mondale: The first surprise is that this is not a part-time job. The amount of time and work it takes to try to get consensus in the region shouldn't have been a surprise—but it is. It seems like we, as a region, are organized to protect what we have or to fight each other. Any sort of idea or utterance off the cuff or a different way of looking at things can incite a network of "the sky is falling" calls.

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We can't afford to leave people behind in new economy

Viewpoint

by Lyle Wray

As we close the books on the 20th century, everyone's attention is focused ahead, on the booming New Economy and Minnesota's place in it. It is becoming increasingly clear that we really have entered a new economic era in telecommunications, computing and electronic commerce. Although there will certainly be some rough spots as we shake things out in the coming years, this is not just a "bubble." Keeping Minnesota competitive in this new economic context is the central challenge before us in the state, and this has been one of the League's main focuses for a few years now.

At the same time, the start of a new century is a good time to remember those who are being left behind. And, despite the glowing headlines about the booming economy and twenty-something dot.com millionaires, many Minnesotans are being left behind. In fact, the gap between the haves and have-nots is growing and Minnesota is no better off (and is even worse off) than some states. There is a striking and rising gap in family incomes of those with and without at least some postsecondary education or training. Inequality is growing between our inner cities and suburbs and between rural areas and the Twin Cities. With our two core cities barely graduating one in two of their ninth graders from communities of color within four years, business as usual is not a desirable option.

Here is where enlightened self-interest rather than just "doing good" comes in. The reality is that the first challenge, keeping our state competitive in the new economy, depends on maximizing our state's social and intellectual capital. People are the natural resources that matter in the new economy, and we can't afford to just write off those at the bottom. It is an issue of economic competitiveness and one that we can't ignore.

Challenging our youth and incumbent workers to develop skills to their "highest and best use" as employees is a very different world view from what our economy knew during most of the 20th century. When the issue was a surplus of labor, the central challenge was just finding jobs for people who need them. The challenge now is to develop the capacity of every worker to fill the high-wage, high-value jobs that matter in the new economy. Those communities and states that aggressively respond to the "underemployment" of the workforce can provide a win-win with better family incomes and fewer unfilled vacancies in our export and higher technology businesses.

> *"People are the natural resources that matter in the new economy."*

There are many challenges to making sure that we don't leave anyone behind in the new economy. For one, the old ways of solving problems of social and economic inequality either don't work or are politically no longer acceptable. A booming economy means that many of the easy problems are being solved. What we're left with are the most challenging cases, those that just can't be solved with the old ways of doing business—through government programs that have been around for 40 years. At the same time, the era of big government is over. The old ways of redistributing wealth and taxing-and-spending to fund government investments are no longer politically palatable to many.

Around the world, advanced industrial—or should we say post-industrial—economies are muddling toward a "third way" that rethinks how we achieve social purposes, with a greater role for markets and individual initiative. We need to develop a long checklist of "old think" and "new think" in adjusting to the new economy. Many of our social policies were developed at a time when absorbing 67 million baby boomers was a priority. Facing a very slow growth in the workforce and migrants from nontraditional areas of the globe, we need to retool workforce training, economic development and our educational systems.

Those communities and states that are the first across the line in addressing this challenge will have an advantage in the new economy. Thanks to the spread of technology and the globalization of commerce, most skilled, high-paying jobs can now be located anywhere in the world—the only thing that matters is the availability of a skilled and flexible workforce. If we want these jobs to be located in Minnesota, we need to take steps to create the necessary workforce.

It is a win-win for our community to insist on major progress in school completion and postsecondary educational success for all students, to more quickly absorb new immigrants into family living wage jobs and to move many in the workforce up from underemployment to fill many of the sorely needed vacancies that will fuel our state's future economic growth.

Lyle Wray is executive director of the Citizens League.

Mondale

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That's a sign of a region that's not ready to move forward. The amount of work it takes to get out there and talk to every group, make sure they know where you're coming from and then get buy-in and build the constituencies is important and more than I had believed.

The second surprise is the amount of time it takes to try to change the inner philosophy of a large government organization like we have. We were still really a combination of discrete planning functions. One of the things that we're trying to do is blend those across the silos so that when we make a decision it's thought out through the different agencies, is bought into by the council as a policy and stays somewhat uniform across the region. I think a number of communities think that we don't "walk the talk" across different communities on different policies. You can find different answers from different groups and I think that leads to the perception that everybody may not be treated fairly.

The third thing is that this place was organized to not have active Council members. There's not enough staff to do it. It is not in the culture to do it. It's been a staff-to-staff discussion and I think in order to be successful in what the Met Council needs to do, we need to be in there pushing. And I think we are having much more dialogue and discussion at the Council level.

MJ: Do you still believe the Council should be elected?

TM: I think so. Although, I believe that we would have to make sure that the campaign finance piece was worked out. Somehow I think if you ran for this office, not all your money would come from the Sierra Club. I think the Governor has stated that he would be willing to look at the bill, but he thinks that it's a matter for the Legislature.

Also, I think that the process we used to select this Council worked very, very well. Much better than I thought it would. We had people that went out and actually campaigned for the spot. The criteria for being selected was not "What have you done for me?" it was "Who are you?" and "What do you believe in?" So there is a consensus on a whole set of issues that past Councils have struggled with. Now [we] have a clear directive from the Governor. So I think there's a lot of clarity here that can make this nonelected structure work better than it has in the past.

MJ: Several years ago the planning and operational functions of the Council were collapsed. What is your evaluation of this reorganization?

TM: I think Jim Solem and the

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Printing

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curriculum, equipment and faculty by the Legislature, MnSCU and industry. The idea of clustering resources rather than spreading them out equally to every campus is controversial.

Even more controversial, but also necessary to ensure ongoing accountability from these Best in Class (BiC) programs, is the recommendation that a permanent partnership committee of industry and educators be formed that will have authority, within state guidelines, to expend funds allocated to it by MnSCU on designated projects and staff. Its authority also would include establishment of BiC criteria and ongoing program review and evaluation.

The report was prepared by the Minnesota Printing and Education Partnership, one of five targeted industry partnerships that the Minnesota Legislature funded with a total of $4 million in 1998 through MnSCU. Our partnership, made up of 22 representatives from industry and education, was charged with suggesting solutions for workforce problems in the printing and publishing industry.

Over a period of 15 months, partnership members grappled with every topic imaginable related to the industry and the nine MnSCU printing programs around the state: Faculty, curriculum, equipment, student recruitment, short and long-term training needs, economic forecasts, technical versus liberal arts education. It was both exhausting and oddly exhilarating at the same time. As we built a level of trust, we respectfully argued and compromised until we arrived at recommendations that challenge the educational system to rise to a level of excellence equal to the real needs of the industry and that approaches the level currently offered at the private Printing and Graphic Arts Advanced Technical Education Center at Dunwoody Institute in Minneapolis.

One of the committee's greatest concerns was that printing programs throughout MnSCU were not standardized and often, irrelevant. We agreed that to qualify as a BiC, the school must be accredited by PrintED, the printing industry's national accreditation program for secondary and postsecondary printing programs. Also, the standardized curriculum outcomes must be in alignment with National Skills Standards. Current MnSCU printing programs fall woefully short of these standards.

The Partnership has already acted on some of the recommendations. We offered a PrintEd Certification information session last year; eight of the nine technical schools with printing programs attended. Five of them are currently seeking that accreditation, while three others will do so soon. In 1999, we also sponsored one-week summer workshops for 90 high school faculty at four colleges to expose them to career opportunities for their students.

"Sick and tired but now united..."

MnSCU, too, has been at work on the recommendations. Almost immediately after a first draft of the report was released last fall, the presidents of several colleges with printing programs reacted by working on proposals to become BiC facilities.

> *"Business, MnSCU and the Legislature need to put aside the acrimony and distrust that has grown over the years or the state's economic future will be threatened."*

The Legislature was wise to fund these partnerships in 1998. It's an idea whose time had come. Business, MnSCU and the Legislature need to put aside the acrimony and distrust that has grown over the years or the state's economic future will be threatened. We need to get over it, under it, around it, through it, on it or off it because, let's be honest, we're all sick of it.

The job of the current Minnesota Printing and Education Partnership Committee is complete. We were asked to prepare a plan and we did so. A new and permanent partnership is waiting to be formed. We've got the plan. It's ready to go. All it needs now is another act of courage by the Legislature and MnSCU leadership to carry it through by funding and implementing the recommendations.

The Best in Class recommendations are a solution that, as Chancellor Morris Anderson said when he released the report, ". . . can serve as a model for other industries and a ground-breaking step toward solving the workforce crunch that concerns and affects so many of us."

Renee McGivern is executive director of the Minnesota Newspaper Foundation and Kel Johnson is president/CEO of Printing Industry of Minnesota, Inc.

The Minnesota Journal

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The Minnesota Journal (ISSN 0741-9449) is a publication of the Citizens League, a nonprofit nonpartisan Twin Cities public affairs organization, 708 S. Third St., Suite 500, Minneapolis, MN 55415. Phone: (612) 338-0791. Fax: (612) 337-5919. E-mail: info@citizensleague.net. Web site: www.citizensleague.net.George Latimer, president. Articles and commentary are drawn from a broad range of perspectives and do not necessarily reflect League positions on policy questions. The Journal is published once a month. Periodicals postage paid at Minneapolis, MN.

Annual subscription rate for nonmembers is $40 [illegible] issues. Orders may be placed at 612/338-[illegible] or by mail at the above address.

Postmaster: Send address changes to The Minnesota Journal, 708 S. Third St., Suite 500, Minneapolis, MN 55415

Another view: Let's support light rail

I am sorry to see the continued flow of articles, which appear to be selected for their opposition to light rail, or to any form of transit except buses. It should be apparent by now that Minnesotans who are unaccustomed to public transit need to be introduced to other modes of public transportation in order to be weaned from their cars. In cities that have light rail, good train service, streetcars or subways, most of these modes are well utilized, because the general public has become tired of urban highway gridlock and the local governments have responded.

No new system will be cheap. We have dithered about this forever. Let us support an experiment with light rail and start utilizing the train tracks in and out of the metro area for commuter rail. And let's continue to improve the bus system. I applaud the Metro Council for getting off the dime and getting started. It is only about 10 years behind.

Ellen Z. Green, Minneapolis

Editor's note: Due to a space shortage, the "On Balance" roundup of opinions from state newspapers will not appear in this issue.

Mondale

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management team here had a Herculean task in putting these entities together. It is now structurally put together as one unit and functions financially as one unit. It is still yet to be totally one unit and what the Council is saying is that we're going to be one unit. So I think the next phase is, How do we blend the planning functions together?

Looking back, you could ask, "Was it successful to bring two large operating entities under a body that has to report to the chief executive and has some political oversight?" I'd have to say it is a tremendous success. We're going to save the region $242 million dollars on wastewater treatment. That $242 million is going back into the economy—it's less money being charged from here. That would not have been done if it was under the control of an independent board.

The two major operating units of this organization are fundamentally reforming themselves from top to bottom. And they're doing so as well as any Fortune 100 company in the nation. Metro Transit is redoing 20 percent of their product line from bottom up. The public is getting a lot more service, at a lot lower cost and that's a good thing.

MJ: Should the Council have a greater role in dealing with growth outside the seven-county area?

TM: I think there are two big issues here. Number one, all of those counties are going to need wastewater treatment pretty soon. What happens there, I don't know, but I have a sense that they're being nice to us because they know the day of reckoning is coming.

Secondly, we feel that we really need to get transit off the property tax so that we can deliver transit service to make the region more mobile. For example, Lakeville is the fastest-growing city in the metro area and will be for the next 10 years, yet we can't provide them with transit service. So we say, "We want transit-oriented development" and they say "When do we see the first bus?"

We have done the Highway 36 corridor work, where, for the first

"I'm glad this position is just part-time....There are not enough hours in the day for full-time!"

time, we went into Wisconsin. As it turned out, that was highly successful. Now, seeing the success of that, we're going to try to replicate it.

> *"The two major operating units of this organization are fundamentally reforming themselves from top to bottom."*
> *—Metropolitan Council Chair Ted Mondale*

We're going to do things like redo our traffic models so they're modern and offer choices. We're going to highly upgrade our GIS and do the whole vision piece here. That's going to be a signature piece that this Council leaves. In the future, after this Council is gone, communities are going to be able to see the choices they have. They're going to be able to make better choices. Our belief is that if you give people good options and good information, they're going to make better choices. They don't really need a planner to tell them what that is. But they've got to have the tools. If you have a traffic model that says the only thing you can do is build a wide road, guess what you're going to get?

MJ: What tools does the Council have and what tools would it need to address growth outside the metro area?

TM: The tools we need are dedicated transit funding and a competitive development fund for things like local arterial roads. Dollars that communities can compete for in future development, dollars that we can put out based on communities following a pattern.

Basically, what I've seen, having been in office during the early 1990s, and then being back now, is that the region doesn't need us to produce a bunch of documents. We need to take the next step and make the blueprint real.

I do think there's a growing understanding that our development model in the Twin Cities metropolitan area is broken. It doesn't take a lot of deep thought to figure out that the development model that we've had in place, basically since World War II, no longer works for this size city and where we're headed. We've got to change that model, but we have to do it with buy-in, collaboration, and citizen input.

Now, we're actually getting proposals that are linking compact, mixed-use development with transportation and affordable housing. The first couple of years of the Livable Communities Act, no one it. Now they get it. They're figu out how to be successful. This deal in Burnsville—Heart of the City—five years ago if you went down to Burnsville and said we're going to do this, they'd have run you out of there. Now they're up here cheering and it's our signature model.

MJ: The quality of K-12 education is arguably one of the greatest drivers of outward growth. Is there a role for the Council in the issue of urban education?

TM: The core cities' public education systems have to continue to improve—and I think they are improving. Fast enough? I don't know. There is an improving perception, and I think reality, that the Minneapolis schools are getting better.

You can't meet the economic growth models that we would like to see with the performance of kids coming out of public schools. We don't win in the new economy i we don't make sure that all of kids are successes.

I think there's a convening role [in K-12 education] for us at the Council. I'm always out talking about the new economy and the three things needed to be successful—infrastructure, quality of the workforce and quality of life.

But, I do think this place has suffered a lot from mission creep and we're trying to refocus on our mission. So we're not looking to get power in additional counties, we're not looking to get back into the health board, we're not looking to get into K-12 education. We're asking ourselves, "How do we build a smart growth model that integrates land use, transportation and development in the metro area?" We've got all the tools here and we're putting them together and it's really starting to work and that's exciting.

Citizens League Matters

January 25, 2000 *News for Citizens League Members*

Welcome

New and returning members

M. Lee Alwin
Holly E. Breymaier
Kevin Bruns
Rebecca Comstock
Steven Elkins
R. Thomas Gillaspy
Sandra Hale
A. Stuart Hanson
James House
Lucy V. Hulme
Suzanne Kennedy
Robert J. King
Tom LaForce
Jeremy T. Lang
Daniel Luthringhauser
Allan Malkis
Stephen Ogren
Bhart M. Parekh
Carl Phillips
Mike Ricci
Mark Stedman
Bill Warner

recruiters:
Shef Lang and John Healy

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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 for membership are $50 for individuals and $75 for families. Please call 612-338-0791 for more information about membership.

Cabin fever? Try the Citizens League cure

January and February are the months when Minnesotans hunker down to serious work and think big thoughts about policy issues while trudging in the dark, through the snow and cold, to breakfast and evening meetings. And truth to tell, we actually enjoy it.

As usual, the League is doing its part to cater to these impulses which make Minnesota...well, Minnesota.

Hopefully, you'll find plenty of interesting events listed in this newsletter to keep you from getting cabin fever.

For instance, the League has a full slate of Mind-Opener breakfasts scheduled through mid-March. University President Mark Yudof will lead off the newly revived Network meetings. And in the next few months, the League expects to begin a new study, perhaps two.

Others, of course, aid and abet us in our efforts to get people out of their comfy cabins, so check out the list of events the League co-sponsors or in which the League is involved.

All in all, this is a good time to be a policy junky in Minnesota.

League priorities for the 2000 Legislative session

A task force of League Board members, co-chaired by **Sally Evert** and **Rich Forschler** met in January to identify League priorities for the upcoming legislative session. The session will be a short one, and most of the legislature's energy will be focused on the capital budget. As a result, the task force recommended focusing on a few items this year, while also doing some outreach to "soften up" the legislature for 2001. Priority issues identified by the task force included:

Workforce Training: **Roger Hale**, who chaired the workforce training committee, has gone "above and beyond" in promoting the League's recent report, particularly the proposal to establish a state workforce training coordinator. The task force decided that the League should work with other interested stakeholders, like business and labor, to advance the report's recommendations, including, for instance, more training for incumbent workers and improvements to the post-secondary system.

Capital budget: Although Governor Ventura has articulated some clear principles for capital budgeting decisions, the legislative process usually results in a package based more on political horse trading than strategic needs. The League will monitor work on the budget with an eye towards supporting the strategic approach advanced by the Governor, especially in economic development.

Transportation: As the debate begins to harden between those who support expensive freeway construction and those who support expensive rail construction, the League will keep attention focused on the need for effective, flexible public transit and common sense approaches to meeting transportation needs, including improved bus service. The task force recommended that the League develop an updated statement on transportation policy.

Unicameralism: With many League members prominently involved on both sides of the issue and no clear, recent League position, the task force decided that it would not be constructive for the group to take a position for or against unicameralism. Instead, the League will continue to be involved in public events to inform citizens about the issue, while also looking at other legislative reforms that merit consideration.

MIND-OPENER POLICY FORUMS

A Check Up for Health Care

Tuesday, February 8
DAVID STRAND
President, Medica Health Plans

David Strand will discuss current trends in health care and how they are effecting the HMO industry, consumer costs and benefit coverage.

Tuesday, February 15
BILL BLAZER
Senior Vice President, MN Chamber of Commerce

Bill Blazar will discuss how current trends in health care costs are impacting a major group of insurance purchasers—Minnesota employers.

Tuesday, February 22
JAN MALCOLM
Commissioner, Minnesota Department of Health

Commissioner Malcolm will provide an update on the Department's Uncompensated Care Task Force.

Tuesday, February 29
PETER WYCKOFF
Executive Director of the Minnesota Senior Federation

Peter Wyckoff will address the issue from a consumer advocacy perspective and discuss how current trends in health care are impacting seniors.

Tuesday, March 7
DR. ALFRED MICHAEL
Dean of the University of Minnesota Medical School

Dr. Michael will discuss how current trends in health care are impacting medical education.

This Mind-Opener series will be held at the University Club of St. Paul, 420 Summit Avenue from 7:30 to 8:30 a.m. Cost for Mind-Opener meetings is $10 for League members and $15 for non-members. For more information, please call 338-0791. Audio tapes of Mind-Opener meetings are also available at a cost of $8.

Major funding for the Mind-Opener meetings is provided by the Dayton Hudson Foundation on behalf of Dayton's, Mervyn's California and Target stores.

A Check Up for Health Care is sponsored by:

Academic Health Center, U of MN
Halleland Lewis Nilan Sipkins & Johnson
Medtronic, Inc.

Network Meetings Return

After a two year hiatus, the Citizens League Network meetings are back—beginning March 16. These quarterly after-work programs are designed to provide an informal venue for Citizens League members to socialize and hear from top public leaders in the Twin Cities community. Our special guest for the March 16 event will be University of Minnesota President **Mark Yudof**. Join us at the Humphrey Institute of Public Affairs on the University's West Bank from 4:30 - 6:00 p.m. Watch your mail for details or call the League office at (612)338-0791 to reserve a spot. There is no charge for this event.

Other policy events of note

Unicameral Legislature Debate

The Citizens League is joining with Minnesota Public Radio (MPR), the Pioneer Press and the League of Women Voters to sponsor the Unicameral Legislature Debate on Wednesday, February 16, 2000. The debate will feature Governor Jesse Ventura and several other panelists debating the issue of unicameralism and will be broadcast live on MPR. League members and the public are invited to attend the debate which will be held from 7:00 to 8:30 p.m. at the North American History Theater, 30 E. 10th St., St. Paul.

50 Years: The Mondale Lectures on Public Service

Former Vice-President and native Minnesotan **Walter Mondale** will begin a series of programs reflecting back on his 50 years of public service at an event scheduled for Friday, February 11 at the Humphrey Institute of Public Affairs. The inaugural program is titled: "Atlantic City Revisited: Mississippi's Freedom Democrats and the Integration of the Democratic Party," and will include a presentation by Mondale as well as a panel discussion with six distinguished civil rights leaders. The event will run from 7:30 a.m. to 12:15 p.m. Cost is $25. Reservations can be made by calling (612)625-5309.

League of Women Voters Citizens in Action Conference

Citizens League members are invited to attend the 2000 Citizens in Action conference, sponsored by the League of Women Voters of Minnesota Education Fund, on Saturday, January 29, from 9:00 am to 1:00 pm at the State Capitol The conference will feature opening remarks by **Senator Ember Reichgott Junge** and **Rep. Dennis Ozment**. Participants can attend either a two-hour beginner's workshop or any two individual one-hour sessions on: grassroots organizing, computer lobbying, influencing state and federal legislators, building coalitions, and the rules and regulations of lobbying. For more information call 651-224-5445 or visit www.citizensleague.net.

AARP signs up a new member

January 25, 2000, the date of this issue, also marks the 25th anniversary of Executive Director Lyle Wray's 25th birthday.
Happy birthday, Lyle!

Disparities

Continued from page 1

includes all or part of seven counties in north-central and northeastern Minnesota. The shared pool increased significantly this year—by 89.4 percent—to $852,777, or 2.5 percent of the Range's C-I tax base. A lawsuit to be tried in April is challenging the constitutionality of the Iron Range program. (See "Lawsuit challenges tax-base sharing on the Range" on page 7.)

Shared pool increases

The region's total tax base—from all types of property—also showed a healthy increase this year, growing by $166.4 million, or 7.3 percent, to $2.439 billion. C-I tax base grew by $63.2 million, or 6.9 percent, to $980.1 million. This growth occurred despite a slight decrease in class rates for C-I property—the rates that determine how much of a property's market value is considered part of the tax base. (See "Why did the fiscal disparities pool grow?" on page 6.)

The growth in total and C-I tax base is due to the growth in both total *market value* and C-I *market value* in the seven county area. Total market value grew by 8.9 percent, to $137.887 billion for tax year 2000. C-I market value grew by nearly 11 percent, to $29.819 billion.

Property taxes paid by the shared pool of tax base increased by 2.4 percent, from $397.4 million to $406.9 million. (The all-time high was $409.7 million in 1998.)

Taxes paid by the shared pool have declined only three times in the history of the tax-base sharing program—in 1977, 1995 and 1999.

The shared tax base now accounts for 28.4 percent of the metro area's C-I tax base, up from 27.5 percent last year, but still lower than the peak of 30.0 percent in 1994. The shared pool accounts for 11.4 percent of the region's total tax base, up from last year's 11.1 percent.

This year the Legislature funded a special $13 million Fiscal Disparities Homestead Agricultural Credit Aid to help replace the fiscal disparities tax base that has declined because of the lowering of C-I class rates passed in 1998.

Net gainers, losers

In the metro area, 187 communities are eligible to participate in the tax-base sharing program. That includes Fort Snelling, even though it has no tax levy of its own, and excludes Sunfish Lake, which is ineligible to participate, because it excludes C-I property. Three-quarters (141) of these communities are net gainers under the program: they received more tax base from the shared pool this year than they contributed. The other 44 were net losers.

Among the 60 metro-area communities over 9,000 population, 39 were net gainers and 21 were net losers. Minneapolis, whose status has switched between net gainer and net loser over the years, remained a net gainer for the second year in a row. Its net gain was $579,118—higher than last year's $134,197—and 34th among the 39 net gainers.

St. Paul was once again the top net gainer under the program, with a net gain of $27,271,363, up from last year's $25.7 million. St. Paul's tax base increased by 17.1 percent due to the tax-base sharing, the sixth highest percentage gain among the 39 large-city net gainers. Even more dramatically, the sharing increased St. Paul's C-I tax base by 39.7 percent.

"The shared tax base now accounts for 28.4 percent of the metro area's C-I tax base"

Minneapolis's large C-I tax base ($177.2 million) is more than twice as large as Bloomington's, its closest contender, and 2.6 times as large as third-place St. Paul. Because of its large C-I base, Minneapolis made the largest contribution of any community to the shared pool—$42.1 million, or 15.1 percent of the total shared pool. While it also received back the largest amount of tax base from the pool—$42.6 million, or 15.3 percent—its net gain was only $579,118, a gain of two-tenths of one percent in its total tax base.

St. Paul made the fifth largest contribution to the shared pool, at $13.2 million, or 4.8 percent of the pool. (Bloomington made the second largest contribution, at $27.7 million; Plymouth the third largest contribution, at $14.2 million; and Eden Prairie the fourth largest contribution, at $13.3 million.) But St. Paul received the second largest

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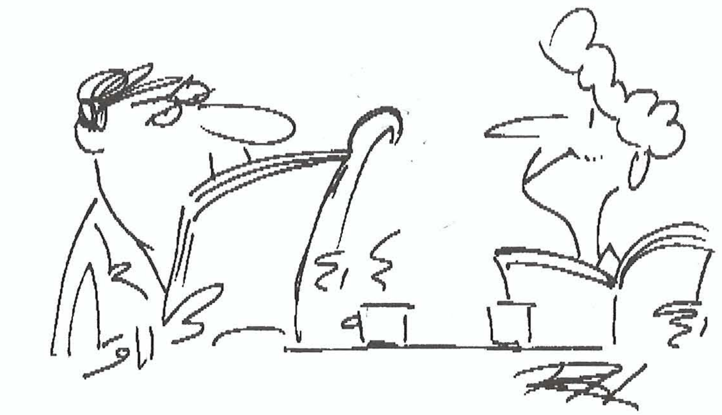

"Well...on the fiscal disparities scene, the 'St. Paul Net Gainers' came out on top again...that woulda been a great name for the hockey team!"

How fiscal disparities works

The 1971 fiscal disparities act—officially known as the Charles R. Weaver Revenue Distribution Act, in honor of the late Anoka legislator who authored it—was designed to lessen differences in tax base among Twin Cities area communities. It allows all communities in the seven-county metro area to share part of any commercial-industrial (C-I) tax-base growth anywhere in the region. The idea grew out of a 1968 Citizens League committee studying tax disparities.

Here's how the program works:

- Communities contribute 40 percent of their C-I tax base growth since 1971 to a regional pool. (Excluded from this base is the airport, property within tax-increment finance districts established before Aug. 1,1979, and property in the city of Sunfish Lake, which is ineligible to participate because it excludes C-I development.)

- Each community then receives back a portion of the pool based on its relative shares of population and tax base. Communities with relatively poor tax bases per capita receive more from the pool than they contribute. Those with relatively wealthy tax bases per capita contribute more than they receive.

- There is a one-year lag in the C-I property values and property tax rates used to figure tax-base sharing. For taxes payable in 2000, the amount of tax base shared is based on C-I property values and property tax rates from the 1999 tax year. The shared tax base is adjusted for any changes in class rates in effect for tax year 2000.

- Taxes generated by the property-tax pool are collected through an areawide tax paid on the shared portion of each C-I property. The funds are then distributed to cities, counties, school districts and special districts according to the amount of shared tax base each unit was assigned.

Why did the fiscal disparities pool grow?

In order to understand why the fiscal disparities pool grew this year, it's important to understand the difference between tax base and market value and to understand a few quirks in the way fiscal disparities values are computed.

The *tax-base* figures discussed in the accompanying article are only a small percentage of the *market value* of commercial-industrial (C-I) property. While the market value of C-I property in the seven county area amounts to $29.819 billion in 2000, the C-I tax base—the portion of C-I value available to be taxed—amounts to $980.1 million. Why?

Because Minnesota taxes different types of property at different rates, only a *portion* of a property's market value becomes part of the tax base (officially known as *tax capacity*). The proportions for different types of properties, known as *class rates*, are set by the Legislature. In the last three years the Legislature has *lowered* the class rates, beginning in 1998, for determining the tax capacity of C-I and various other types of properties. The changes in the C-I rates and their effect on C-I tax base are outlined in the accompanying example.

The $1 million commercial property in the example added $44,400 to a community's tax base in 1997, $38,050 in 1998, $33,425 in 1999 and $32,500 this year, due to the lower class rates. That's a 26.8 percent decrease in the building's tax base over a three-year period. This does not necessarily mean the property's *taxes* will drop by that much; it's likely local governments will increase tax rates to make up for the tax capacity reductions. A higher tax rate would at least partially offset the property's drop in tax capacity, but will, of course, shift taxes to other types of property.

The tax capacity of all C-I property was reduced by these class rate changes, but for tax year 2000, increases in C-I market values were large enough to offset the small downward effect of this year's rate changes. In the seven-county area, the market value of C-I property *increased* by 11 percent, from $27.149 billion to $29.819 billion. Meanwhile, despite the slightly lower class rates, the C-I tax base *increased* by 6.9 percent, from $916.9 million to $980.1 million.

But in examining the growth of the shared pool, it's important to remember that there is a one-year lag in the tax base and tax rates used to compute fiscal disparities. Thus, this year's shared pool is determined by the size of tax year 1999 C-I tax base. And the metro area's C-I base actually declined between tax years 1998 and 1999, from $941.1 million to $916.9 million. How, then, could the shared pool grow?

The answer sounds as quirky as the methods used to figure fiscal disparities. In order to make the lagged year's shared tax-base values consistent with those used in the current tax year, the lagged year's tax-base is adjusted to account for any reduction in class rates in the current tax year. So the shared tax pool in 1999—made up of tax base from tax year 1998—was already adjusted *last year* to account for the rather large decline in C-I rates from 4 percent to 3.5 percent for tax year 1999. Thus, last year's shared pool of $252.5 million had more or less bottomed out, given the small change in class rates for tax year 2000.

The 11 percent growth in C-I market value from tax year 1998 to 1999 was enough to overcome the small adjustment (from 3.5 percent to 3.4 percent in class rates) needed to make this year's shared tax pool consistent with 2000 tax base values. Thus, the shared pool was able to *grow* by 10.2 percent this year to $278.4 million.

Assume a commercial property is assigned a market value of $1 million by the assessor. Here's how that property's tax capacity, or tax base, would be figured for taxes payable in 2000, compared with a $1 million property in 1999, 1998 and 1997:

	2000		1999		1998		1997	
	Class Rates	Tax Capacity	Class Rates	Tax Capacity	Class Rates	Tax Capacity	Class Rates	Tax Capacity
First $100,000 of value	2.40%	$2,400	2.45%	$2,450	2.70%	$2,700	3.00%	$3,000
Value of $100,000-$150,000	2.40%	$1,200	2.45%	$1,225	2.70%	$1,350	4.60%	$2,300
Value over $150,000	3.40%	$28,900	3.50%	$29,750	4.00%	$34,000	4.60%	$39,100
Total Tax Capacity		$32,500		$33,425		$38,050		$44,400

Disparities

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payout from the shared pool—almost as large as Minneapolis's, at $40.5 million, or 14.6 percent of the pool, and three times as much as it contributed.

The reason for the different treatment of Minneapolis and St. Paul? Minneapolis's much larger C-I tax base makes it a much larger contributor to the shared pool than St. Paul. And its large population, at 360,591, almost 92,000 larger than St. Paul's, guarantees a large payout from the pool. But on another factor determining the size of the payout—relatively low property wealth—St. Paul, with tax base of $593 per capita before sharing, ranks 52nd out of the 60 large cities, compared to Minneapolis at $911 per capita before sharing, 23rd out of 60. That low ranking, along with its population size, second only to Minneapolis, guarantees a large payout from the pool to St. Paul.

"St. Paul was once again the top net gainer under the program."

On a per capita basis, though, St. Paul—with a net gain of $102 per capita—ranked only fifth highest among the 39 large-city net gainers.

In addition to *St. Paul,* at $27.2 million, the other top net gainer cities include *Cottage Grove,* $3.0 million; *Coon Rapids*, $2.8 million; *South St. Paul*, $2.7 million; and *Richfield*, $2.7 million.

The net gainers look different on a per capita basis, although *South St. Paul*, first at $120; *St. Paul*, fifth at $102; and *Cottage Grove,* sixth at $98, fall among the top six.

The five largest *net* losers of tax base in 2000—all Hennepin County suburbs—include *Bloomington*, $21.0 million, as usual, the largest loser; *Eden Prairie*, $10.1 million; *Plymouth*, $9.5 million; *Minnetonka*, $9.5 million; and *Edina*, $6.0 million. These same cities were the

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five losers in 1999, although ...mouth and Minnetonka traded places this year.

These five cities are also the top five net losers on a per capita basis: *Bloomington,* $241; *Eden Prairie*, $201; *Minnetonka,* $179; *Plymouth*, $151; and *Edina*, $139.

Among the net-gainer cities over 9,000 population, sharing resulted in total tax-base increases ranging from two-tenths of one percent in Minneapolis to nearly 25 percent in South St. Paul. Fifteen of the net gainer cities showed total tax-base increases of 10 percent or more.

Among the net-loser cities over 9,000 population, sharing resulted in tax-base declines ranging from less than one percent in Chanhassen to 14.8 percent in Bloomington. Five cities—Bloomington, Eden Prairie, St. Louis Park, Minnetonka and Plymouth—lost more than 10 percent of their total tax base due to sharing.

The change in C-I tax base due to sharing is more dramatic on a percentage basis. Among the net-gainer cities over 9,000 population, sharing resulted in C-I tax-base increases ranging from three-tenths of one percent in Minneapolis to 144.3 percent in East Bethel. Fourteen cities saw their C-I tax bases increase by more than 50 percent due to sharing.

Among the net-loser cities over 9,000 population, sharing resulted in C-I tax-base declines ranging from 2.3 percent in Rosemount to 26.3 percent in Eden Prairie. Six cities saw their C-I tax bases decline by more than 20 percent due to sharing.

On a countywide basis, Hennepin County made was the only county with a net loss of tax base to the sharing program in 2000—$50.6 million, up 13.4 from last year's net loss of $44.6 million. (See table on page 8.) Its net loss on a per capita basis was $47. Dakota County, which has been a net loser in recent years, became a small net gainer this year. Ramsey County netted the most shared tax base—$25.2 million, up from $24.6 million last year. Anoka ($54) and Ramsey ($51) gained the most net tax base on a per capita basis.

Reducing the gap

The tax-base sharing program significantly reduces the gap in C-I tax base among the wealthier and poorer communities in the metro area.

- In the 60 metro-area cities with population above 9,000, the 2000 C-I tax base *after* sharing ranges from a high of $738 per capita in Bloomington to a low of $151 per capita in Prior Lake—a ratio of less than five to one. (See table on page 9.) *Without* tax-base sharing, the range would be $978 per capita in Bloomington to $64 per capita in East Bethel—a ratio of 15 to one.
- Comparing communities of all sizes in the metro area, the ratio of high to low in C-I tax base per capita *before* sharing is 185 to one, with Rogers the highest ($1,483) and Carver County's San Francisco Township the lowest ($8). *After* sharing the ratio is reduced to 68 to one, with Spring Park the highest

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Lawsuit challenges tax-base sharing on the Range

Controversy over the Iron Range tax-base sharing program, now in ... third year of operation, has ...pped up a notch with a pending lawsuit challenging its constitutionality. Originally filed in September of 1998, the lawsuit is scheduled for trial on April 11 in Itasca County District Court in Grand Rapids, according to Jim Neher, the lawyer from the state attorney general's office defending the suit.

The Iron Range tax-base sharing program, established by the 1996 Legislature, is patterned after the metro-area program. It provides for sharing 40 percent of the C-I tax-base growth since 1995 throughout the Range's taconite tax relief area: all of Lake and Cook Counties, much of St. Louis (excluding Duluth) and Itasca Counties and portions of Aitkin, Crow Wing and Koochiching Counties.

The program has been controversial from the start, with legislators on the east and west sides of the Range debating the fairness and ...nefits of both tax-base sharing ...nd the long-standing taconite tax-relief program. (That program shares production taxes paid by taconite producers among communities on the Range, in lieu of property taxes on taconite facilities.)

Plaintiffs in the lawsuit are Jeffrey T. Walker, individually and as mayor of Cohasset; the city of Cohasset and J.R. Properties, a commercial property owner in Grand Rapids. The defendants in the case are the State of Minnesota and the county auditors of the seven counties involved in the program.

Neher said the plaintiffs are trying to distinguish the Iron Range program from its Twin Cities counterpart—which withstood court challenges in its early years—by claiming that the Iron Range itself is different from the Twin Cities metro area. He said their claim is that the Twin Cities area is much more interconnected, more like one large community, which people transverse and make use of facilities throughout the area. The Iron Range, they claim, is a much more disparate area, separated by woods and lakes.

Neher said the state's position is even though that may be the case, the tax-base sharing program still is a workable law whose purpose is to reduce the competition among different communities for business property and to spread the wealth a bit. He said the law is clearly not unconstitutional, as it doesn't deny equal protection or discriminate against any area.

Expert witnesses will be called on both sides, Neher said, and a decision by the judge will likely be made sometime in the summer.

Pool jumps in value

In tax year 2000 the Range program has a shared tax-base pool of $852,777, or an increase of 89.4 percent from last year's pool. That amounts to 2.5 percent of the area's C-I tax base of $33.8 million, which is redistributed to 239 participating communities.

On a county basis, three of the seven counties involved in the program were net losers in tax base: Lake County was the biggest net loser, with a net loss of $114,834; Cook County was next, with a net loss of $28,841; and Crow Wing County was third, with a net loss of $19,156.

In a change from last year, St. Louis County became the program's biggest winner this year, with a net gain in tax base of $134,029, followed by Itasca County, at $15,985; Aitkin County, at $12,834; and Koochiching with a small net gain of $135.

St. Louis County generated by far the largest contribution to the program ($415,645, or 48.7 percent of the shared pool), but also received back the largest distribution ($549,674 or 64.5 percent). Itasca County generated the second largest contribution this year and Lake County the third.

Looking at individual communities, *Virginia* was easily the largest net gainer, with a net gain of tax base of $63,634, followed by *Eveleth*, $36,051; *Hibbing,* $33,791; *Aurora*, $18,105; and *Silver Bay*, $16,125.

The top five net losers in tax base were *Two Harbors,* with a net loss of $60,443; *Lake County Unorganized #2*, $42,632; *Ely*, $35,612; *Grand Rapids*, $34,226 (after being the third largest net *gainer* last year); and Lake County's *Beaver Bay Township,* $18,266.

Cohasset, one of the plaintiffs in the lawsuit challenging the program, showed a net gain of $2,829, ranking 33rd highest among the 163 net gainers.

Disparities

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($2,386) and Woodland the lowest ($35).

The sharing also reduces—although less dramatically—disparities among communities in *total* property tax base.

- In cities over 9,000 population, total property tax base per capita *before* sharing ranges from $1,923 (Edina) to $500 (North St. Paul)—a ratio of 3.8 to one. *After* sharing the high and low cities remain the same, but the ratio is reduced to 2.9 to one.

- Among all metro-are communities, the ratio of high to low in total property tax base per capita *before* sharing is nearly 49 to one, with Woodland the highest and Landfall the lowest. *After* sharing the gap is reduced to eight to one, with Woodland still the highest and Rockford the lowest.

While tax-base sharing reduces disparities in tax base among communities, it does not greatly reorder their tax-base wealth. Since only a portion of tax base is shared, the wealthiest communities before sharing generally remain that way after sharing, as do the poorest communities.

- Among the five communities with the smallest C-I tax base per capita *before* sharing—*East Bethel, Andover, Mound, Prior Lake and North St. Paul*—only North St. Paul moves out of the bottom five *after* sharing, moving to 12th from the bottom.

> *"While tax-base sharing reduces disparities in tax base among communities, it does not greatly reorder their tax-base wealth."*

Among the five wealthiest cities in C-I tax base per capita *before* sharing—Bloomington, Golden Valley, Eden Prairie, Roseville and Minnetonka—three remain in the top five *after* sharing and the other two remain in the top eight.

Tax impact

It's important to note that tax-base sharing is only one part—and by no means the most significant part—of a complex state strategy for equalizing revenue-raising capacity among communities. State school aid is by far the most important; state-paid local government aid, Homestead and Agricultural Credit Aid and disparity reduction aid also play a part. Tax-base sharing is the only such strategy, though, that relies on communities directly sharing their property wealth, rather than on redistributing funds collected by the state through income and sales taxes. It's also the only strategy that is strictly regional. In some communities tax-base sharing plays a more important role in reducing disparities in revenue-raising capability than local government aid or disparity reduction aid.

Because of the importance of these other strategies, it's difficult to isolate the impact of tax-base sharing on the actual taxes paid by homeowners or business property in any one community. Because state school aid equalizes differences in tax base for the majority of school taxes, the impact of tax-base sharing on school taxes is small. Since school taxes make up about half of total property taxes, the impact on total taxes in any individual community is moderate. The impact of tax-base sharing on city taxes and county taxes, though, is quite direct. If a city or county is a net gainer in tax base, the city or county tax rate will be *lower* than without the sharing program. Likewise, if a city or county is a net loser in tax base, the city or county tax rate will be *higher* than without the sharing program.

Dana Schroeder is editor of the Minnesota Journal. *Steve Hinze of the Minnesota House of Representatives Research Department supplied the data for this analysis.*

2000 TWIN CITIES TAX-BASE SHARING BY COUNTIES

County	1998 Population#	Total tax base (NTC)*	Commercial-industrial (C-I) tax base**	Fiscal disparities contribution (to the pool)	Fiscal disparities distribution (from the pool)	Net (loss) or gain of tax base due to sharing***	Net (loss) or gain of tax base per cap. due to sharing	% chng. in total tax base after sharing	% chng. in C-I tax base after sharing
Anoka	$ 290,871	$200,945,630	$ 65,721,878	$ 20,646,040	$ 36,467,381	$ 15,821,341	$54	7.9%	24.1%
Carver	63,358	61,142,298	17,113,968	4,811,633	5,683,116	871,483	14	1.4	5.1
Dakota	339,256	316,902,525	110,808,988	35,247,773	35,689,287	441,514	1	0.1	0.4
Hennepin	1,081,875	1,246,000,010	567,213,807	158,855,155	108,247,053	(50,608,102)	(47)	-4.1	-8.9
Ramsey	498,090	371,247,036	155,937,692	40,261,610	65,450,598	25,188,988	51	6.8	16.2
Scott	77,924	69,538,342	18,984,877	5,561,673	7,120,172	1,558,499	20	2.2	8.2
Washington	192,979	173,534,247	44,283,237	13,046,821	19,773,097	6,726,277	35	3.9	15.2
7-County Total	**$2,544,353**	**$2,439,310,088**	**$980,064,447**	**$278,430,704**	**$278,430,704**	**$0**	**$0**	**0.0%**	**0.0%**

Population figures are Metropolitan Council estimates for 1998.

* NTC is the total net tax capacity—a community's total tax base—for taxes payable in 2000. This figure includes value in tax-increment finance districts.

** C-I is commercial-industrial net tax capacity, or tax base. 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 sharing pool and the amount it receives back from the pool.

SOURCES: MINNESOTA HOUSE RESEARCH DEPARTMENT, MINNESOTA DEPARTMENT OF REVENUE

2000 TWIN CITIES TAX-BASE SHARING FOR CITIES ABOVE 9,000#

Metro community above 9,000 population	Total tax base (NTC)	Net (loss) or gain in tax base due to sharing	% chng. in tax base due to sharing	% chng. 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	$16,297,313	$1,877,044	11.5%	110.2%	$ 73	$154
Anoka	12,114,401	1,141,554	9.4	22.8	279	342
Blaine	31,275,830	1,502,004	4.8	11.1	302	336
Columbia Heights	9,395,881	2,273,573	24.2	88.2	138	259
Coon Rapids	42,571,667	2,771,983	6.5	16.8	267	312
East Bethel	5,537,241	929,523	16.8	144.3	64	156
Fridley	26,619,595	(957,223)	-3.6	-6.5	518	484
Ham Lake	8,857,947	628,067	7.1	35.8	146	198
Lino Lakes	11,417,329	1,001,728	8.8	50.7	131	198
Ramsey	13,286,664	959,181	7.2	28.8	185	238
Carver County						
Chanhassen	24,051,395	(183,295)	-0.8	-2.5	423	413
Chaska	15,900,494	(1,262,045)	-7.9	-16.7	492	409
Dakota County						
Apple Valley	35,188,829	1,922,315	5.5	25.5	174	218
Burnsville	63,470,735	(3,608,212)	-5.7	-12.1	508	447
Eagan	72,223,621	(5,576,604)	-7.7	-17.4	534	441
Farmington	7,206,015	861,127	12.0	55.6	147	228
Hastings	10,720,882	1,497,772	14.0	51.0	167	252
Inver Grove Heights	24,509,505	971,254	4.0	12.2	274	307
Lakeville	32,709,360	1,450,093	4.4	18.4	205	242
Mendota Heights	16,927,993	(1,424,214)	-8.4	-23.6	585	447
Rosemount	12,604,127	(117,230)	-0.9	-2.3	386	377
South Saint Paul+	10,933,501	2,716,073	24.8	81.6	164	298
West Saint Paul	14,121,249	941,213	6.7	21.1	229	277
Hennepin County						
Bloomington	142,258,288	(21,046,760)	-14.8	-24.6	978	738
Brooklyn Center	21,488,454	1,504,330	7.0	13.1	403	456
Brooklyn Park	46,780,437	1,689,393	3.6	8.6	306	332
Champlin	12,955,007	1,686,541	13.0	66.8	124	207
Crystal	13,305,501	2,272,649	17.1	61.4	156	252
Eden Prairie	89,161,888	(10,182,863)	-11.4	-26.3	763	562
Edina	90,825,264	(6,553,871)	-7.2	-19.5	713	574
Golden Valley	31,126,628	(2,188,591)	-7.0	-13.6	768	664
Hopkins	15,775,548	342,007	2.2	5.0	405	426
Maple Grove	49,145,155	(1,225,098)	-2.5	-7.1	366	340
Minneapolis	328,455,491	579,118	0.2	0.3	491	493
Minnetonka	85,825,455	(9,450,589)	-11.0	-24.8	722	543
Mound	7,251,217	762,622	10.5	105.9	74	152
New Hope	17,451,600	352,166	2.0	4.6	358	374
Plymouth	94,038,570	(9,525,116)	-10.1	-22.6	668	517
Richfield	24,088,210	2,686,053	11.2	32.9	238	316
Robbinsdale	7,537,455	1,592,259	21.1	91.1	123	236
Saint Louis Park	51,680,405	(5,829,452)	-11.3	-23.2	569	437
Ramsey County						
Arden Hills	11,989,832	(1,096,927)	-9.1	-16.6	678	565
Little Canada	7,256,999	139,730	1.9	5.0	292	307
Maplewood	37,831,118	(2,949,183)	-7.8	-13.9	599	515
Mounds View	7,450,042	1,009,976	13.6	35.9	219	297
New Brighton	16,731,590	925,953	5.5	18.2	222	263
North Saint Paul	6,396,154	1,498,087	23.4	100.8	116	233
Roseville	44,782,367	(4,278,864)	-9.6	-17.0	735	610
Saint Paul	159,206,798	27,271,363	17.1	39.7	256	357
Shoreview	22,456,999	731,016	3.3	14.3	193	221
Vadnais Heights	12,853,309	(522,988)	-4.1	-10.0	393	353
White Bear Lake	17,888,374	1,570,614	8.8	29.1	204	263
White Bear township	9,756,202	224,873	2.3	9.3	221	242
Scott County						
Prior Lake	11,888,089	808,193	6.8	57.2	96	151
Savage	15,205,143	702,372	4.6	21.1	196	237
Shakopee	20,176,840	(1,718,111)	-8.5	-15.6	685	578
Washington County						
Cottage Grove	17,467,281	3,014,087	17.3	78.2	126	224
Oakdale	18,107,779	1,315,445	7.3	23.2	218	268
Stillwater	13,321,150	238,747	1.8	5.4	276	291
Woodbury	45,242,059	(1,186,143)	-2.6	-9.0	340	310

See notes on table on page 8.

+South St. Paul began contributing for the first time in 1992, as the result of a 1991 law change. Its contribution is 40 percent of its C-I growth since the 1989 assessment year.

Council may find public housing acceptance difficult

NIMBY-ism: alive and well. The recent announcement that the Metropolitan Council will build up to 300 units of public housing came with the assurance that the units won't be put in any communities that don't want them. That could make the process rather difficult, considering the fact that a 1999 poll of residents in 10 metro areas, including the Twin Cities, found that 78 percent of people oppose building multifamily apartments in their neighborhood, 75 percent oppose building single-family homes on smaller lots in their neighborhood and 54 percent oppose building townhouses in their neighborhood.—*Kris Lyndon Wilson.*

I'm going to...Minnesota? Tourism in Minnesota generates roughly $10 billion in economic activity annually, making it one of the states top industries. According to the most current data from the state Office of Tourism, the industry employs 170,000 throughout the state, who earn wages of $3.7 billion. Tourism in Minnesota easily outperformed the economy as a whole in terms of annual employment growth since 1989 (19 percent vs. 11 percent, respectively).

About one million tourists come from other countries. While Japan and other Asian countries have shown a penchant for the Mall of America, close to 60 percent of all international tourists to Minnesota are our neighbors from Canada. But international tourists as a group make up a very small percentage of all tourists in the state, as 84 percent come from the 12-state north-central region. We're not sure if Viking/Packer and Gopher/Badger games are included in the numbers, but the cheesehead state sends more tourists to Minnesota than any other state.—*Ron Wirtz.*

Minnesota is not the only state with doubts that "steps and lanes"—the number of years teachers have worked and the number of degrees they hold—is the most sensible (or the only!) basis on which to pay them. New York is wondering about that, too. A report recently from the Manhattan Institute refers to steps and lanes as "social promotion."—*Ted Kolderie.*

Take Note

"Always fall in with what you're asked to accept."—R. Frost

I recently was trying to track down a policy analyst for some "brain picking" on an unfamiliar subject. I didn't have his exact whereabouts, but I'd been told he might be working at the Pentagon. So I logged on to the U.S. Department of Defense website to see if there was a staff directory (no luck) or an information phone number (again, no luck, except for a press office number). I called directory assistance and asked for a main information number for the Department of Defense. "There isn't one," the operator said. "Only a listing of departments." I hadn't a clue what department he was in.

Further digging revealed the analyst was actually working at the Central Intelligence Agency, not DOD. On to the CIA website: "About the CIA"-click; no phone number. "Director of Central Intelligence"-click; all I get is the main page again. "FAQs"-click; assurance that the CIA does not, in fact, engage in foreign assassinations, but no phone number. Dialed directory assistance, where I learned that the CIA also has no main information number.

I finally tracked the guy down through an acquaintance of an acquaintance, whose secretary had the phone number in an old calendar appointment. Meanwhile, on the CIA's main web page, this message appears: "Use of this system constitutes consent to monitoring." There it is! Transparency in government.—*Janet Dudrow.*

As states continue to open their energy markets to competition, a handful of entrepreneurs have discovered that energy, like many other goods and services, can be sold cheaply and quickly on the Internet, thanks to lower overhead and transaction costs. Although only a few companies in the energy business are fully on-line today, one research firm has predicted that on-line electricity sales will increase from $1 billion last year to $100 billion by 2004.—*Dave Chadwick.*

A reporter for *The Economist* magazine wanted to see how much it's possible to find out about a person, using computer networks. He paid a private investigator to do that and to report back. He gave the investigator only his name, to start.

It's almost unbelievable how much that investigator found. And this was in Britain, where the laws to protect privacy are stronger than in the U.S. Don't miss it: Ask your library for the Dec. 18 issue. If the "Tech" sections of our local newspapers haven't reprinted it, they should. (Will they, though?)—*T.K.*

For those looking for new fodder on the TIF-abuse file, here's a new twist on the oft-used economic development program from Onalaska, Wisc.

It seems the city doesn't have the $2.3 million necessary to buy needed fire trucks, police equipment and bus shelters, "but has plenty of money in its tax-increment financing district," the newspaper stated.

The existing TIF district was formed in 1995 with a shelf-life of 27 years to pay off the bonds. The district has performed well and is slated to pay off the TIF bonds by 2003. City officials, however, are looking at extending the life of the TIF an additional year to pay for new city equipment—like a 100-foot aerial ladder fire truck worth $675,000—they say wouldn't be necessary were it not for the new business development.

Other notable items in the proposal are "community entrance feature" with landscaping ($220,000), two new 4x4 utility vehicles ($54,000), 15 laptop computers for squad cars ($45,000), evidence lab equipment ($15,000) and six digital camera[s] ($3,000). One obstacle: the city [will] have to get support from the local school district, the county and the area tech college to postpone the transition of TIF revenues to their respective general funds.—*R.W.*

As the 2000 legislative session approaches and legislators begin work on the state's capital budget, it's easy to forget that we're still paying for the capital projects of the '80s and '90s. At a recent Mind-Opener breakfast meeting, Commissioner of Finance Pamela Wheelock noted that the state is currently carrying $2.4 billion in outstanding debt, while another $650 million in bonding has been authorized, but not yet issued.—*K.L.W.*

A forthcoming report from the Social Policy Action Network (SPAN) and the Educational Testing Service argues that the key to moving people off welfare is not to just find them a job and then fill in the economic gaps with transportation, health care and child care assistance. "A better solution fo[r] these families," the report argues, "is making work pay—in the true sense—by using short-term, targeted education and training to help them raise their earnings." The report will be available on the web at www.span-online.org and www.ets.org.—*D.C.*

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