

February 20, 1986

Citizens League
84 S. 6th St., Room 530
Minneapolis, MN 55402

Testimony to Legislature on Bloomington Stadium Site Bill

The main issue in this bill is not whether the Legislature agrees with proposals for development of the stadium site.

The main issue is how to help any project that is metropolitan in scope and outstrips the financial capability of the city where it is located.

The following questions should be asked in deciding whether metropolitan assistance is justified:

Has this proposal been evaluated side-by-side with competing proposals for use of the metropolitan development dollar?

Will the dollars be specifically limited in amount or be open-ended?

Does this proposal represent an extraordinary opportunity that is not likely to be repeated or are similar requests likely to be forthcoming from other cities in the region?

Does the proposal help maintain or reduce the Legislature's existing commitment to mitigating differences in resources among metropolitan cities?

Has this proposal been evaluated side-by-side with competing proposals for use of the metropolitan development dollar? So far, no. The Legislature could change the rules. For example, it could establish a metropolitan development fund that would be designed for major capital improvements in the metropolitan area. Perhaps the Metropolitan Council could approve disbursements from such a fund, subject to legislative veto. In such an environment the stadium site proposal would have to stand the test of comparison with other projects.

Will the dollars be specifically limited in amount or be open-ended? The amount of the proposed fiscal disparities exemption in the Bloomington proposal is related to the amount of growth in tax base at the site, irrespective of the actual dollars needed. The Legislature could provide that the benefit Bloomington receives would be limited to a specific number of dollars each year, for a specific number of years. Thus, the benefit Bloomington would receive would be no more than the minimum the Legislature determines is needed.

Does this proposal represent an extraordinary opportunity that is not likely to be repeated or are similar requests likely to be forthcoming from other cities in the region?

If the Bloomington fiscal disparities exemption is granted as requested, a dangerous precedent will have been set, with other cities likely to claim similar exemptions.

It is possible to provide Bloomington with help, without a ruinously precedent-setting exemption. Instead of granting Bloomington an exemption, the Legislature should set to rest the exemption issue once and for all by phasing out all existing exemptions. The Legislature could still make it possible for assistance to be provided through a metropolitan development fund. Then cities, including Bloomington, would compete with each other for use of limited dollars. No city would receive benefit simply by arguing that its requested exemption is comparable to exemptions already granted.

A metropolitan development fund could be financed, for example, through a metropolitan sales tax, or possibly by using the metropolitan fiscal disparities pool in a way that does not harm have-not communities.

Does the proposal help maintain or reduce the Legislature's existing commitment to mitigating differences in resources among metropolitan cities?

If the size of the metropolitan fiscal disparities pool is reduced, poorer cities in the metropolitan area will bear most of the burden. Such a result need not occur. The Legislature could make sure that the pool is replenished for any amounts set aside for other purposes.

Several options are available to replenish the pool, including (a) sharing some or all of the pre-1971 tax base that under current law is not subject to sharing, (b) requiring higher contributions from under-valued properties, (c) sharing valuation at Minneapolis-Saint Paul International Airport that now is exempt, and (d) increasing slightly the percentage contribution from each parcel of commercial-industrial property.

Summary

In summary, the Bloomington proposal probably is the first of many proposals seeking development assistance at the metropolitan level. The Legislature needs to establish a system that allows proposals to compete with each other for limited funds.

The Legislature should not act separately on each request for a fiscal disparities exemption. If such action were taken, it is likely that most growth soon would be exempt from fiscal disparities.