

CITIZENS LEAGUE REPORT

No. 6

**League Position on Minneapolis tax  
levy of 3.75**

**February 1953**

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REPORT OF TAXATION AND FINANCE COMMITTEE  
ON TAXATION FOR RELIEF LEGISLATION

Relief costs are a current expense. Yet since 1931 Minneapolis has financed these costs by the sale of bonds. This is because the City has not had authority to levy a current tax for relief purposes.

Until recently the City issued relief bonds with long maturities. In 1950 it endeavored to place relief more on a pay-as-you-go basis by issuing bonds with three year maturities. This was repeated in 1951, and in 1952 and 1953 relief bonds have been issued for terms of two years. This policy has reduced the cost of relief by reducing interest charges. However, so long as bonds are issued they will add the cost of interest charges to the cost of relief. Thus, interest charges are \$27,000 on the \$800,000 of two-year bonds already issued for 1953 relief expenses. On the same basis, interest charges on the full \$1,200,000 authorized will total \$40,500.

A bill proposed for submission to the 1953 legislature would authorize a maximum annual levy of 3.75 mills to pay relief costs on a current basis. This levy would yield a maximum of about \$1,275,000 annually on the basis of present taxable valuations.

At the present time the relief case load is at a minimum. It consists of persons who are unemployable or are between jobs. To finance this case load in 1952, the City used \$1,050,000 of bonds, in addition to miscellaneous non-tax revenues. For 1953, the City Council has authorized \$1,200,000 of relief bonds.

Authorization of the 3.75 mill current levy would not prevent the City from issuing bonds for additional revenue in the event economic conditions or other events increase the relief case load over the present apparent minimum.

Levy of a current tax for relief purposes would increase the overall City tax levy as long as bonds for previous years' relief costs are outstanding. However, as the bonds would be retired, the levy would decline. When all bonds would be retired, the tax levy would reflect only current relief costs, and would not reflect the added cost of interest charges.

In view of these facts, the Committee on Taxation and Finance adopted the following resolution in its meeting of February 6, 1953:

Resolved, that the Committee on Taxation and Finance recommend to the Board of Directors of the Citizens League of Greater Minneapolis that the League actively support a bill in the 1953 legislature proposing the authorization of a maximum 3.75 mill levy for relief purposes for the City of Minneapolis.

Respectfully submitted,

John Windhorst  
Chairman

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