City of MINNEAPOLIS

350 S. 5th Street • Minneapolis • MN • 55415

Local Government Aid, Property Taxes, & Sales Taxes

- The current house tax bill calls for cutting Local Government Aid only for Minneapolis, Saint Paul and Duluth (LGA would be entirely eliminated for these three cities by 2014). In 2010, the State of Minnesota sent:
    - $64.4 million in Local Government Aid to Minneapolis (including pass-through dollars to the Park Board & Municipal Building Commission);
    - $50 million in Local Government Aid to Saint Paul;
    - $27 million in Local Government Aid to Duluth;

- At the same time, in 2011 the State of Minnesota will collect:
    - $456 million in sales and commercial industrial property-tax revenues in Minneapolis;
    - $250 million in sales and commercial-industrial property-tax revenues in Saint Paul;
    - $89 million in sales and commercial-industrial property-tax revenues in Duluth;

- Cuts to state aid shift the burden of paying for public safety, public works and other core services onto property taxpayers.
    - In 2003, state aids (mostly Local Government Aid) accounted for 40% of Minneapolis' General Fund while property taxes make up 29% of the Fund.
    - In 2011, state aids make up just 23% of General Fund revenue (based on certified LGA) while property taxes made up 44% of the Fund.

- If Minneapolis is faced with yet another cut by the State of Minnesota it would be necessary to levy back a portion of that cut to fill the gap created by the State. If the City only levied back 50% of the State cut it would result in a 21.14% increase to Residential, Apartment and Commercial/Industrial property taxes.

March 24, 2011