



## From Out Here: How will rural Minnesota fare with the 2003 Legislature?

By Jack M. Geller, Ph.D.

We all know that when the Legislature reconvenes on January 7, 2003, much will have changed. Two primary changes are first that 36 of the state's 67 legislative districts now fall within the seven-county Twin Cities metro area. This translates into seating 108 metro area legislators, more than twice the 51 metro area legislators that were seated in 1961 session. Second is the turnover in leadership from Greater Minnesota. Those who have left office include Roger Moe, Doug Johnson, Don Samuelson and Sam Solon in the Senate, as well as Kevin Goodno, Tim Finseth, Bob Ness and Dave Bishop in the House. In all, 40 percent of the House and 21 percent of the Senate committee chairs will not be returning for the 2003 legislative session.

Many have concluded that this loss in rural legislators and leadership will simply equate to less concern for rural issues. However, that may not necessarily be so. For example, while much has been made of the unprecedented GOP gains in the House, less frequently mentioned is that those gains were in large part a result of GOP gains

in non-metro, non-suburban districts. The consequence is that a look at the incoming House Republican caucus reveals that 52 percent (43 of 82) live in districts outside of the Twin Cities metro area. Does this suggest that this newly enlarged GOP majority will ignore rural issues?

And while we can endlessly debate that question, the answer will ultimately lie in the outcome of key rural issues. Below are three that I will be following:

### ***Transportation:***

Transportation has become a contentious issue statewide; from congestion relief and multi-modal transit solutions in the metro, to building and maintaining quality interregional corridors and 10-ton farm-to-market roads throughout Greater Minnesota. Unfortunately, we have collectively neglected our transportation infrastructure for so long, we may never actually catch up (at least not in my lifetime). Along with the debate on an increase in the gas tax was the equally contentious issue of changing the Highway Users Tax Distribution formula. Recall that the

president of the Minnesota Taxpayers League made headlines urging legislators last session to wait until the 2003 session to raise the gas tax because after redistricting, a more metro-oriented legislature would be more likely to change the distribution formula that sends a disproportionate percentage of the gas tax funds to Greater Minnesota. I believe she called it "perverse."

Any rural county engineer however, will tell you that while the current County State Aid Highway funding formula distributes approximately 82 percent of its funds to Greater Minnesota, slightly more than 91 percent of all the CSAH miles in Minnesota are located in Greater Minnesota. Consequently, they firmly believe that the current distribution formula, which sends 82 percent of the dollars to service 91 percent of the roads, is far from perverse and is in fact fair. So if some legislators tie an increase in the gas tax to a change in the formula, look for a battle.

### ***Local government aid:***

With the state running a projected budget deficit of unprecedented size, there is little doubt that a close look will be taken at reducing the

state aid provided to local municipalities. In fact, many are surprised that there wasn't a more serious attempt to reduce this state aid during the last session. And with the cities of Minneapolis and St. Paul receiving in 2002 a combined \$185 million in LGA, some may not view this as a rural issue. But it certainly is.

The current LGA formula is a needs-based formula that uses indicators such as population decline, quality of housing infrastructure, taxing capacity of the city's property, as well as the percentage of property designated commercial/industrial to determine the level of state aid. The consequence is that when one examines the contribution that LGA makes to a city's revenue base (which consists of the combination of both the local property tax levy and LGA) it becomes obvious that our outstate communities are far more dependent on LGA than most of our suburban communities. For example, while more affluent suburbs such as Plymouth, Eagan, Eden Prairie, Minnetonka and Woodbury have LGA comprising less than 1 percent of their revenue

base, LGA comprises 70 percent or more of the revenue base in communities such as Luverne, Breckenridge, Benson, Caledonia and Wells. The difference lies in a city's ability to generate property taxes.

Accordingly, a significant reduction in LGA will disproportionately impact hundreds of rural communities, many of which may not have the taxing capacity to make up the loss in revenue if LGA is significantly scaled back. With this issue affecting hundreds of communities statewide, look for a lively and heated discussion.

***Rural education:*** Of all the programs and activities of state government, few are more fundamental than education. Just read the state constitution as a touchstone on this issue. Rural schools face myriad challenges, ranging from recruitment and retention of quality teachers to declining enrollments and funding shortfalls. However, last year the Telecommunications Access Revenue Program (TARP), which helps equalize the costs of high-speed Internet access to K-12 schools statewide was allowed to sunset after multiple

attempts to extend it. While few doubt the value of Internet access as a resource to our public schools, many do not realize that the costs of access vary widely across the state. The consequence is that in some districts (mostly rural) where access is less affordable, school officials must weigh the cost of high-speed Internet against the cost of an entry-level teacher. Other districts located in areas where access costs are more affordable fortunately do not have such critical decisions. The TARP program was designed to aid districts to equalize those costs across the state. Now that the program has ended, look for a effort by rural legislators to reinstate it.

While it is common knowledge that this legislative session will be "budget-driven," how these rural issues are treated might be a proxy for how rural Minnesota fares in this upcoming session. Let's wait and see.

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