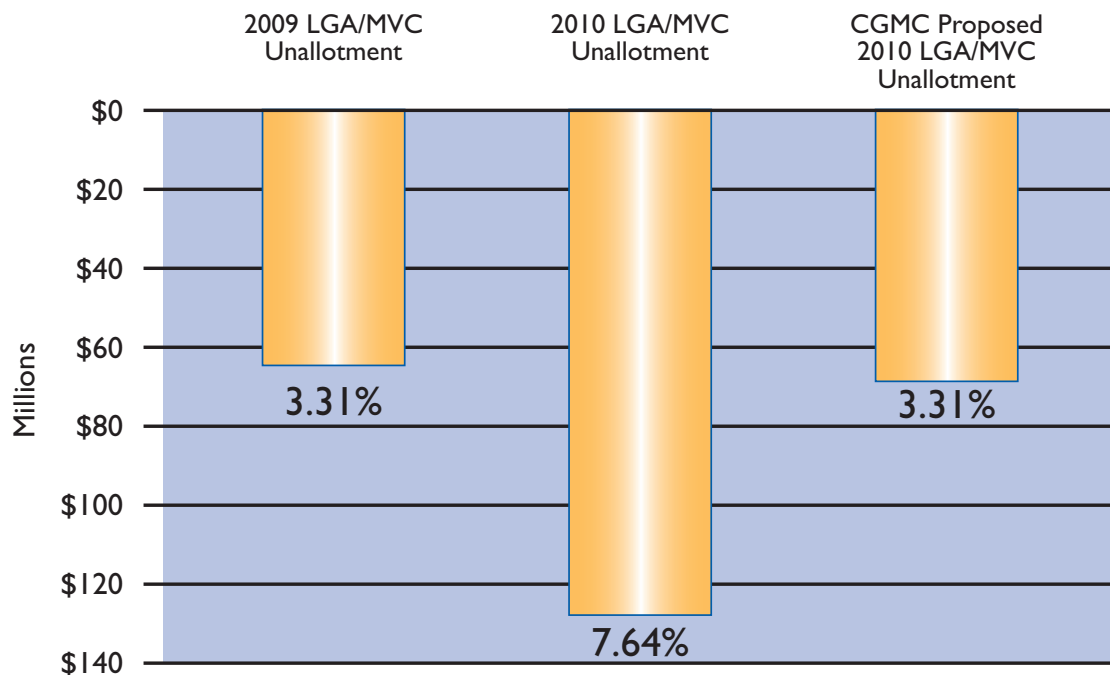


# Limit 2010 LGA Cuts to the 2009 level

Support the Minnesota Community Stabilization Act to reduce the 2010 LGA/MVC (FY2011) unallotments to the 2009 level by expanding the sales tax to personal care, tattoos, body piercing, and digital downloads

The 2010 unallotment can be up to 7.64% of a city's levy plus aid, while the 2009 unallotment was 3.31% of a city's levy plus aid. Because of the profound effect the proposed 2010 unallotment will have on Minnesota's communities, **CGMC supports limiting the 2010 unallotment to the 2009 level.** Outlined in the Minnesota Community Stabilization Act, this approach requires \$60 million, which can be generated by expanding the state sales tax to personal care, such as facials, manicures, tattoos, and body piercings, and digital downloads. This bill will not add to the state's current deficit. The bill also prevents any further unallotment of 2010 (FY 2011) LGA/MVC payments.



## ▶ Raising taxes fairly across the state is better than further cutting LGA

Nobody likes to pay taxes, but it is better to raise state taxes in a fair manner rather than continually cut LGA, which hurts some communities harder than others. Residents and businesses across the state should have access to quality city services at a fair property tax rate. As LGA is reduced, the location of a business or resident in the state matters more and more.

## ▶ The 2010 unallotment disproportionately impacts greater Minnesota cities

In FY 2010/2011, LGA is 2.9% of the state's general fund budget, but makes up 16% of the unallotment (not including the school payment shifts). LGA is designed to aid cities with the lowest tax bases and the cities with the highest needs, which are disproportionately in greater Minnesota. In fact, 65% of LGA goes to greater Minnesota cities; therefore, when aid to cities is reduced, rural Minnesota and tax fairness are harmed the most.

# Impact of LGA Unallotments

## Service Cuts & Workforce Reductions

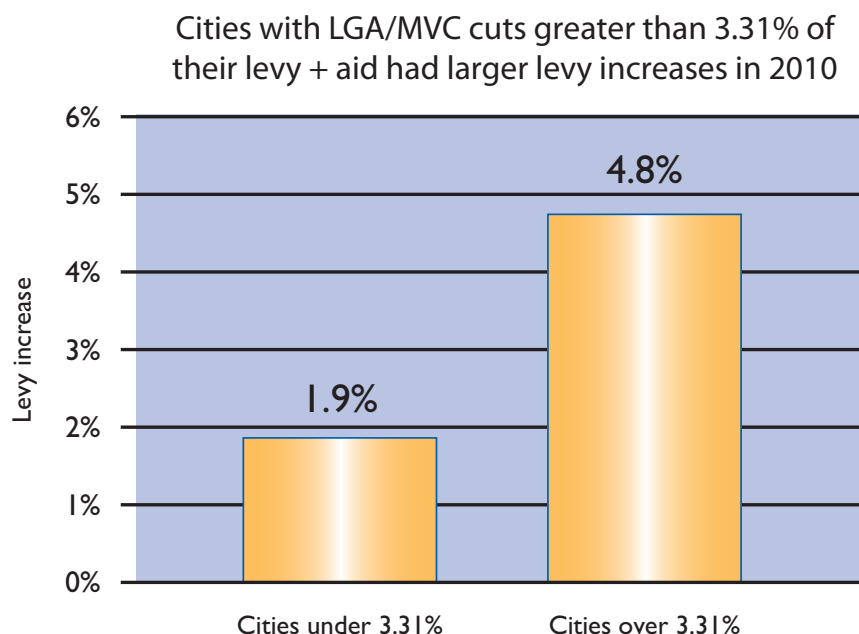
Total 2010 levy increases for all cities over 1,000 was \$69 million. Cities have lost \$259 million in LGA and MVC cuts since the last time they could raise their levies.\*

CGMC member cities are reducing expenditures. A survey of CGMC cities shows:

- Members surveyed cut their expenditures by an average of 2%
- 69% of cities eliminated a total of over 188 positions including 42 in public safety
- 69% delayed needed capital equipment purchases
- 66% of cities have or are attempting to negotiate wage freezes with union employees
- 65% of cities reduced their street maintenance
- 30% reduced snow removal
- 27% reduced library hours

## Uneven Revenue Increases

Cities over 1,000 increased their levies by an average of 4.1%. The size of the 2010 LGA/MVC unallotment affected levy increases. Cities with an unallotment of less than 3.31% of their levy plus aid increased their levy by an average of 1.9%. Cities with an unallotment of over 3.31% increased their levy by an average of 4.8%.



\*Source: Property tax data from the MN Dept. of Revenue. Data does not include cities in Murray County. The CGMC Survey was given to 76 cities member cities outside the metro area with 58 cities responding.