

## MEMO

**To:** Mayor, City Council Members & Interested Parties  
**From:** Robert Barbian, Administrator  
**Date:** February 11, 2016  
**RE:** LGA & City involvement

Please find a recent article and chart showing why City involvement is important to the City of Foley.

# Impact of House LGA Proposal, If Limits On First Class Cities Applied Statewide

The House is currently seeking to cut LGA for first class cities by limiting their LGA to 112.5% of the statewide average per-capita LGA. Using MN Department of Revenue Certified 2016 LGA, this would amount to a \$33.3M LGA cut for Minneapolis, a \$29.9M LGA cut for Saint Paul, and a \$19.9M LGA cut for Duluth. Though this proposal only impacts these three cities, it is extremely harmful as it undermines the entire LGA program for all other cities.

A city's LGA is based on its "formula need" and its tax base. The cities targeted by the House GOP **do not** receive the most LGA/capita and **do not** have the highest tax base/capita. In fact, if the House GOP plan were applied statewide, **618 additional cities would be impacted. This shows that these first class cities are not outliers in the LGA they receive or in the city property tax bases they have.**

**SEE BACK SIDE**

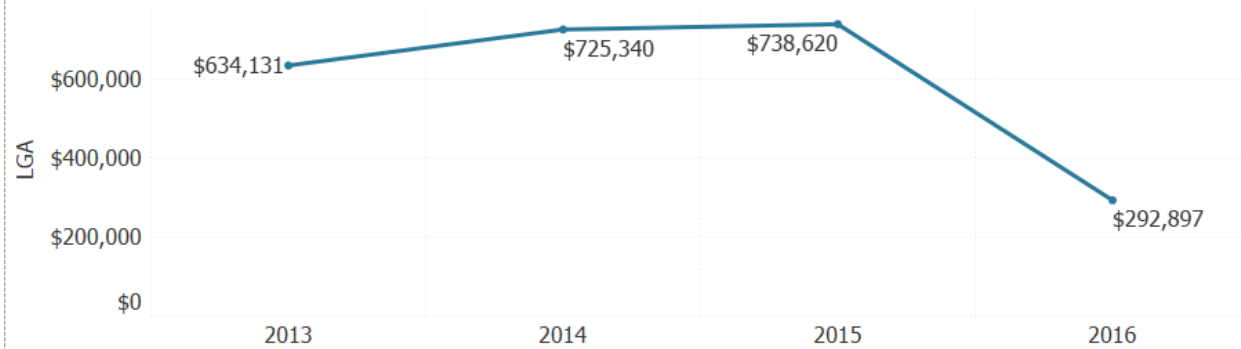
Select City:

FOLEY

Click to see the impact on your city:

(if applied statewide)

- Current Law
- House Proposal



How your city ranks:

Tax Base Rank  
(1=highest tax base/capita, pay 2015)

536

Formula Need Rank  
(1=least "formula need"/capita)

565

2016 LGA Rank\*  
(1=highest LGA/capita)

264

State demographer population, DOR tax base (ANTC), and DOR certified LGA used. A city is ranked compared to all cities.

\*If a city has a significantly high tax base compared to its LGA need, it is not eligible for LGA and is not included in the LGA per-capita ranking.