

INTERGOVERNMENTAL RELATIONS COMMITTEE

11-0162R

AS AMENDED

RESOLUTION IN OPPOSITION TO HF42 REGARDING CUTS TO LOCAL GOVERNMENT AID.

BY COUNCILOR ANDERSON, COUNCILOR HARTMAN AND PRESIDENT GARDNER:

WHEREAS, the Minnesota house tax committee recently took up HF42 which would reduce local government aid (LGA) funding by roughly \$74.5 million, with all of the reduction coming from the cities of Minneapolis, St. Paul and Duluth; all other cities, including suburban metro cities will receive their certified 2011 LGA amounts with no reduction; HF42 would phase out and eliminate Duluth's LGA by 2014, a \$30.9 million reduction from current authorized amounts and represents nearly 40% of our general fund; and

WHEREAS, the deep and unanticipated LGA cuts to Duluth in 2011 would severely impact city services that citizens have come to expect.

~~WHEREAS, the LGA cuts proposed in HF42 would devastate city services making it impossible for the city to provide adequate police, fire, snow plowing, and street repair services and would eliminate park and library services that are enjoyed not only by the citizens of Duluth, but by citizens of the region; and~~

~~WHEREAS, Duluth should be recognized as a model for budgetary reform, expense reduction, and making tough but necessary decisions to create a balanced budget; and~~

~~WHEREAS, Duluth is one of the few cities in the nation who has directly addressed it's retiree health care issue, reducing the city's unfunded liability by \$147 million, a 40% reduction in the unfunded liability; and~~

~~WHEREAS, since 2005, the number of state of Minnesota employees has increased by 7% while the number of city of Duluth employees has decreased by 6.4%; and~~

~~WHEREAS, the city of Duluth is an economic engine for the state, generating approximately \$80 million in sales tax revenue to the state in 2010, not including the income tax and property tax generated by Duluth and sent to the state; and~~

~~WHEREAS, punitive cuts to Duluth's LGA would negatively impact the state's own bottom line by damaging Duluth's economy.~~

THEREFORE, BE IT RESOLVED, that the Duluth City Council ~~strongly~~ opposes HF42.

~~FURTHER RESOLVED, that the Duluth City Council supports Governor Dayton's position of sustaining local government aid and protecting Minnesota's property taxpayers.~~

CCREQ/ATTY     GBJ:cjk     3/23/2011

STATEMENT OF PURPOSE: This resolution states the council's opposition to HF42 specifically cuts to local government aid contained therein.