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## Local Government Finance

### The priority issue for Minneapolis:

The 2003 Minnesota legislature adopted legislation amending the local government aid (LGA) program. LGA is the state program that provides cities with annual financial assistance. The 2003 legislation not only changed the statutory formula to distribute the funds but also the legislature in response to a budget deficit reduced the amount of the annual appropriation.

As a result of the legislation the 2004 and subsequent year appropriations were set at \$436.0 million, or \$150.0 million or 25% below the previous year's certified amount. The 2005 legislature increased the appropriation to \$485.0 million. The formula change included new factors such as the amount of household size and traffic accidents. The legislation also increased the amount of LGA that was subject to the formula and conversely reduced the amount appropriated based on the previous year LGA amount (grandfathered) and special provisions. For example, in 2003 approximately \$367.0 million or 63% of the LGA appropriation was grandfathered but in 2004 the grandfathered amount was \$26.5 million or 6%. With more cities having its LGA based on the formula, fewer cities are receiving LGA than prior to the legislative changes. The legislation also eliminated the annual inflation increase which was added to the appropriation.

The city's LGA amounts from 2003 to 20087 follow:

YEAR	AMOUNT
2003 Certified	\$117,571,000
2003 Actual	91,822,000
2004	82,514,601
2005	80,338,989
2006	93,948,100
2007	83,980,640
<b>2008</b>	<b><u>82,230,891</u></b>

The city's future year's LGA amount is dependent upon not only changes in its own factors but also those of the other participating cities. For example, a decline in traffic accidents or an increase in taxable value could influence the city's LGA amount. The current formula however does not include a factor that measures the impact of a city's employment level and business activity.

Unlike other state aid programs that require the proceeds to be used for a specified purpose, LGA does not specify expenditure requirements. City councils determine how the funds should be used. In most instances the funds are

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appropriated to the general fund and in effect help reduce the proposed property tax levy.

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**Priority issue for Minneapolis:**

For the biennium beginning in 2007, the City of Minneapolis recommends that:

- Local Government Aid (LGA) be funded, at a minimum, amount equal to the 2003 certified amount adjusted for inflation.
- The appropriation include an annual inflation factor.
- The program continue to be flexible and not include spending requirements by type of expenditure.
- The formula be amended to reflect measures of a city's service level, needs and demands.
- The formula be modified to limit the wide variations in annual payments to cities.

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**Minneapolis supports:**

The Limited Market Value program should be continued. If the limited market value program for the residential properties is phased-out, the legislature should provide property tax relief to those residential properties that will have significant tax increases due to the elimination of the program. The Department of Revenue should be directed to increase its public information efforts regarding the property tax relief program. Such efforts can include but not be limited to public service announcements, web pages, printed materials and presentations at public meetings and on public education/government programming.

Diversifying revenue sources for municipalities, including but not limited to street use utility, sales tax, and other user fees including infrastructure maintenance assessments.

Repealing the state sales tax on local government purchases.

**Minneapolis opposes:**

- Legislation including constitutional and statutory amendments that would limit government revenues and authority.
- Unfunded mandated services or procedures imposed by the legislature on local governments.

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## Capital Bonding

During the initial year of a legislative session, the legislature must adopt a two year operating budget. The 2007 legislature as part of the budget process may adopt a capital budget. If adopted a 2007 capital budget would be subject to the state's 3% of general fund expenditures debit limit. For 2007 the Minnesota Department of Finance projects that the legislature could approve up to \$135.0 million in bonding and be in compliance with the 3% policy. By comparison the 2008 limit is \$990.0 million. Traditionally the smaller bonding bill contains funding for emergency projects (repairs, fire and safety needs) and preservation and rehabilitation projects. Local projects have been funded in the even year bonding bill. For example, flood mitigation was approved in 2001 for Eagan and Austin. However, the 2003 bill included such local projects as the Guthrie, Children's Theater, and Phalen Boulevard. Many of the projects in the 2003 bond bill were part of the 2002 bond bill that was vetoed by the Governor.

For 2007, the city should introduce bonding projects that improve or preserve the public infrastructure and have been reviewed by the bonding committees.

The bonding priorities for the City of Minneapolis are as follows:

Grand Rounds Parkway lighting and roadway rehabilitation in the amount of \$4 million in 2007.

University Research Park: \$6.45 million for the Bioscience Development Fund so that infrastructure improvements of \$13 million to the University Research Park can proceed in a timely manner.

Heritage Park Redevelopment Project: \$6 million to acquire land and construct public infrastructure for Van White Memorial Boulevard.

Target Center debt relief and capital improvements through the capital bonding bill or other revenue sources.

During the second year of the legislative session, the legislature usually adopts a capital investment budget. To prepare for the capital budget, Minnesota Statute requires the Governor to submit a recommended capital budget to the legislature by January 15. The recommendations are based on proposals submitted by state agencies and local governments to the Minnesota Department of Finance. The requests total approximately \$3.25 billion. Of the total \$2.04 billion is from state agencies and \$1.21 billion is from local governments.

The Governor and legislature have adopted a policy regarding debt capacity that limits debt service to 3% of general fund expenditures. For 2008, the city has submitted the following projects to the Department of Finance.

### 1. Target Center Debt Reduction

\$62.0M

2. Grand Rounds Scenic Byway Lighting Renovation \$  
2.0M
3. Grand Rounds Scenic Byway (bridge replacement) \$  
3.1M
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5. Joint Training and Emergency Operations Center  
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6. Hiawatha LRT Corridor Development \$6.5  
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7. Minneapolis Police Department – Forensic Laboratory \$ 2.7  
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In addition the City of Minneapolis is willing to be the political subdivision required by Minnesota Statutes 16A.86 for Orchestra Hall, should that organization obtain state bonding process.

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## Public Safety

Keeping residents and visitors safe is a top priority for the City of Minneapolis.

### Priority issues for Minneapolis:

- Funding for the entire public safety system, including such critical functions as police, fire, prosecutors, public defense, communication systems, probation and the courts and victim services. Providing public safety, a core responsibility of local government, is threatened by insufficient funding. Prioritize new criminal justice funding to address rising violent crime.
- Creating a statewide coordinated plan for dealing with released sex offenders that addresses the overall concentration of offenders located within the City of Minneapolis and Hennepin County and especially mitigates the concentration of sex offenders within vulnerable neighborhoods. To ensure this equitable distribution of sex offenders, the State must fund additional housing options and placement of half-way houses and should require the county of commitment to bear financial responsibility for released offenders.
- Legislative authority for the “Stop on Red” initiative.
- ~~Amend the disposition of forfeited property statute to give police officers discretion to not return stolen firearms to owners who have been charged with an offense related to the firearm. This change will allow the City to pursue mandated reporting of stolen firearms through a local ordinance.~~
- Legislation supporting significant gun control measures including the mandatory reporting of stolen firearms, the prohibition of replica guns, a ban of all handguns and measures to stop the flow of handguns to youth.
- Legislation to make it a gross misdemeanor to enter a disaster scene or cross police lines.
- Opposing legislative efforts to reduce the effective use of the Automated Pawn System (APS) to promote a cooperation between law enforcement and the pawn industry to enhance the ability to identify illegal activity and recover stolen property.

### Minneapolis Supports:

- The creation of a state disaster victim compensation fund.
- Continued funding for re-entry programs enacted last session and efforts to coordinate the programs with existing opportunities.
- Upgrades to the Minnesota Gang Strike Force database.
- Amending the tampering with a motor vehicle statute to prohibit the act of manipulating, damaging or interfering with any levers, starting devices, brakes, or machinery located in or about the motor vehicle without the owner's permission.
- Strengthening proof of insurance law to include hit and run situations when the driver is unidentified.
- Amending the hitchhiking-solicitation of business statutes to include the use of the median to conduct such activities
- Legislation that would prohibit the solicitation of business at the scene of a mass casualty or disaster.
- Mandatory statewide regulation of message therapists.
- Prostitution and domestic human trafficking.
- Legislation defining "chronic offender" and providing for gross misdemeanor penalties; allowing "any equivalent crime in another state" to be added to the increased penalty for certain misdemeanors statute and clarifying when prosecutors may charge offenders
- Changing the criminal code to address chronic offenders of indecent exposure laws and allowing for enhancement to felony level offenses.
- Streamlining statutes in order to more effectively prosecute prostitution-related offenses.
- Legislation making it a crime to drive under the influence of any drug that makes a person an unsafe driver, including THC.
- Amending the rifles and shotguns in public places statute to apply to the outdoor areas, such as the front and back yards, of the private lands owned by persons other than the possessors of the weapons.
- Increasing penalties for chronic offenders by including theft; receiving stolen property; trespass; disorderly conduct; crimes involving transit; violations of local ordinances(including prohibitions against loitering or lurking with intent to commit a crime) as enforceable offenses.
- Expanding the vulnerable adult statutes to prescribe felony level punishment for neglect.
- Allowing for a gross misdemeanor careless driving offense if driving conduct results in a fatality and increasing penalties for all other driving offenses resulting in fatalities.
- Allowing for a misdemeanor offense for restricting access to a telephone for the purpose of emergency calls in a place of business.
- Increasing the probation period for criminal vehicular homicide and injury.
- Amendments to NRP statutes to include language allowing expenditures of NRP funds for community public safety strategies.

- Protecting the human rights of immigrant populations and establishing a culture of mutual trust between law enforcement and immigrant populations to foster greater community public safety. The ability of local governments to ensure greater public safety should not be hampered by state efforts to impose unfunded mandates or dictate traditional federal government responsibility to the local level.
- On a state-wide basis, imposing a per-drink surcharge on alcoholic beverages and use the proceeds for public safety, crime prevention and rehabilitation of offenders.
- Strengthening the criminal code, and other appropriate statutes by including in the domestic abuse statutes, ex-boyfriends and girlfriends, and convictions on domestic assault-related offenses; amending the definition of a “qualified domestic violence related offense”; enhancing certain offenses; and improving the processes to access court records, obtain victims’ input, authorize when arrests may be made without a warrant for **probable cause for domestic abuse**, violations of orders for protection, **and violation of a domestic abuse no contact order; permit prosecutors to show that the respondent to an order for protection either knew, or had reason to know, of the existence of the order; clarifying the scope of domestic abuse no contact orders to apply throughout the state; expanded prohibition for owning or possessing a handgun;**
- The prohibition of use of hand held cell phones by all drivers.
- Amending the driving while impaired statute to change to .16, the level at which a person’s alcohol concentration becomes an aggravating factor, allowing prosecutors to charge such an offense at a higher level.
- Amending the reckless or careless driving statute to address aggressive driving perpetrated with malicious intent.
- Amending the victims’ rights statute to allow prosecutors to obtain victims’ input on potential terms of plea agreements prior to attendance in court, so that court proceedings are not delayed.
- Making indecent exposure in the presence of a vulnerable adult a gross misdemeanor.
- Amending the prostitution in a public place statute to make a second violation of this section a gross misdemeanor by enhancement.
- ~~Amending the increased penalties for certain misdemeanors statute to reflect Court of Appeals decisions that state law preempts municipal regulation of the sale or possession of controlled substances.~~
- ~~Legislation to promote fire resistive cigarettes.~~
- Mandated fire sprinklers in certain facilities – large homes, nursing homes, high rises.
- Required inspections by the State Fire Marshall to include private schools, assisted living facilities and resorts.
- Initiatives to address livability crimes, including continued and increased state funding for restorative justice programs.
- Amending the burglary statutes to make it a crime for a person to enter a building without consent and commit invasion of privacy offenses.

- The Lost or Stolen Firearm Reporting Act and Universal Background Check Act
- ~~Legislation that will reduce the incidents of theft of copper, aluminum and other metals by increasing the criminal penalties and creating minimum requirements for licensing and regulation of scrap metal dealers.~~
- ~~Funding for special car technology grants and to hire peace officers and to pay overtime to peace officers.~~
- ~~Legislation requiring a review of a defendant's gang affiliation at the time of sentencing for the purposes of the imposition of potential geographic restrictions within criminal sentencing.~~
- ~~Legislation that appropriates money for a crime victim support grant.~~
- Legislation designating funding for treatment and creation of transitional housing programs to support women leaving behind a life of prostitution.
- Legislation creating tougher penalties for offenders convicted of tagging, which includes the suspending of drivers licenses for up to one year; and also support a statewide age limit on the purchase of spray paint.

**Minneapolis Opposes:**

- Expansion of legalized fireworks.

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## Transportation

The City supports increased funding for transit and highways and supports a transportation funding package that includes stable and secure financial resources to meet the needs of the expanding regional and statewide transportation systems.

Minneapolis supports transportation funding that is 1) predictable – annually anticipated so proper planning and programming can take place, 2) time sensitive – implemented in the 2009~~08~~ calendar year and not subject to voter approval, 3) adequate – large enough to make significant progress toward the state's transportation needs, 4) geographically balanced – considering regional and local distribution and needs, and 5) program balanced – available for both transit and highways, used for capital projects as well as operating and maintenance.

### Priority issues for Minneapolis:

- Funding to continue development of the Central Corridor LRT line.
- Funding for the other Tier I and Tier II corridors as identified by the Metropolitan Council.
- Dedicated funding for transit.
- Adequate funding package for the state's transportation needs.
- Legislation creating alternative sources of revenue for transportation improvements. These could include local authority to create and utilize a transportation utility and authority for more extensive use of special assessments.

**Minneapolis supports:**

- ~~Transit proceeds from the Motor Vehicle Excise Sales Tax (MVST) transfer be used in an equitable way to support the capital necessary to build the Tier I & II corridors and the costs of operations of additional metropolitan transit services.~~
- ~~Transportation proceeds from the MVST transfer be used in a balanced way with additional funding for Municipal State Aid (MSA) and other options in the highway user tax distribution fund that support city transportation needs.~~

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## Affordable Housing & Homelessness Prevention

Providing all residents with safe, decent, and affordable housing is a priority in Minneapolis. As fewer resources are available, Minneapolis can achieve this goal by partnering with statewide housing advocates and agencies, including HousingMinnesota and the Minnesota Housing Finance Agency (MHFA).

Other affordable housing priorities in Minneapolis include safeguarding the current MHFA programs that serve low-income residents.

### The priority issue for Minneapolis:

- Appropriations for MHFA at a level significant enough to have statewide impact on shelters as well as permanent, supportive, assisted, and transitional housing that serve affordable housing needs throughout the state. The Legislature should also continue the homeless prevention programs, including the pilot outreach project, initiate a state supported land trust project and provide additional resources for housing preservation.
- Statewide regulation of predatory lending. This includes support for:
  - Full funding and dedication of the fees paid for residential mortgage originator or services to the Consumer Education Account so that the Commerce Commissioner may assist and educate consumers to avoid being victimized by unscrupulous lenders.  
~~Legislation which provides for registration, background checks, and continuing education for mortgage brokers.~~  
~~Legislation requiring lenders to provide loan applicants with a written statement strongly urging them to discuss their loan paperwork with an independent loan counselor.~~  
~~Legislation authorizing the Minnesota Attorney General, in addition to the Commerce Commissioner, to enforce the current provisions of the "Minnesota Residential Mortgage Originator and Service Licensing Act" and appropriate sufficient funding for enforcement.~~
  - **Policies that reduce the number of vacant and abandoned foreclosed properties. Such policies can include but not be limited to improved notices of foreclosures, modifications of mortgage terms, increased availability of counseling services, and permitting continued occupancy of foreclosed property during the redemption period and modifying the foreclosure process to provide additional time prior to the sale.**

**Minneapolis supports:**

- Continued review of the property tax code to encourage affordable housing production and preservation.
- State income tax credits for both affordable housing and historic buildings.
- Initiation of a state supported land trust project.
- The initiatives proposed by the Minnesota Coalition for the Homeless to prevent homelessness by improving transitions from corrections, including ensuring permanent state funding for additional prison discharge planners and the creation and funding for a jail re-entry pilot project in up to five Minnesota counties.
- Repeal of the \$50 offset for households living in public or rent subsidized housing and receiving financial assistance from the Minnesota Family Investment Program (MFIP).
- **Prospective elimination of the relative homestead classification**
- **Authority for cities to limit the conversion of homestead property to rental property in all or portions of the city through moratorium or licensure.**

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## Municipal Governance

Minneapolis' ability to conduct business in an orderly and efficient manner is frequently regulated by state law.

### Priority issues for Minneapolis:

- ~~Legislation granting the Minneapolis Employees Retirement Fund (MERF) the authority to invest funds with the State Board of Investment (SBI).~~
- ~~Legislation removing the "liquidity trigger" in the current MERF statute, which requires the City of Minneapolis to fully fund each retiree's pension immediately upon the date of retirement. The proposal will reduce and extend the City and the State's payments to MERF to 2020, the date set for full funding of MERF's liabilities.~~
- ~~Legislation repealing the numerous special laws that had been enacted between 1960 and 2002 establishing specific unclassified appointed positions in the City of Minneapolis. In 2003, the City passed a special law that allowed the City to determine which positions should be in the appointed unclassified service.~~
- ~~Supports a state law allowing the Civilian Review Authority (CRA) to be granted limited subpoena power to compel the production of documents, records and other physical evidence to improve the quality of CRA staff investigations by obtaining information relevant to the allegations from entities outside the City organization.~~
- **Amend state law to allow organic waste to be mixed with yard waste for municipal collection**
- **Pension reform legislation that provides responsible pension management and governance while addressing the City's long-term financial obligations and maintaining the City's commitments to retirees. Legislation relating to any of the City's three closed pension plans must contain a local approval clause. (moved from support to priority)**
- **Legislation updating all actuarial assumptions of the Minneapolis Police Relief Association and the Minneapolis Fire Relief Association. (moved from support to priority)**
- **Legislation restricting the authority of the City to license and regulate the pawnshop industry; efforts to limit the authority of cities to set licensing and transaction fees that enable the city to recover their full regulatory and enforcement expenses.**

## Minneapolis supports:

- Legislation to assist the city in dealing with abandoned vehicles that are not claimed by their owners, including:
  - authority like that granted to private lot operator to bring deficiency claims against owner of abandoned vehicles for the cost of towing and storage of their car
  - the creating of a statewide fund to assist impound lot operators in covering the costs of unpaid towing and storage fees not covered by the sale of abandoned vehicles
  - other measures to reduce the costs associated with abandoned vehicles and the costs of operating one of only two public impound lots in the State of Minnesota.
- ~~Legislation necessary to create Downtown Special Service Districts.~~
- ~~Changes to the Uniform Municipal Contracting Law to allow units of local governments the same statutory authority as the State of Minnesota to use a request for proposal (RFP) process and award contracts on a best value basis, when it is not advantageous to set forth all the actual, detailed requirements at the time of solicitation (a requirement of a Request for Bid solicitation).~~
- Legislation that provides election judges with the ability to choose to be unaffiliated with a political party.
- Legislation that eliminates outdated or unnecessary publications and permits cities to elect alternative means such as the web to publish notices and official proceedings.
- Legislation authorizing cities to conduct alternative voting methods including instant runoff voting **and legislation that adopts rules to implement instant runoff voting or authorize the Secretary of State or cities to promulgate the rules.**
- **Legislation that would allow cities to enact policies on allowing dogs in sidewalk cafes.**
- **Support the examination of the governance of the Metropolitan Council to ensure that the council members are chosen via an open process that includes an opportunity for local governments and other stakeholders to provide meaningful input. Council members should understand and be responsive to the districts they represent. Any future changes to the governance structure should be reflective of the true geography of the metropolitan region and a regional understanding of the Metropolitan Council's future direction and goals.**
- Legislation (SF 121) that would authorize state regulation of dog and cat breeders.
- Legislation allowing local units of government to define "dependent" for purposed of group benefits for local government officers and employees

- Legislation enacted in 2007 to approve the merger of the Minneapolis and Hennepin County library system

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## City Livability

The City works to keep Minneapolis a desirable place to live, work, conduct business and play.

### Priority Issues for Minneapolis:

- ~~Legislation fully addressing the effect that airport noise has on surrounding neighborhoods, including fully funding noise mitigation programs to the 60 DNL as committed to by the Metropolitan Airports Commission (MAC).~~
- Legislation authorizing the development of a statewide aviation policy to diversify air traffic throughout the state.
- ~~Legislation to increase funding for public library operations and to exempt county sales tax proceeds from maintenance of effort requirements. (move to support section)~~
- Investment in youth development activities. Funding such as tobacco settlement funding can be allocated to programs to reduce youth risk taking behavior.

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### Minneapolis supports:

- ~~Statewide smoking ban providing that the ability of local units of governments to enact more restrictive ordinances is not prohibited.~~
- Expanding health care access and protect funding for health and human services, safety net programs including child and adolescent mental health services, and oppose efforts to further restrict access to health care programs for undocumented persons.
- Sustaining the minor consent law permitting adolescents to see medical providers for reproductive, mental health and chemical dependency issues without informing a parent or guardian.
- Lead prevention policies that include continued effort to promote universal health screening for children, financial incentives to remove or mitigate lead hazards from residences, including window replacements, and legislation that would allow local units of government to obtain Medical Assistance reimbursement for lead risk assessments.
- Strengthen physical and health education curriculum in schools to prevent obesity and promote healthy lifestyles.
- Ensuring efficient public health emergency preparedness and response.
- Restoring and maintaining the funding for early childhood programs.
- Continued funding and retention of the formula to distribute state health funds.
- Maintain the Eliminating Health Disparities Grants.
- Continued and expanded funding to support urban family planning programs.
- **Legislation to increase funding for public library operations and to exempt county sales tax proceeds from maintenance of effort requirements.** *(moved from priority section)*
- **Statewide comprehensive health promotion plan to prevent chronic disease and substance abuse.**
- **Increased funding for youth development programs including after-school programs and reinstatement of the youth-at-risk behavior program.**

### Minneapolis opposes:

- Legislation allowing the purchase of wine in grocery stores or other changes making it easier for minors to purchase alcoholic beverages.

## Environment

Minneapolis supports strong environmental policies focused on improving air, water and soil quality. The City will partner with county, state, federal and other jurisdictions to meet these objectives.

### Minneapolis supports:

#### Promote Sensible Energy Efficiency

- Encourage greater investments in energy efficiency with innovative rate reform.
- Adopt efficiency standards for new natural gas furnaces and boilers.
- Legislation restricting light pollution provided the legislation does not mandate city actions.

#### Expanding Renewable Electricity Development

- Acquire 25 percent new renewable energy resources by 2020.
- Plan for and invest in transmission and community-based energy projects to support this level of renewable energy generation.
- Only small hydro plants (less than 60 megawatts) should be defined as renewable hydro power.

#### Advance Global Warming Solutions

- Set ambitious long-term goals to reduce statewide global warming emissions.
- Cap carbon dioxide emissions from the state's utility sector and participate in a multi-state trading system to maximize compliance flexibility.

#### Develop New Biofuels

- Support policies, funding, and research for the next generation of clean fuels using Minnesota-grown perennial crops.

#### E-Waste

- ~~Minneapolis supports legislation to help the state, counties and cities deal with electronic waste (e-waste). Legislation must include some shared responsibility amongst retailers, manufacturers and consumers for the costs associated with proper recycling and disposal of hazardous e-waste.~~

#### Stormwater Management

- Minneapolis supports increased state funding of stormwater management costs to local governments. This includes funds to help cities promote best management practices for stormwater in new developments: costs associated with stormwater projects brought by impairments to water bodies through Total Maximum Daily Load or TMDL studies: and the costs associated with storm water permits or surcharges for excess inflow and infiltration.

## **Jobs & Economic Development**

**Priority Issue:** Minneapolis supports state financial assistance for redevelopment and related infrastructure improvements for cities throughout the state. Therefore the 200~~8~~7 Minnesota Legislature should amend the redevelopment fund statute to permit funding for projects located in the metropolitan area, and to allow related infrastructure improvements. In addition the legislature should increase the appropriation for the fund as well as the brownfields clean-up program.

The City of Minneapolis also supports state funding for employment initiatives, including, but not limited to, summer youth job training, "Step Up" and "Close the Gap" employment initiatives.

**Minneapolis supports:**

- Statewide Tax Increment Financing (TIF) legislation for **(1)** redevelopment districts that will facilitate the clean-up and redevelopment of property **and (2) transit-oriented development.**
- Authorizing the transfer of the proceeds of contamination tax to the clean-up grant account.
- Continuation of the Livable Communities Act programs.
- Increase funding for the Minnesota Historical Society's Local Preservation Grant Program.
- Establishing a state income tax credit program to facilitate the preservation of historic property.
- ~~Postponement of NRP legislation (HF829) in order to give local jurisdictions affected by the bill an opportunity to examine the NRP and tax implications of the future of the NRP.~~

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\$6.85M

5. Joint Training and Emergency Operations Center \_\_\_\_\_  
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6. Hiawatha LRT Corridor Development \_\_\_\_\_ \$6.5  
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7. Minneapolis Police Department – Forensic Laboratory \_\_\_\_\_ \$ 2.7  
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