



Saint Paul Progress 2005: A Blueprint to Keep Saint Paul Moving Forward

The Vision For A Fiscally Responsible City Government

I. Executive Summary

The next Mayor of Saint Paul must continue holding the line on property taxes to ensure that the city remains economically competitive within the metropolitan region. Maintaining a stable property tax rate is a key factor in continuing the confidence of the business community to invest in Saint Paul.

To hold the line on property taxes, the next mayor must do four things:

- 1) **Reduce Spending** through increased City and County consolidations and more equitable property tax financing of County operations that duplicate City services;
- 2) Play a leadership role at the State Capital **to maintain important State property tax disparity programs** such as Local Government Aid and Fiscal Disparities which greatly reduce Saint Paul's property tax burdens;
- 3) **Expand industrial, commercial, and residential tax bases;** and
- 4) **Be fiscally responsible in using public subsidies** for future business development.

II. Reduce Spending through increased City and County consolidations

Over \$10 million per year could be saved in the City's prosperity tax levy through increased consolidation of City and County operations. As Mayor, I will work with the Ramsey County Board to create a City and County Consolidation Commission, made up of City Councilmembers, County Commissioners, and chaired by the Mayor to recommend specific consolidation of City and County operations resulting in long term tax savings.

The Consolidation Commission will be charged with examining overlapping city and county operations and coming up with specific recommendations for ways to improve government efficiencies, consolidate city and county operations, and create greater equity in the funding of county operations between the City and County tax levies. The Consolidation Commission will then bring their recommendations back to the City Council and County Board for action.

For example, in the areas of 911 Emergency Communications, Public Works, the Sheriff Department's Suburban Patrol and Regional and County Park operations, Saint Paul taxpayers pay 100% of the costs of city operations and almost 50% of the cost of duplicative county operations that only serve suburban Ramsey County outside St. Paul. Specifically:

(1) City taxpayers pay \$1,546,403 annually for the Sheriff's Suburban Patrol that only patrols suburban communities;

(2) St. Paul taxpayers pay \$1,060,100 for county and regional park operations that only maintain county and regional parks in suburban communities outside of St. Paul;

(3) St. Paul taxpayers pay \$4,826,000 annually for the city's Police-Fire Emergency Communications System and an additional \$1,800,000 per year for the county's Emergency Communications System, which only provides service to suburban Ramsey County communities.

III. Maintain State Property Tax Disparities Programs

Saint Paul is heavily dependent upon the Local Government Aid (LGA) programs, with all of its flaws, and the Metropolitan Fiscal Disparities Program. To avoid major property tax increases within the City, the Mayor must play a leadership role, along with the Mayor of Minneapolis and other mayors, to preserve these basic disparity reduction programs. This must be done even though the LGA formula should be reformed to ensure that it is based on per capita property tax wealth and not based on previous spending.

IV. Expand Industrial, Commercial, and Residential Tax Bases

Continued economic growth and tax base expansion must be one of the top priorities of the next Mayor to keep residential and commercial tax rates stable within the city. The City should work with public and private development agencies to develop the many vacant and blighted lots currently owned by the City. By building homes on these lots, the City's housing needs may be met while the residential property tax base is expanded.

At the same time, an emphasis must be placed on cleaning up brownfields and creating new industrial parks. By returning these lands back to the industrial and commercial tax roles, these tax bases will be increased.

V. Be Fiscally Responsible With Future Public Subsidies of Private Development

The City must be very fiscally cautious about the use of public subsidies for future private development. Some current projects requiring public subsidies may cause financial problems in the future if the City's general fund is required to make up any shortfalls in revenues needed to pay existing debt issued for projects.

The Mayor must also play a leadership role at the State Capital to develop new state economic development assistance programs for central cities and first ring suburbs. These new programs

are needed to replace the cities' loss of redevelopment tools, such as Tax Increment Financing, that occurred as a result of the 2001 Property Tax reforms.

Prepared and paid for by Neighbors for Long.
Fiscal Responsibility Group
P.O. Box 40203
St. Paul, MN 55104
(651) 645-9171
www.longforsaintpaul.com