



2010 CGMC Policy Positions: LGA, Property Tax, and State Budget

1. Local Government Aid Funding

The state should reduce the governor's 2010 LGA and Market Value Credit unallotments to the level of the 2009 LGA and Market Value Credit unallotments. To reduce the 2010 unallotments, the state should find an additional \$60 million in state spending reductions to fund LGA or raise \$60 million in revenue. Funding LGA should be the state's highest priority for property tax relief programs and it should not be cut further in 2009, 2010 and beyond.

2. Local Government Aid Formula

The legislative study group should determine if improvements can be made that are consistent with the LGA program's purpose. Any changes in the formula should be agreed upon by all city organizations before passage in the legislature, and to the greatest extent possible:

- Be based on a city's tax base and need;
- Include no separate pots based on geographic location or population;
- Reduce disparities among Minnesota cities greater than the current formula;
- Reduce yearly fluctuations in aid; and
- Be intuitive and rational.

3. State Budget Deficit

With the state facing a \$4.4 billion deficit in the 2011-2012 budget, CGMC supports a balanced budget solution that incorporates revenue increases, spending reductions, limited reliance on one-time money, limited payment shifts, and balances long-term. If there are no revenue increases to address the \$1.2 billion deficit for the 2009-2010 biennium, all areas of the state budget should be subject to funding reductions.

4. School Funding

The governor and the state Legislature should fully equalize all local property taxes used for education funding. If the governor and state Legislature need revenue to maintain or increase funding for K-12 education, it should increase general fund taxes or re-impose the state general education levy. The state should not reduce or eliminate LGA to fund education.

5. Inflation

To accurately reflect the cost of government, the governor and state Legislature should include inflation in the spending forecast beginning in February 2010.

6. Levy Limits

Levy limits are not an effective way to control property taxes, and place an arbitrary limitation on a city's ability to respond to local conditions. Levy limits should be repealed.

7. Local Option Sales Tax

The state should allow the moratorium on local option sales taxes to expire in May of 2010 as prescribed by current law.

8. Unfunded Mandates

Cities are subjected to a host of state mandated programs that often force them to reduce funding for other basic services or to increase taxes and fees to pay for the programs. The CGMC supports, in collaboration with the League of Minnesota Cities reviewing and modifying or repealing existing unfunded mandates. No additional mandates should be enacted unless the legislature or agency imposing the requirements provides a permanent stable revenue source for the mandate.