

Chair Rest and Members of the Senate Tax Committee:

I am writing in support of SF 5424 regarding local sales taxes. I was a member of the Local Sales Tax Task Force. The Task Force had robust discussions and ample public input which culminated in implementable recommendations supported by the entire task force. I am glad to see that the Senate Bill closely follows the Local Sales Task Force recommendations as it relates to both county criminal justice projects and city projects.

If passed into law, this will allow cities and counties, under well-defined circumstances, to enact a local sales tax after meeting state requirements and passing a referendum. The projects allowed are those local projects most commonly and currently paid for by local sales taxes anyway. Under SF 5424, the process will be much fairer for local governments because the requests will not be subjected to the politics and political process of the Legislature but will still be within defined parameters and limitations created by the Legislature.

I have attached a summary of my thoughts about the task force process and some study I did about the criminal justice system in Minnesota. The study was produced to assist the task force in its work to make recommendations to you.

Thank you for recognizing the work of the Task Force. While it was a very challenging task, it was a pleasure to work with Commissioner Marquart and the other task force members in coming to workable, realistic recommendations for the people of Minnesota.

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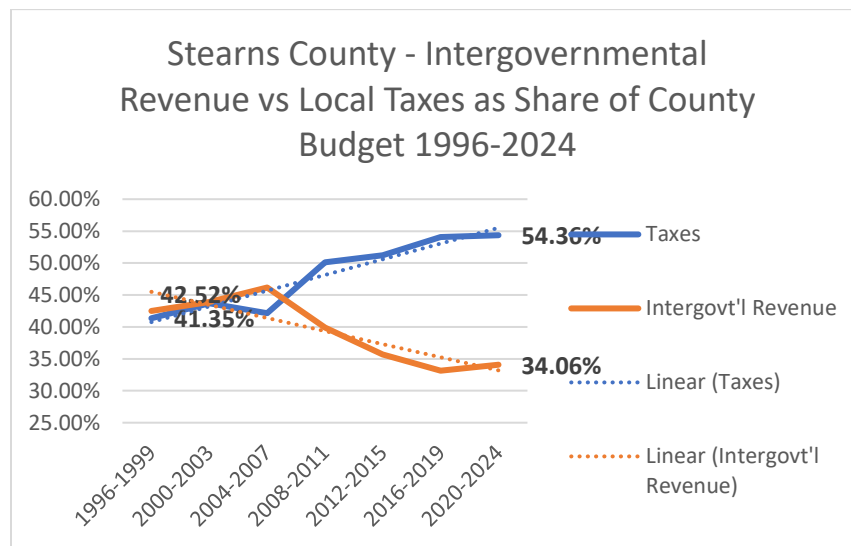


Mission: Provide exceptional services to assure a safe, healthy, vibrant county for all
Values: Professional, Approachable, Responsive, Collaborative, Fair & Equitable

County Criminal Justice Facilities/System in Minnesota
An Intergovernmental, Interdependent System
For the Minnesota Senate Tax Committee Regarding Local Sales Taxes

Rising Costs to Local Government

One of the significant costs of meeting county mandates is the provision of jails, courts, and law enforcement centers, all of which are very expensive facilities to build and maintain. The high cost of these facilities combined with the 30-year trend of reduced state and federal aid to local governments forces county boards to make difficult decisions about how to fund these necessary facilities. The graphic below shows that in 1996 the Stearns County local taxes and intergovernmental revenues were 42% of total revenues. The county taxes are now 54% of total revenues while intergovernmental revenues are only 34% of total revenues. *It is no wonder local governments are seeking alternative revenue sources for highly expensive, regional facilities.*



Local Sales Tax Task Force

The task of the seven-member committee enacted by the Legislature was to recommend a process and the criteria necessary for local governments to obtain authority to impose a sales tax. Traditionally, local sales taxes have been used for capital projects of regional significance. In other words, to qualify for the use of sales tax, the facility must serve an area beyond the city (typically) imposing the tax. Cities have used local sales taxes mostly for convention centers, libraries, airports, parks and trails, aquatic centers, sports facilities, and community centers. A handful of counties have imposed a local sales tax for criminal justice system facilities.

The Task Force agreed upon seven guiding principles for considering recommendations. Four of the seven guiding principles of the Task Force stood out:

Cities and counties should have the flexibility and autonomy to pursue sales taxes for criteria-based regional projects in consultation with their voters, without going to the Legislature.

To ensure that local sales taxes do not increase inequality among local governments, local sales tax revenues should only be used to fund projects of regional significance.

To ensure equity, local sales tax policies should recognize, and remedy to the extent possible, disparate burdens on socio-economic groups.

Local sales tax policies should recognize cities and counties have differences in capacities to raise revenue and potential overburdens in providing services.

In addition, the Task Force considered the impact of local sales taxes on stakeholder groups, namely individuals, small businesses, cities and counties, state agencies and offices, and the Legislature. For example, it was agreed that the local government should pay for the administration (collection) of the tax. A second example, for small businesses struggling to comply with the complexity of the sales tax system there should be some help available. Other stakeholders' needs were also discussed.

With these principles and stakeholder analysis in mind, the Task Force set about establishing criteria for projects which if met would allow the local government to bypass the Legislative approval process. Criteria for city-type projects were agreed upon while the criminal justice center components were left until last, arguably because there was disagreement about whether jails, courts, and county law enforcement centers were regional facilities that should be considered at all.

During the discussions, it was evident that members had very different perceptions about the complexities and intergovernmental interdependence of the criminal justice system. Counties know that we are required (mandated) to provide many of the services and programs associated with the criminal justice system. For example, many of the primary programs and services typically found in a county law enforcement center are mandated such as law enforcement, dispatching, housing of prisoners, and emergency management. Counties are required to provide court facilities, with courtrooms, judge's chambers, jury rooms, a law library, and more. In addition, counties are responsible for the prosecution of most crimes requiring office space for county attorneys. Thus, the criminal justice system is a collaborative effort between the state, counties, cities, and the federal government serving and processing people from all over the state.

All counties will be serving both residents and non-residents within their criminal justice facilities in different ways and in different amounts. Stearns County is a good example of the regionality of the programs and services within the criminal justice facilities. The current corrections facility and the agencies that support it, including patrol, dispatch, and the court system, are tasked with handling a population comprised of about half Stearns County residents and half out-of-county residents.

Like all Sheriff's Offices, Stearns County hosts and collaborates with other law enforcement agencies in several ways such as training, use of firing range, sharing of equipment, joint law enforcement efforts and special task forces, use of office space by the FBI and BCA, lab space sharing, regional emergency planning, contracted law enforcement to small communities, and more.

However, Stearns County is not the same as all counties. Thus, a closer look at the county jail system in Minnesota is helpful to understanding the regionality of the criminal justice system. A review of each county's recent Department of Corrections (DOC) Jail Inspection reports and a survey answered by 85 counties provided the data for the following report.

A Picture of County Jail Facilities in Minnesota

Types of Jail Facilities by County

No facility (9): Mahnomen, Grant, Pope, Stevens, Big Stone, Rock, Dodge

Joint Facility: Red Lake, Polk, Norman – Tri-County

72-hour hold facility (6): Cook, Lake of the Woods, Murray, Norman, St. Louis County (Hibbing and Virginia)

90-day Lock facility (9): Fillmore, Kittson, Koochiching, Lac Qui Parle, Marshall, Pipestone, Watonwan

Recent inspection report recommended downgrade to 90-day Lock: Martin, Waseca

Fully licensed facility (64): All other counties

Condition of Facilities

The DOC conducts bi-annual inspections of county jails unless it is determined that enough corrective actions are necessary that warrants an annual inspection. In addition, on occasion the DOC will conduct inspections on a semi-annual basis. Counties can also be subjected to a classification change (down to a 90-day or 72-hour facility) or a Sunsetting of the license.

When a jail facility is falling short of standards there is a common language used within the DOC inspection reports. When this language is used, it means the facility needs significant repair or replacement. There are 22 counties in which the inspection report reads something like this:

According to the National Institute of Corrections, the average life expectancy of a facility operated 24 hours per day, seven days per week, is approximately 30 years, depending on usage. Given the physical plant and capacity issues identified, the County's elected officials are encouraged to determine a course of action to address long term public safety needs.

There are two counties with a DOC Conditional Permit.

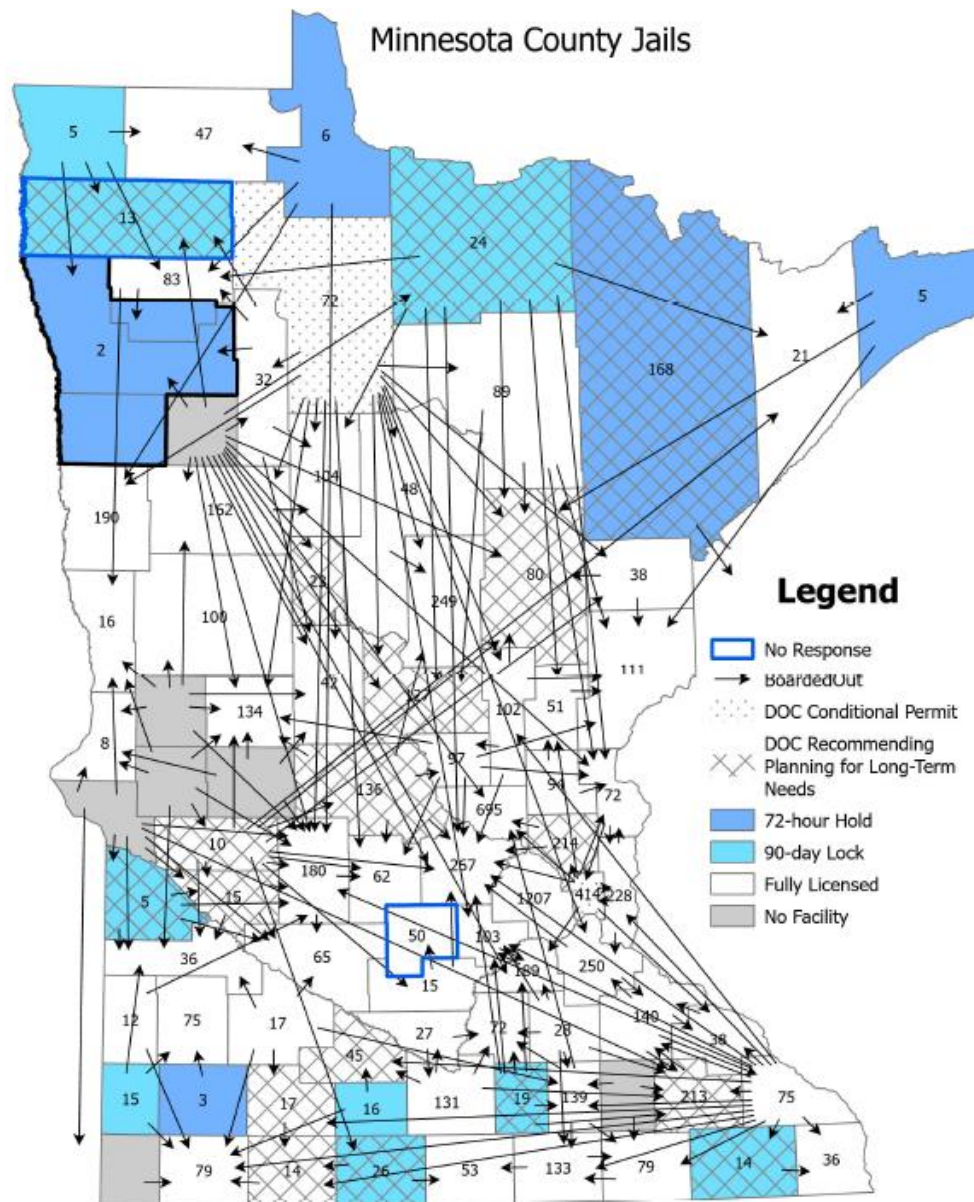
The Average Age of the 22 Facilities in Need of Improvement is 42 Years

Forty-two-year-old facilities are worn-out, outdated and out of compliance with current DOC regulations and standards, and typically lacking in space. In addition, county facilities built in the 1980's cannot provide for the special needs and treatment of many people housed in 2024. There are many county initiatives to get people proper care rather than be incarcerated. These include specialty courts, co-responder models, social worker community action teams, social workers in the jails, and other successful programs. *Unfortunately, there are people that we fear will commit violence towards others if not placed in custody.*

Regional Nature of Services

Dynamic Network of Facilities

The arrows in the map below indicate where a county in the last year contracted with another county to house one or more of its inmates. Most of this out-boarding is due to capacity while some is due to the special needs of the person being housed or a conflict of interest. While not portrayed with this map, several counties also housed people for the State Department of Corrections. *It is evident this is a state-wide network of facilities changing over time to meet the needs of the state's criminal justice system.*



Task Force Recommendation

The Task Force's final recommendation recognizes that the criminal justice facilities are multi-functioning. The system is intergovernmental, regional, and arguably a statewide system. There were criteria established for county facilities which recognized the inherent regionality of county jails, district court houses/offices, and law enforcement centers.

The bill introduced to the House Tax Committee does not include county justice facilities as qualifying projects. SF 5424 adopts most of the Task Force recommendations including criteria for county justice facilities. I support SF 5424.

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