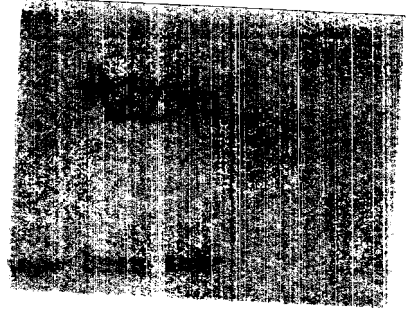


To Members of the Fiscal Disparities Committee
Citizens League



The report of the Fiscal Disparities Committee has been submitted to the Citizens League Board and to you.

As you know, this has been a complex problem and, on many points, there has been sharp disagreement. The enclosed material represents a dissenting minority report which, it is hoped, will be considered by the Board along with the majority report next Thursday, March 20 at 4:00 P.M.

If you care to join in the minority report or in parts of the minority report, it is suggested that your opinion be made known before that time so that the Board might consider it.

Your written comments may be sent to the undersigned.

Robert L. Ehlers
Soo-Line Building
507 Marquette Avenue
Minneapolis, Minnesota 55402

March 14, 1969

The Board of Directors
Citizens League
545 Syndicate Building
Minneapolis, Minnesota 55402

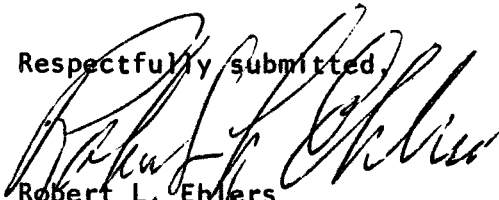
This writing, together with the attached material, presents a dissenting opinion to the majority report of the League's Fiscal Disparities Committee.

As of now this minority view is only that of this one member though it is believed that it might have further support of other committee members if some additional time were available. It should be noted that the majority report was adopted only last night and the few intervening hours have not afforded an opportunity to acquaint all committee members with this minority report. It is respectfully requested that the majority report be received but not formally accepted and adopted by the Board until other minority views can be determined.

The committee's work has been extremely difficult with sharp disagreement on many points and, in fact, adoption of the majority report in principle was actually defeated in committee on a vote previous to the adopting vote. (At this point it should be said that through the many, long meetings Mr. Earle Colburn, Chairman, demonstrated utmost fairness, patience and fortitude and is to be commended. Also, Mr. Paul Gelge of the League staff rendered valient service in providing complete reports of committee actions and he, also, should be commended.)

If additional time cannot be allotted for articulation of other minority view points, then it is asked that the attached material, which was actually written on January 6 this year before the majority report was formulated, together with addenda attached, be considered as a dissenting minority report for your consideration.

Respectfully submitted,



Robert L. Ehlers
West St. Paul, Minnesota

RLE:jr
Enclosures

Specific Addenda to the Minority Committee Report of the
Fiscal Disparities Committee, Citizens League

This addenda sets forth some dissenting views to the specifics of the Fiscal Disparities Committee Report. It questions some major conclusions and recommendations and does not purport to attack some, individually less important but, cumulatively, very important points in the majority report.

(1) Substitution of utility gross earnings taxes for local property taxes

It is not true that the "possessors" of this valuation receive a bonanza or a clear bonus in that local school aids in those districts (which levy most of the taxes in a community) are sharply reduced and additional school aids are thus made available to those communities which do not have such plants. It is not a case of winner take all. Moreover, in principle, utilities are not the least bit different from, say, a Dayton store whose customers (who come from a wide area) actually pay the taxes levied on Dayton property.

(2) Homogenization of new industrial and commercial valuation

This recommendation, if adopted, would severely harm those communities which are in the expensive formative stages and whose development will be new as opposed to those communities which already have their industries and commercial establishments on the tax rolls. It will be especially unfavorable to the core cities whose only hope for growth in tax base is, not in residential growth, but in construction of new industrial and commercial growth.

(3) Property taxes are not so high as to require new replacement taxes

The majority report and indeed practically all the deliberations of the committee center around alleged unresponsive, disparity and regressive features of property taxes, and practically no account was taken of the total tax mix including a steeply graduated, quite high income tax. When these factors are taken into account, the total present tax mix is quite "progressive". Moreover, it is assumed that property taxes are negative (bad).

The fact is that such taxes are a way of buying service which directly protects and enhances the value of property (police and fire protection, street maintenance, courts, zoning, administrative, building inspection). Thus, value of property is a particularly appropriate incident on which taxes can be and should be imposed.

Contrary to the majority report, the property tax has proven to be a tax very responsive to the money needs of the local government.

Property and taxes on property form the only tax base on which local governments can identify and, whatever its faults (less than commonly supposed), defense of property taxes is a defense of local government and Minnesota local governments have proven to be remarkably effective in providing for the needs and wants of their citizens.

To the extent the property tax base in the metro area is homogenized and shared by all, local governments will be weakened and their ability to make their own local decisions will have been impaired.

It may well be that the reason for the high level of education and local public service in Minnesota and the metro area is the very competitiveness and "fragmentation" which the majority report so deplores.

Strong, independent local governments may be a reason why Minnesota ranks so high in the national scale in quality of life.

January 6, 1969

Minnesota Local Government:

Uniformity of Taxes and Services

By Robert L. Ehlers, West St. Paul

1969 finds Minnesotans presented with a host of "solutions" to metropolitan and local government "problems". In fact, from the clamor of diverse groups repeated numerous times to millions of people by the news media, the impression might be gained that local governments are completely unable to cope with modern problems.

It is said that the Twin Cities metropolitan area must be recognized as a single economic and social unit. "We must recognize that all metropolitan communities have common interest in the development of the metropolitan area", is the refrain. To accomplish this community of interests, the following proposals are urged by various people:

1. The numerous separate governments should be merged into one metropolitan government; or,
2. The present school districts should be merged and run by one central authority; or,
3. All taxes for school and local government purposes should be levied uniformly on all taxable property in the metropolitan area; or,
4. Public utilities should be taxed by other than the local communities in which their plants happen to be located (i.e. gross earnings) and these taxes should be distributed to all governments on the basis of need, which leads to -
5. If taxes on utilities are homogenized, why not share, on a "need" basis, all property taxes on shopping centers,

industrial plants, office buildings?

6. Along with this, taxes on homes and apartments should be reduced or eliminated; or,
7. In the alternative, taxes on residential property should be levied at a uniform rate in the metropolitan area; or,
8. All taxes for education should be homogenized statewide;
9. The process of creating new governmental units should be reversed, or, in other words, (to reverse the process) existing units should be combined;
10. Bonds for local purposes should be issued by some higher central authority or by the State.

In support of centralization and homogenization of taxation, financing, government and service, these arguments are put forth:

1. Present "fragmented" governments in the metropolitan area are not suited to a comprehensive plan of metropolitan development;
2. Relatively independent local governments do not involve suburban people in the social and racial problems of the core cities;
3. Suburban residents do not share in the cost of the unusual core cities' problems;
4. The cost of welfare is an exceptional burden of the core cities which should be shared by all taxpayers;
5. Property taxes are "regressive";
6. Taxes on residential property vary substantially from community to community, - "fiscal disparity" it is called;

7. Because of individual taxing authorities, local governments "zone out" low cost housing and over-zone for industrial and commercial developments;
8. Interest costs on local bond issues are too high;
9. Other metropolitan areas are doing it - merging into larger units.

Actually, this urge toward a homogenized, central financing and administration of local affairs comes when other large population centers are exploring decentralization as a way to solve their pressing problems. It is put forth in the face of some respectable, contemporary professional thought that many local governments should be smaller. It ignores the fact that alienation of many people from society occurs in those societies so large that the individual cannot relate.

Strong local governments characterized by strong financial independence and power to solve local problems are a uniquely American institution. In Minnesota, especially, the legislature has, over the years, given local governments the legal and financial means to effectively carry out their purposes. Only in the last few years has the progressive development of local "Home Rule" been asserted by and granted to Minnesota municipalities.

Have these diverse local governments performed badly? Are they really an anachronism in the modern world or are they a part of the successful modern experiment called American democracy?

How has their stewardship been managed? By adopting central administration, are we likely to trade good local government for something worse? Does the existence of some common metropolitan problems demand a metropolitan solution of all local problems?

"Fragmented Government"; What it Has Done

Allegedly, the numerous governmental units in the Twin Cities' Metropolitan area have led to inefficient government, failure to provide proper service, non-involvement of suburban residents in core city problems, excessive reliance on "regressive" property taxes, "zoning in" high value, low service requirement valuations, "zoning out" low value, high service requirement increments, "fiscal disparities" in property taxation, poor education in some areas, bad metropolitan planning, and failure to solve metro problems. Has the case been proved?

Efficient Government

It is said that a host of local governments duplicate many services which could be provided by a central government. However, by and large, local officials in local governments are effectively occupied solving local problems, and this function is generally done in an efficient manner. Also, local communities have a huge reservoir of free, unrewarded, but willing, services in the host of school board members, city council members and members of a variety of other local boards and commissions. Some local subdivisions are too small; but care should be exercised not to "prove" a case for homogenized local government by citing the exceptions.

Provision of Proper Community Services

It is said that individual communities cannot furnish the services their residents need which disregards the great accomplishments which local governments have achieved. By their own initiative, most have provided or are providing adequate sewer and water systems, surface drainage facilities, streets, police and fire protection. And, without exception, partly because of Minnesota's ingenious School Foundation Aid program, metropolitan suburban communities have provided excellent education for their youngsters.

A number of special authorities and districts created to solve special technical problems, of which the Metropolitan Airports Commission is an example, have done a marvelous job of providing special services to the Metro area. If present arrangements are so deficient, how is it that Minnesota ranks second (to California) in the nation in quality of living?

Involvement in Central City Problems

It is argued that the only way suburban residents can be made to become involved, financially, socially, and politically, in central city problems is to merge them into one metro unit. Then, it is said, the voters, especially those in the suburban areas, would gain for all the same quality of education and government now enjoyed by the outlying communities. This ignores these facts:

1. Per capita, the central cities have a tax base much greater than practically any of the suburbs;
2. Communication of the communities of interest becomes increasingly difficult as community size increases;
3. Larger cities are finding their governments unable to cope with local problems. New York City, for example, is finding that it must decentralize its school system within its area; Minneapolis is even trying to set up "little" city halls;
4. Planners are telling us that smaller cities are more desirable;
5. Suburban residents now are supporting the financing of central city governments and services. Taxes are collected on every office, on every working place, on every store in which they work and do business.

There is a great doubt that a metro government, with domain over some 2 million people and, later, some 4 million people, could more effectively communicate central city problems than can Minneapolis now with some 460,000 people. Are minority groups more likely to achieve success in a smaller population center in which they are a larger minority than in a large population where their voting strength will be diluted?

Because the central cities have an unusual share of low income and aged people and because of the alleged regressivity of the property tax, core city voters defeat their financial measures consistently.

If this is true, then the future of metropolitan financing referendums would also be in great trouble. It has been estimated that if all seven county property taxes (1967) had been levied on a metropolitan base, Minneapolis' taxes would have gone up about 50 mills - and this without adding the cost of needed improvements to the central city's school system. Noting the close majorities of some suburban bond elections, adding the alleged built-in negative vote in the central cities, and anticipating the size of bond issues required by a metropolitan government, there is great reason to doubt that metropolitan progress would continue at its present high level.

Solution to central cities' problems would seem to lie in their people becoming better-educated to their needs and the availability of their own tax resources together with the legislative elimination of old, unduly restrictive limitations under which they must operate. Referendums on operating cost levies are particularly limiting.

Welfare Costs:

The cost of welfare, especially burdensome to the central

cities and a rising expense of the counties, is one problem which might not be considered local and might, properly, be supported entirely or substantially by all the state's citizens. Removal of this burden plus providing the central cities with the required legal and financing machinery would enable them to better cope with other problems.

Property Tax, 'Gressivity:

It is claimed that the local property tax is "regressive" in that, as a percent of income, it strikes lower income groups the hardest.

Except for apartment dwellers, the property tax is not as regressive as is sometimes thought, especially when the homestead classification and the 35% tax reduction (up to \$250) and the special credit given to homeowners over age 65 are taken into account. Fiscal disparities are often proved by citing an example of the various taxes paid on an \$18,000 (or \$20,000) home in the respective suburban communities; but commonly overlooked is the fact that a higher income taxpayer usually pays taxes on a higher priced home. What is more, when benefit is given weight, the property tax may be progressive.

Suppose two cases in the same community: one home with a market value of \$18,000, a family with four children with \$7,000 annual income and a property tax rate of 300 mills of which 50 mills is for bonds; and another home with a market value of \$40,000, a family with two children, and an annual income of \$20,000.

Case I:

Market value	<u>\$18,000.00</u>
Full and true value (assume 1/3)	<u>\$ 6,000.00</u>
Assessed value	\$ 1,800.00
Times mill rate (except bonds)	<u>x 250.00</u>
	\$ 450.00
Less 35%	<u>157.50</u>
Tax	\$ 292.50

Add tax for bonds (\$1800 x 50 mills)	\$ <u>90.00</u>
Total tax	\$ 382.50
Divide by income	<u>÷7,000.00</u>
Property tax as % of income	5.45%

Case II:

Market value	<u>\$40,000.00</u>
Full and true value (1/3)	<u>\$13,333.00</u>
Assessed value	\$ 4,733.00
Times mill rate (except debt service)	<u>x 250.00</u>
	\$ 1,183.25
Less 35% or \$250 whichever is smaller	<u>250.00</u>
	\$ 933.25
Add debt service for bonds (\$4,733. x 50 mills)	236.65
Total tax	\$ 1,169.90
Divide by income	<u>÷20,000.00</u>
Property tax as % of income	5.85%

In this example, sociologists would say the property tax is slightly progressive, but adding some other facts could make the tax appear quite "progressive". For example:

With an assumed annual per student cost of \$700, a four-child family will have received \$33,600 worth of education when the fourth child graduates from high school. Assuming 50% of the property owner's tax is for schools, he would have paid \$2750 school property tax in 20 years at the stated tax rate.

The Case II family with two children (assuming they attend public schools) would have received \$16,800 worth of education and, assuming that 50% of the property tax is for schools, he would have

paid \$11,699 school property taxes. If the Case II homeowner happens to own a business, the tax on it would make the property tax even more progressive.

And if Minnesota's high, steeply graduated income tax (all of which goes to education) is figured for the respective homeowners, Minnesota's tax mix is probably quite progressive.

Property Tax, Renters:

In the past, it must have been thought that, by imposing a heavy tax on rental dwellings, society would tap the "unconscionable" profits of landlords and, for that reason, rental property is assessed entirely at 40% of "full and true" value. (For homeowners, the first \$4,000 of "full and true" value [itself about 1/3 of market value] is assessed at 25%). In the light of more modern thought, it should be clear that this succeeds only in sharply increasing rent, and, in most cases, assuming most renters are in the lower income segments, this tax is "regressive".

Property Tax, Fiscal Zoning:

Reliance on local property taxes to support local government is said to lead to "fiscal" zoning. That is, local governments "zone in" high tax base developments and "zone out" those low tax base developments which bring in people, especially children. It is said this leads to bad planning - wrong things in the wrong place - for "good" metropolitan development. Also, it is said, this leads to "zoning out" minority and low income populations from the suburbs and that those suburbs which have developed with lower cost housing are saddled with exceptionally high taxes. There is another side.

If local communities derived no tax base from commercial and industrial developments, who would want them? Would they then be

"zoned out"? Up to now, it does not appear that fiscal zoning has actually led to notable instances of "wrong things in the wrong place".

Those communities which do have a large tax base per capita and per child do have their school aids reduced and those who have a low tax base do receive substantially greater foundation school aids and, beyond that, distressed school aids. The central cities, even now, with their higher tax bases, receive substantially greater pupil unit school aids than they would under the valuation formulas which most suburban districts use.

Much of the low cost housing population is transitory. That is, people tend to move into larger, more expensive homes as they become more affluent. For this reason, it cannot be said categorically that residents in low cost housing, low tax base communities are condemned to a lifetime of high taxes and "poor" schools.

"Zoning out" minorities and low income groups is probably not a real fact. Many suburbs have older "low" cost houses available which are sold from time to time and probably none say, "if you are black or poor, you cannot move here". Rather, the reason many such people have not moved out are, first, simply the economics of buying any house, even an older, low-priced home, by some persons; second, the cost of transportation from suburb to employment; third, lingering prejudices; fourth, desire of some people to live among others of similar circumstances. "Liberal" zoning and building codes will not solve these problems. On the other hand, abandonment of zoning and building requirements might well create future slums.

Property Tax; Fiscal Disparities:

It is said that great property tax disparities exist between communities because of:

1. differences in industrial and commercial tax bases;
2. differences in assessment ratios;
3. differences in mill rates;
4. differences in needs and costs;
4. differences in individual community methods of paying for improvements;
6. presence or absence of revenue producing enterprises.

Some disparities cancel out others; for example, a low assessment ratio cancels out much of the curse of a high mill rate. Electing to pay for capital improvements (or debt service) from property taxes will cause a higher tax rate than in another community which elects to pay more of its improvements from special assessments, utility revenues or other sources.

Indeed, the Foundation School Aid Program developed around the idea of equalizing taxes for, and the quality of, education, and to a large extent, it has done so though the base cost figure in the formula might be, and is, argued every legislative year.

There are differences in taxes paid by taxpayers in different communities. There always have been; but it was never thought a serious problem until advocacy of a central metropolitan government began and the fact that one community's taxes are higher than another's has not inhibited construction of local improvements. Those who have wanted improvements have approved them and passage of bond issue after bond issue proves it.

Because "fiscal disparities" may be the vehicle on which metropolitan taxation and government is to be ridden, it might be

asked: How bad is the disparities problem? Has it been proved?

Various published reports have shown tax disparities apparent from the different mill rates from place to place, other reports showing disparities caused by varying assessment ratios (which, if watched closely, cancel out the apparent disparities caused by differing mill rates). Other reports show still some disparities (but not so great) even after the 1967 tax reform law property tax credits are considered.

It has been noted that some disparities cancel each other out. It should also be noted that the published reports have compared the new taxing districts in the extreme high tax range with the few taxing districts in the extreme low tax range to arrive at extreme disparities. However, the great bulk of the communities fall in a rather narrow middle range and, statistically, "disparities" should be figured up or down from the median tax. When this is done, the disparities become much less severe.

Also, many of the fiscal disparity reports figure the tax on an \$18,000 or \$20,000 home which is not at all indicative of the actual tax paid by homeowners on higher cost housing in the actual communities. Nor do the property tax disparity studies figure any offset for the state income taxes (for schools) paid by homeowners in the respective communities to show the whole tax mix.

What is more, the disparities are figured for a single year (1966 usually) during which individual communities can be, and are, hit with unusual expenses caused by an initial year of bond issue debt service or the making up of a preceding year's deficit. A true disparities study should cover a time period of not less than five years.

Property Taxes and Local Government

It is imagined by some that the power to tax and the power to govern can be divorced - that substantially the present form of local governments might be retained while the taxes to run those governments are levied and collected by another agency. Distribution of municipal state aid street money, sales tax receipts and school aid funds are said to be examples.

However, it is one thing to receive aid payments to supplement taxes levied by local governments, but something else for local governments to receive substantially all their taxes from some other taxing authority. Even now, as to various state aids, taxing authorities distributing funds to local communities do direct how they will be spent. Most surely, if, say, a metro authority (or the state) were to levy and collect taxes for municipal or school purposes, that authority would have to supervise it's spending. One of the main ideas of a single taxing agency is to "equalize" service and taxes within it's jurisdiction. That metro (or state) taxing authority would become the local government.

It is argued by some that local governments ought not have to rely on the property tax for their revenues and, to that end, various proposals are put forth to substitute various other taxes - metro income taxes, wheelage taxes, gross earnings taxes, piggy back sales tax, entertainment taxes, hotel and motel taxes and probably others - to be distributed to the metro local governments so that they might eliminate or reduce property taxes.

Taxes on property have been attacked for several hundred years for various alleged weaknesses. However, property, at least real property, is a non-transitory, very visible tax base available to the local community in which it is situated.

The property tax is, and probably will continue to be, the most significant support of local government. Without a tax base of it's own, it is difficult to see how any local community can have its own government. Total financial dependence on revenues collected by some other authority must necessarily submit control of local affairs to such other authority. Without power to levy it's own taxes, it is difficult to see how local government could continue in it's present form and taxes on property are the only taxes available now on which a local community can base its identity.

Property Taxes: Uniformity, Quality of Service:

It is said by officials and other interested citizens that, because of its regressivity and because of fiscal disparities, reliance on the property tax should be reduced or eliminated. And so, some of the arguments go, the metropolitan area (maybe the entire state school system) ought to have a common tax source, or if the property tax is to be used, it ought to be levied on at a uniform rate over the entire area. In these ways, it is said, every community will have the same level of municipal services and education.

What is not made clear is whether the quality of service and education would be better or worse than now prevails.

Manifestly, if all taxes, say, for education were levied on a common base, whether income taxes, property taxes or other taxes, the important reasons for local school districts would be eliminated.

The whole educational program would have to be established and administered by the central taxing authority in order to assure uniformity of education. In other words, if the state (or metropolitan taxing authority) were to provide all the funds for education, that higher authority would have to assume all the functions of the present local school boards and administrators. No school district could be better (or worse) than another. Local citizens' voice on the kind of education available to their own children could not be heard. The same would be true of other public services supported entirely by common tax sources. No community would accept less service than its neighbors and none could provide more.

So, if not by name, adoption of a single tax base taxable at a uniform tax rate would require a central government for uniform administration of local affairs. Would this uniformity result in better or worse education and public service? The performance of other large centers of population is not reassuring.

Homogenizing Taxes on Industrial and Commercial Properties:

It is alleged that the "windfall" taxes to a local community favored with, say, an electric generating plant, should be shared with those not so favored. In answer, it is said, "if you are to share taxes on our power plant, we should also share in the taxes on other types of industrial and commercial plants, of which we have little."

The fact is that, as to school taxes, this is now the case. It is exactly what the foundation school aid formula was designed to do. Indirectly, but very substantially, more money is made available to every school district because state aids to the district with a power plant or shopping center or office building or industrial plant are substantially reduced.

Without some tax advantage, the metro area could run into another severe problem: Who would want a power plant or an industrial plant?

Central Borrowing: Bonds

It is said that bonds for local purposes issued by a metropolitan government or even by the state would save substantial interest costs. The reasoning is that, with a larger tax base, the bonds of, say, the state or of a large metro government would have a better rating and would sell at lower interest rates.

On November 18, 1968, a variety of federally guaranteed, AAA rated (highest), tax-exempt bonds, sold for a net interest rate of over 4.82% at a time when the following Minnesota metropolitan communities sold bonds.

<u>Date (68)</u>	<u>Community</u>	<u>Rating</u>	<u>Purpose</u>	<u>Amount</u>	<u>Rate</u>
11/14	No. St. Paul	Baa	Schools	\$1,750,000	4.95%
11/18	Bloomington	Ba	City	4,545,000	4.84%
11/18	Edina	Aa	City	2,000,000	4.00%
11/18	Shoreview	Ba	City	640,000	5.18
11/25	Stillwater	A	Schools	4,110,000	4.64
11/26	Monticello	Baa	Schools	765,000	4.72

The State of California sells large bond issues from time to time, and notwithstanding an Aa rating, its interest rates approach or exceed those of most Minnesota communities, as do the City of New York interest rates.

What happens is that those bond issues (California, New York Housing Authorities) become so large that the market is temporarily glutted with one issue and the competition for the bonds is sharply reduced. It could also happen, and probably would, that the rating of

the State's bonds (now Aa) would be reduced if it were to issue all or most of the bonds required to finance local improvements.

Were Minnesota to finance all local capital improvements, the legislature would be called upon to appropriate or authorize the borrowing of over \$400 million per biennium (assuming the same level of construction). Even though the present legislatures might liberally provide this funding, one cannot be assured that future legislatures would adequately fund the capital needs of local communities. Along with such funding, the legislature would have to establish the necessary added administration to approve building and construction standards and priorities.

The same difficulty would exist with a seven county metropolitan borrowing authority. Forgetting for now the difficulties in getting them authorized, the mammoth size of its bond issues could well result in interest rates as high or higher than those now paid by individual communities.

Past legislatures have shown great reluctance to allow local communities to issue general obligation bonds without voter approval and there is no reason to believe that future legislatures will be any less reluctant. Viewing the difficulties which the central cities have in passing financing elections, considering the difficulty in effectively communicating needs and programs to large populations, and adding the huge bond issues that would have to be submitted, one wonders if a metropolitan government could actually provide necessary facilities in as good a manner as now provided by the "fragmented" local governments.

Other Metro Areas are Merging:

Many sociologists and other students of government view the

seemingly erratic and overlapping municipal county, school district and special district boundaries and governments in the metro area with alarm. Because it is difficult for them to make sense of it, they are often disposed to change it. But the people who live in the many communities seem to know who's who, what's what and where's where in their communities. They are able to relate themselves to their communities and their governments and they often do effect changes and improvements. In these smaller local communities individuals do count.

On the other hand, it is in the larger population centers, where the individual counts far less, that the United States has experienced its big civil eruptions. Thus, the advantages of merging into large metropolitan governments are not clear. While a few large population centers are combining, others, including Minneapolis, are seeking solutions to human problems by decentralization; further fragmentation, if you will.

Special Districts for Special Purposes:

While some students of government deplore even the present number of special service districts and special authorities, the fact is, most have performed very well. And it makes sense, where there is a highly technical, boundary transcending problem, to have a special authority with power and financial means to act. It probably is a much better way to zero in on specific technical problems than to try to solve thousands - hundreds of thousands - of local problems with a single metro government or statewide tax pool.

Current metro problems can be fairly readily identified - transit, zoos, sewerage, open spaces, welfare, to name the most prominent. These would appear to be capable of solution by special districts or

authorities with the financial power to act without disturbing existing, functioning governmental structures.

Rapid transit is a highly technical problem and probably demands a special solution by a limited, qualified governing body.

Sanitary waste problems are even now being solved by the creation of a limited number of independent, regional sewer districts under the supervisory control of the Minnesota Pollution Control Agency. Even much of the parks and open space problem is being solved by local community initiative assisted by Federal and State grants.

In Summary:

Most of the present local governments have provided and are providing solutions to most of their local problems in an admirable way. While at first glance it might appear desirable to have uniformity of taxation in the metro area (and, for education, in the entire state), the very independence, diversity and competitiveness deplored by some may well be a prime reason why, on the whole, Minnesota communities have performed as well as they have - why the quality of life in Minnesota ranks so high.

The metropolitan problems which transcend local boundaries are capable of solution by specific remedies without destroying or emasculating existing local governments.