

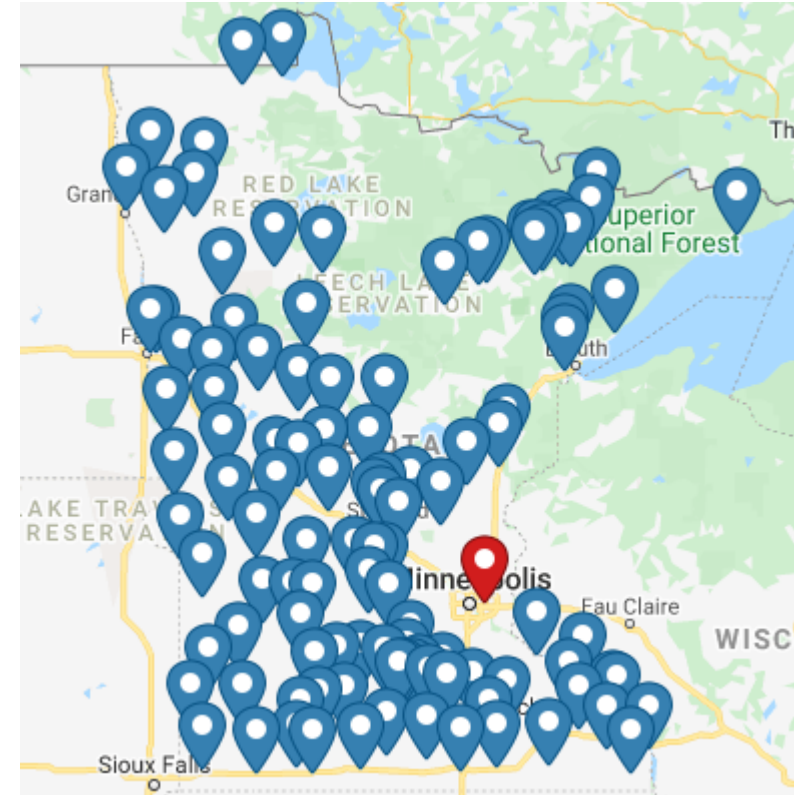


Local Government Aid and Greater MN

House Property and Local Tax Division, Feb. 2, 2022
Bradley Peterson

About the Coalition of Greater MN Cities (CGMC)

- Over 110 member cities across the state
- CGMC cities are dedicated to a strong Greater Minnesota
- Work on issues related to Local Government Aid (LGA) and property taxes, water infrastructure, child care, and housing



LGA is critical to Greater MN

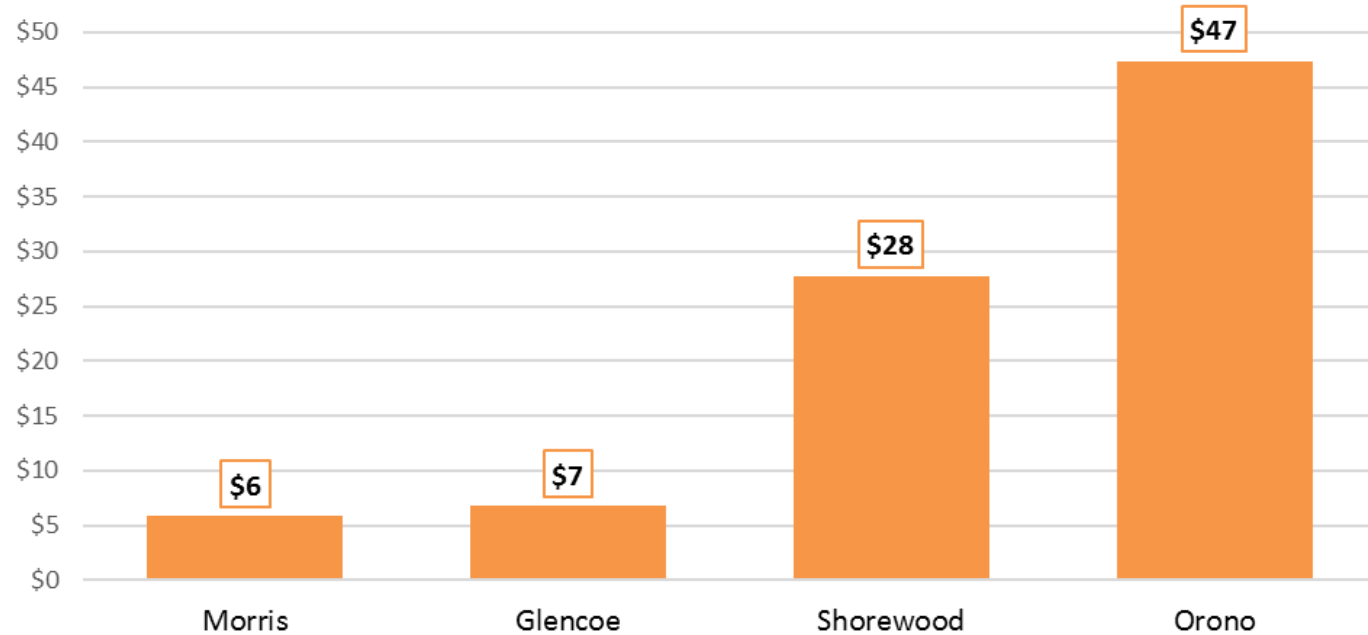
LGA helps cities provide quality public services that residents and businesses rely on

- Police and fire protection
- Parks and recreation
- Libraries
- Water and wastewater infrastructure
- Economic development

Property tax restraint

Protecting and enhancing LGA is our highest priority

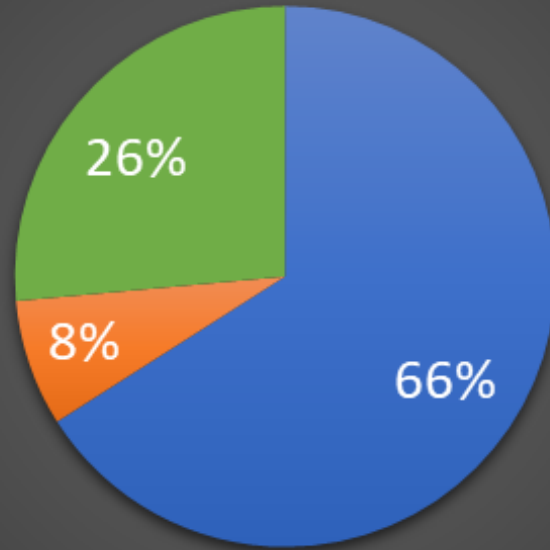
Amount per capita generated by a 1% increase in 2021 city tax rate



All cities selected have similar levy + aids per capita, ranging from \$785 to \$795, and have populations ranging between 5,105 to 8,315.

LGA levels the playing field between communities

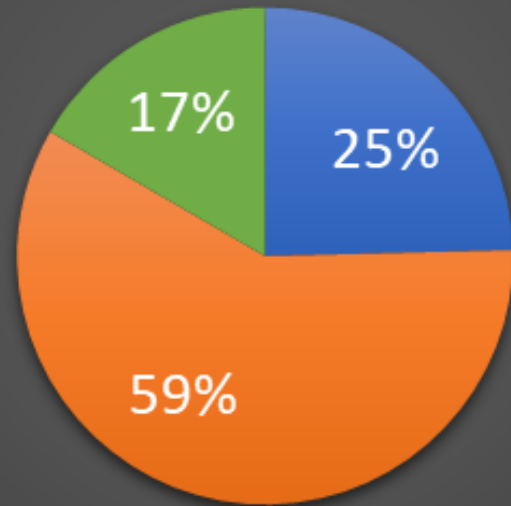
2022 Distribution of LGA



■ Greater Minnesota ■ Suburbs ■ Msp and St. Paul

Geographic Distribution of LGA

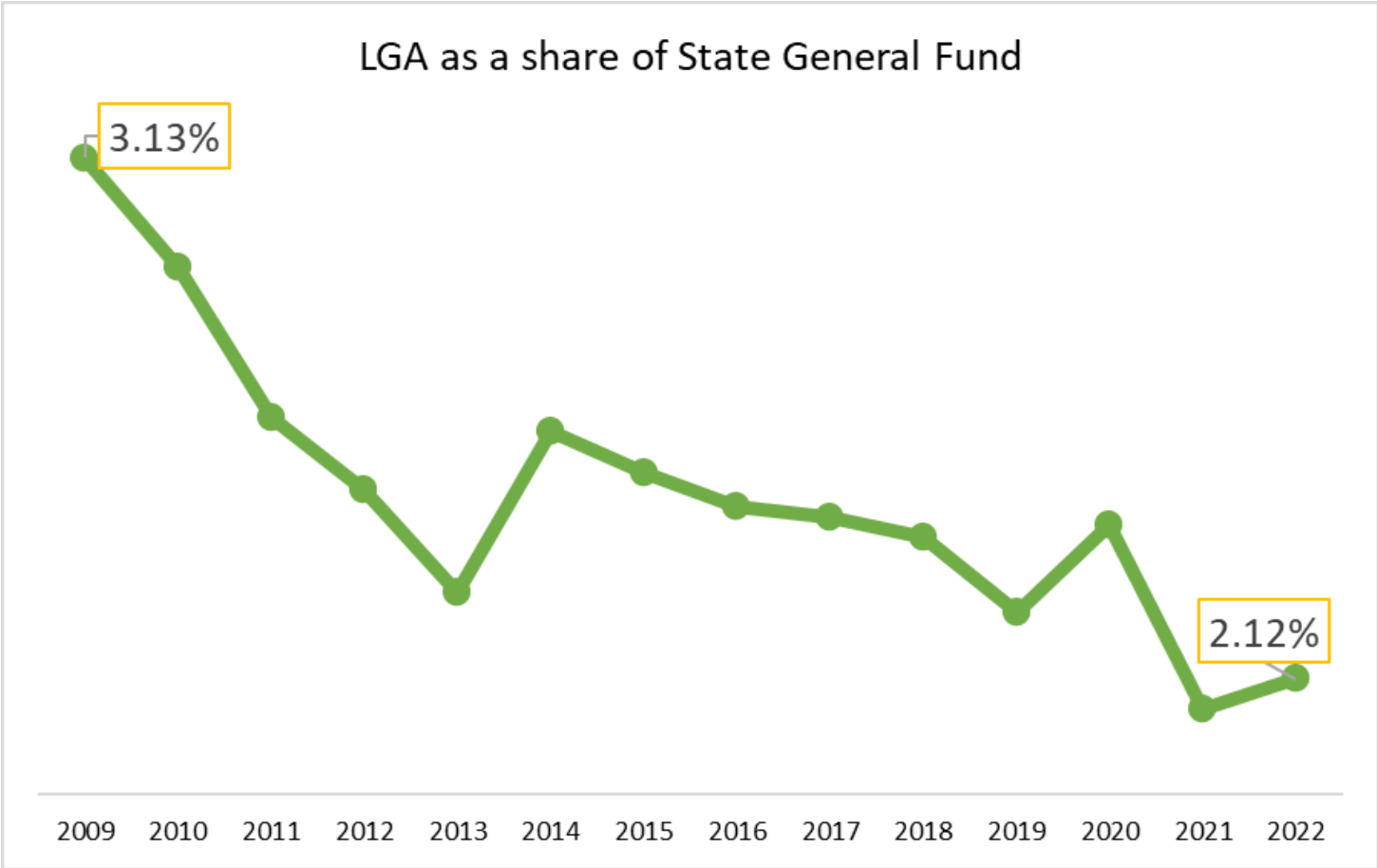
2022 Distribution of Tax Capacity (ANTC)



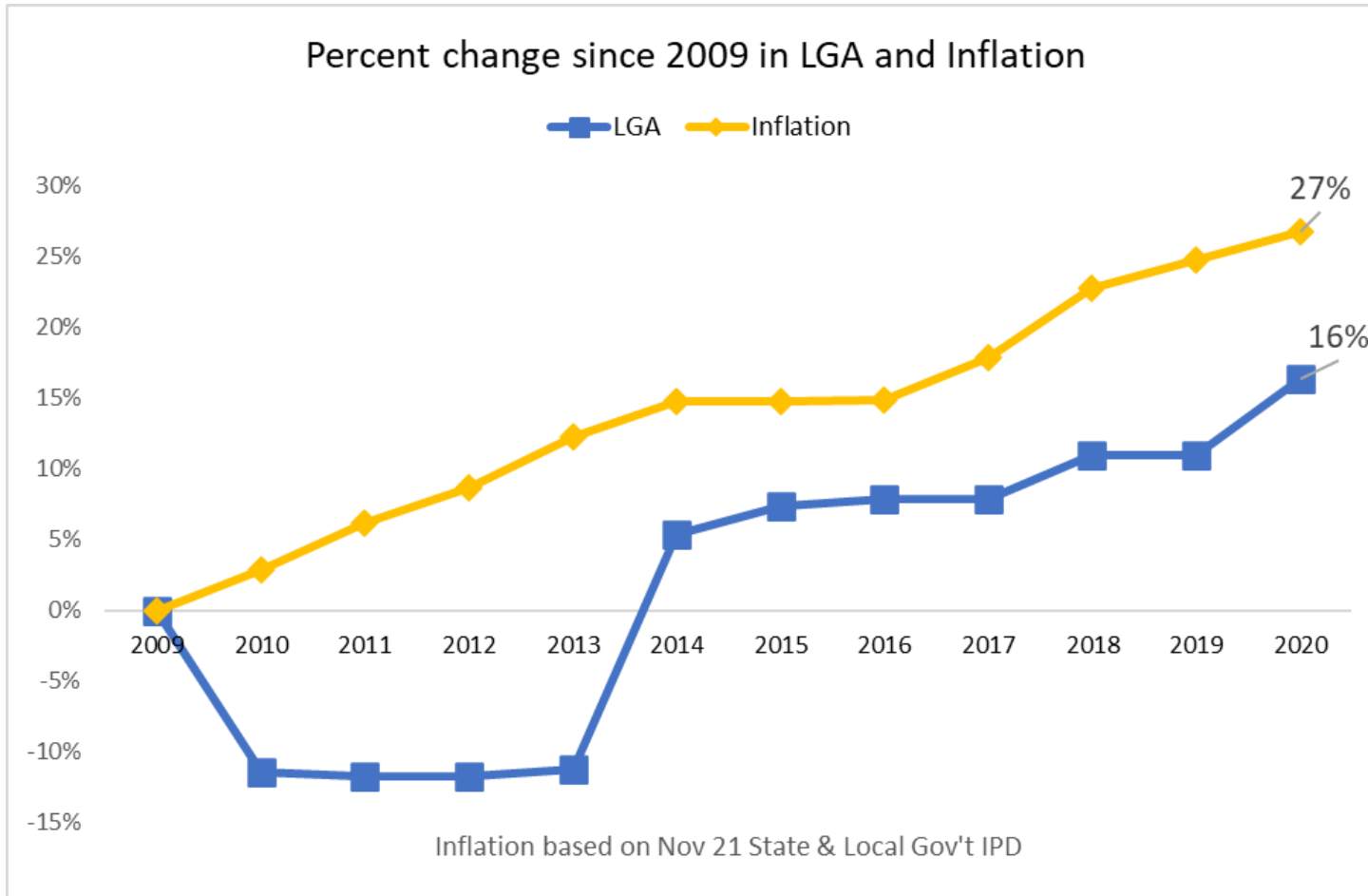
■ Greater Minnesota ■ Suburbs ■ Msp and St. Paul

Geographic
distribution
of tax base

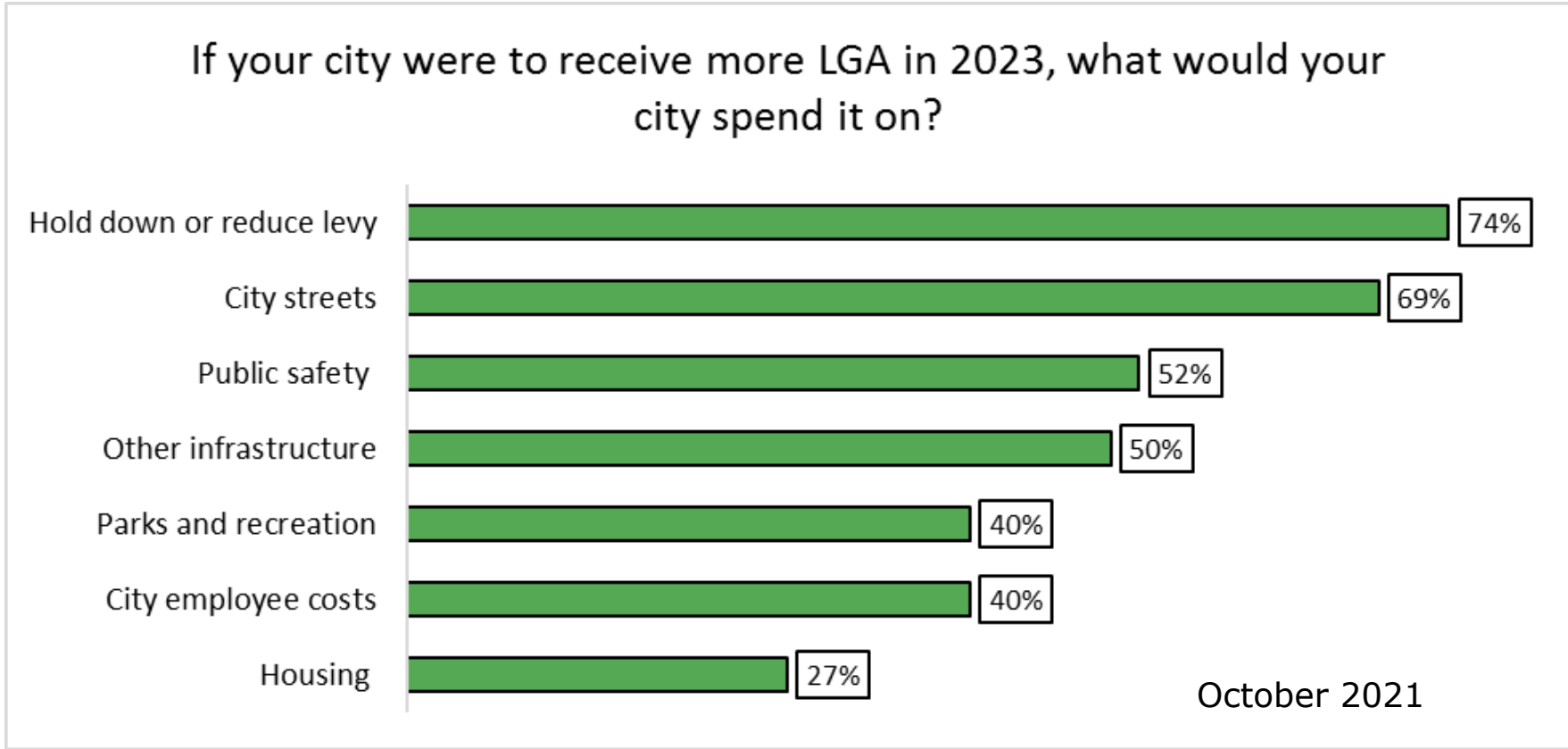
LGA as a share of State General Fund



LGA as
share of
the state
general
fund



LGA
growth
vs.
inflation



CGMC member survey

Quotes from Greater MN City Leaders

- “Every dollar of LGA decreases a dollar of tax levy.” – Kelcey Klemm, City Administrator, Detroit Lakes
- “The city is aging greatly (built in 1950s), and we do not have the funds to make improvements.” - Becky Lammi, City Administrator, Hoyt Lakes
- “During the years LGA took a hit (in the late 2000s), the city fell behind on maintenance of its current infrastructure. Investments need to be made and we need to get to a point of planned maintenance rather than reactive maintenance (i.e. dealing with issues in crisis mode).” – Rhonda Moen, Finance Director, Owatonna

Concluding Thoughts...

CGMC supports a formula that evaluates a city's need and that city's ability to meet that need

CGMC supports the idea of LGA as a general purpose aid

CGMC opposes the use of LGA to enforce policy preferences of the legislature