



2012 CGMC Draft Policy Positions: LGA, Property Tax and State Budget

1. **Local Government Aid funding**

Funding LGA should be the state's highest priority for property tax relief programs. The governor and legislature should increase the total LGA funding to return the average aid per person by cities receiving LGA to the year 2000 levels. If the state does not have surplus revenue to increase LGA funding, the state should raise revenue or reduce expenditures to increase LGA funding.

2. **Local Government Aid formula**

The legislative study group should determine if improvements can be made that are consistent with the LGA program's historic 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 property tax rate disparities among Minnesota cities greater than the current formula
- Reduce yearly fluctuations in aid
- Be intuitive and rational

3. **State budget deficit**

CGMC supports a balanced budget solution that incorporates spending reductions, revenue increases, limited reliance on one-time money, limited payment shifts and balances long-term. If there are no revenue increases to address the deficit, all areas except property tax relief programs, 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 2012.

6. **Levy limits**

Levy limits should not be reinstated in any form.

7. **Local option sales tax**

Local Government Aid should not be offset by a local option sales tax imposed by a city.

8. Unfunded mandates

CGMC supports reviewing and modifying or repealing existing unfunded mandates in collaboration with the League of Minnesota Cities. No additional mandates should be enacted unless the legislature or agency imposing the requirements provides a permanent stable revenue source for the mandate.

9. Unallotment

CGMC supports reforming the unallotment statute so that it serves the limited purpose of addressing unforeseen budget deficits that arise when the legislature is not in session. Such reform could include limiting the total unallotment to a stated percentage of the entire state budget and limiting the amount that could be unallotted from any category.

10. Maintenance of effort

CGMC supports modifying city library maintenance-of-effort requirements so that a city is not required to maintain the same level of library spending when Local Government Aid and credits are cut.

11. Local Performance Measurements

The CGMC supports the idea of performance measurements, but believes that the selection of measurable outcomes should be made by local officials to fit the needs of their communities and not dictated by the state. Furthermore, any creation of performance measurements should not increase cost for local governments.

12. Constitutional Amendments on Taxes and Spending

The CGMC is opposed to constitutional limits on spending and taxation. The CGMC believes that the legislative body should not increase the legislative votes needed to increase or reduce tax revenue, or increase or reduce state spending over a simple majority in each legislative body.

13. Property Tax Relief Constitutional Amendment

The CGMC supports an amendment to the Minnesota State Constitution to create a Property Tax Relief account. The funds within the account will be used for both direct property tax relief, through the Property Tax Refund program, and for aid to local governments through the existing Local Government Aid program and the creation of a Township Aid program. The Property Tax Relief Account shall be funded by dedicating a portion of the state's existing sales tax. The CGMC support to this amendment to the Minnesota State Constitution is contingent on the legislative passage of a constitutional amendment to limit taxation or spending, or to increase the votes needed in either body of the Minnesota legislature over a simple majority to increase taxation.