



# Local Government Aid

## The Key to Strong Communities, a Stronger Minnesota

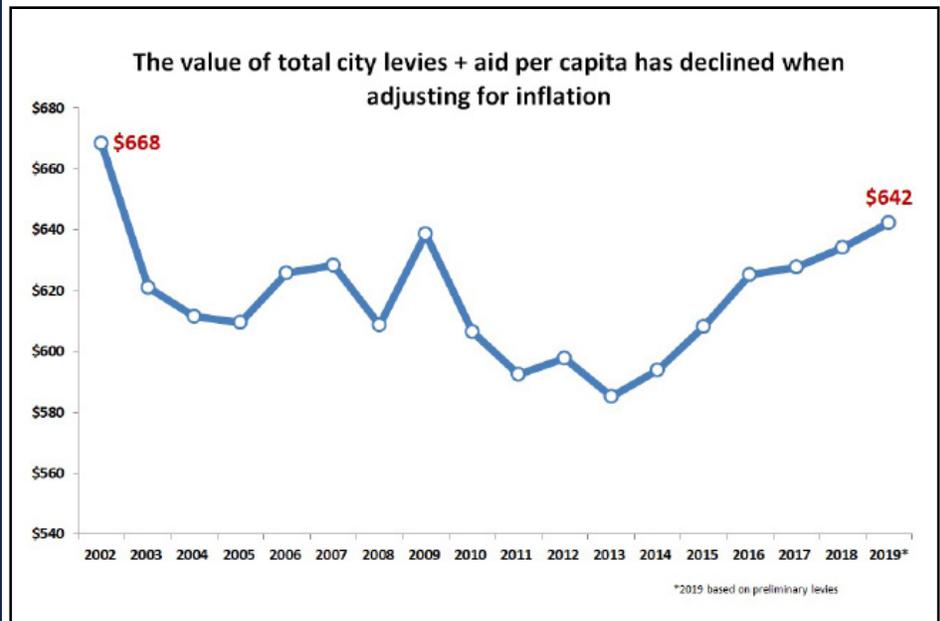
**Strengthen Minnesota communities by restoring LGA funding to its 2002 level**

### CGMC proposal:

- Increases LGA funding by \$30.5 million, the amount needed to bring program funding back to its 2002 high-water mark. (HF 1102/SF 1304, HF 1101/SF 1305)
- Modernizes the program's multipliers so that a city's maximum potential LGA amount continues to reflect the growing financial pressures cities face such as rising construction costs and health insurance premiums. (HF 1102/SF 1304, HF 1101/SF 1305)
- CGMC is also advocating to peg the LGA program's appropriation to annual inflation and population growth. (HF 1101/SF 1305)

### As LGA fails to keep pace with inflation and population growth, cities have been forced to do more with less.

- In total, combined city levies and aid are \$122 million below 2002 levels when accounting for inflation and population growth.
- While state spending has increased by nearly 65% since FY 2003, LGA has fallen by more than 5%.
- Without an appropriation increase this year, the value of the LGA program is projected to drop to 55% of its 2002 value.



**City spending is about quality of life. Nearly 70% of city spending is used to pay for public safety, streets & highways and economic development & housing.**



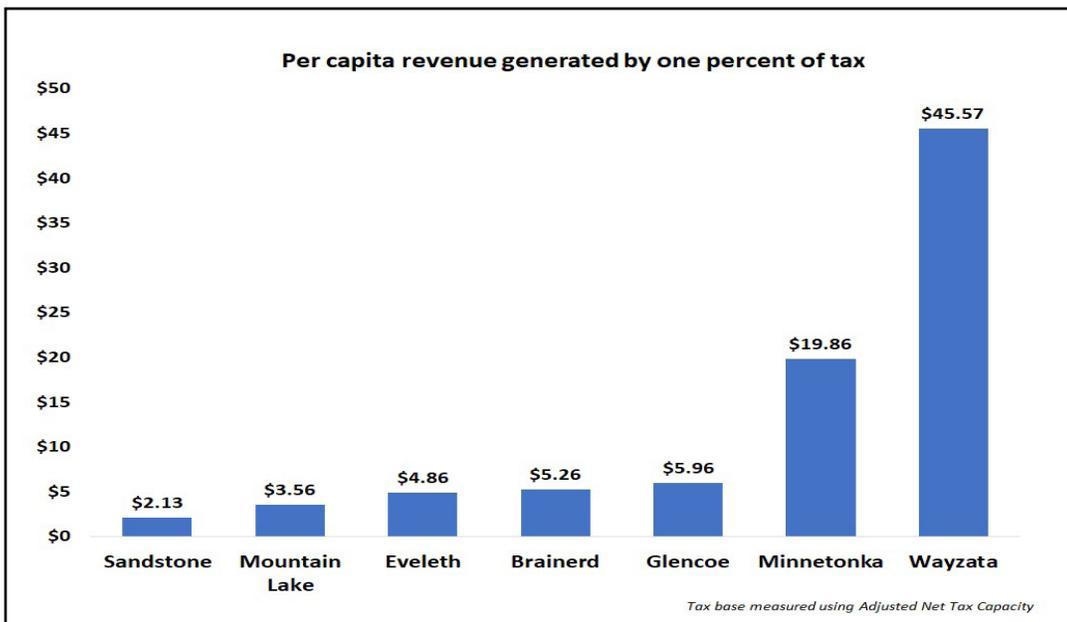


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## The Key to Strong Communities, a Stronger Minnesota

LGA helps ensure every Minnesotan has an opportunity to live in a vibrant community

- LGA is a true statewide program, benefiting nearly 90% of cities across Minnesota.
- It helps account for the differences in tax base among cities, so that all Minnesotans – regardless of zip code – have access to the core services that enhance quality of life.
- LGA helps restrain property taxes. Without it, cities would have to significantly increase property taxes to provide services that families and businesses rely on.



The amount that cities can raise from their property tax base varies widely across the state.

LGA helps fill in funding gaps for cities that would otherwise require high property tax rates to meet the needs of their residents and businesses.

