

Rapid Analysis Fiscal Tool (RAFT)
Citizens League
84 South 6th Street
Minneapolis, Minnesota 55402

#28 |
January 22, 1970

ORGANIZING FISCAL INFORMATION FOR PUBLIC POLICY PURPOSES

There are several reasons why more complete, accurate and up-to-date information about the tax and finance system of Minnesota state and local governments is needed.

- * Effective analysis of various tax and finance laws and their inter-relationships is dependent upon good information.
- * Potential impact of proposed changes in the tax and finance system often cannot be estimated because information is not readily available. Consequently, because of uncertainty as to the outcome, some bills in the Legislature are passed in a vacuum or other bills are killed.
- * Occasionally policy makers will seek to relate a possible change in the system to certain information--such as current income--but they find their goals stymied because the information is not gathered in a usable form.
- * The State Legislature, which makes basic fiscal policy for the state, has moved toward professionalization of its research staff in recent years. This has produced a demand for more and better information for both legislators and their staff.
- * The establishment of the Metropolitan Council and its responsibility for areawide functions has produced a need for aggregating information in new ways.
- * Other public bodies are exhibiting an increasing interest in the tax and finance system. For example, the Metropolitan Section of the League of Minnesota Municipalities developed a tax proposal for the 1969 Legislature which had to be modified because needed data items were missing.

To date, public officials at the township, municipal, school district, county and state levels in Minnesota have performed data-gathering responsibilities primarily for administrative purposes, that is, to carry out the requirements of a law. The tax assessor, for example, has no need to separate rental residential property from business and industrial property, because all are taxed alike. He has no administrative reason to determine the total value of rental residential property, although for public policy it may well be desirable to obtain such information.

The various public officials who currently gather information are severely restricted in their ability to go beyond administrative requirements. They have no instruction as to what types of information should be gathered for public policy purposes. An official cannot possibly respond to every individual's request for information. An overall decision on a statewide basis needs to be made as to what

information should be gathered for public policy purposes. Furthermore, to assure comparability of information from locality to locality, from county to county, and so forth, specific instructions must be forthcoming from the state. In some cases extra funding will be necessary for certain information to be made available.

Minnesota is now beginning to take steps in the direction of gathering data for public policy purposes. In most cases it will not be necessary to make fundamental changes in present practices. But officials from county to county, locality to locality and even within the same locality will have to use comparable forms, definitions and procedures. Computer programs will have to be comparable. Uniform coding of addresses will be necessary so that information can be aggregated by different areas as the need arises. Officials charged with gathering information will have to be adequately trained for their responsibilities and compensated accordingly.

As information becomes more available for public policy purposes, appropriate mechanisms need to be developed for as wide a distribution as possible and at reasonable cost to the users.

As new laws are drafted, legislators can explore the possibility of including --as a routine matter--a requirement that the necessary information for analysis be made available.

Following is a list of a number of data needs and data-gathering problems which have been discovered during the course of research work done by the staff of the Rapid Analysis Fiscal Tool. The list should not be regarded as all-inclusive. Undoubtedly there are many other data-gathering problems not mentioned here.

1.1. Receipts, Expenditures and Debt

- a. *Township governments are not required to submit financial reports to the Minnesota Public Examiner.*

Each year the Minnesota Public Examiner publishes a report on the receipts, expenditures and debt of cities and villages in Minnesota. The state law exempts townships from submitting their reports, regardless of size. Consequently, the Public Examiner's report is incomplete. Many urban townships, particularly, are much larger than many villages.

Possible Action--The Public Examiner could request this information in the absence of a legislative directive. The State Legislature could modify the state law to require at the very least that urban townships submit reports to the Public Examiner.

- b. *Cities and villages vary widely in the type of report they send to the Public Examiner, requiring the Examiner to spend an inordinate amount of time assembling comparable information for such units.*

The financial report submitted by a city or village can be anything from a list of the checks written by the village (as is done in St. Bonifacius) to a very detailed printed financial report as comes from such communities as St. Louis Park, Minnetonka, or Bloomington. But regardless of the type of report submitted, the Public Examiner must spend a good deal of time categorizing these reports to fit a uniform form. This is a very detailed operation, and the Public Examiner is very careful to see that the categories are comparable from locality to locality. When the report finally is

completed it is typed and reproduced in book form. Data processing equipment is not used. There is a long lag between the year for which data applies and the actual publication date. For example, the Public Examiner's report for local governments whose fiscal years ended between July 1, 1966 and June 30, 1967 was not published until April 1969.

Possible Action--The State Legislature could simplify the operation by requiring that a uniform form be filled out by all units of government. The Public Examiner could review the form to see that instructions were followed. Then a keypuncher could place the information on data processing cards and the entire report could be prepared with only minimal involvement of the Public Examiner's office. It would be a far quicker job, more complete, and cheaper. Further, analysis of the data would be facilitated if stored on data processing equipment.

- c. *There is a lack of uniformity in the categories which the Public Examiner uses for reporting revenues and expenditures as compared to the categories used by the U. S. Census of Governments.*

The U. S. Census of Governments data is available only every five years. The Public Examiner publishes an annual report.

Possible Action--The Public Examiner has the authority for determining what categories should be used. He could decide whether to make his report comparable to that of the U. S. Census of Governments. It could be a great aid to municipal governments, which now are required to fill out separate forms for the U. S. Census of Governments and the Public Examiner. A local government should be required to fill out only one form, which could be adapted for use by both the Public Examiner and the Census of Governments.

- d. *Reports of the Public Examiner do not include receipts and expenditure data for individual school districts.*

Because the Public Examiner reports on local government finances do not include receipts and expenditures for individual school districts, it is not possible to obtain a complete report on all local governments in Minnesota from the Public Examiner. Individual school districts submit forms showing their receipts and expenditures to the Minnesota Department of Education, but the Department does not assemble these forms into a single published report on school district finances for the state.

Possible Action--The Legislature could require that the Public Examiner include school districts in his report.

- e. *Annual reports of outstanding debt by political unit in each county are submitted to the Minnesota Public Examiner, but these reports do not distinguish sufficiently between short-term and long-term debt, guaranteed and non-guaranteed debt, and debt for different public projects.*

The report submitted to the Public Examiner by each county auditor is complete for all units, townships, cities, villages, school districts, other special districts and counties. This is the best single source for debt by community, but in some cases the figures do not accurately reflect a community's true situation. Many communities will issue short-term tax anticipation certificates, which of course do not appear as part of long-term bonded debt. It is difficult to ascertain on the report what portion of the total debt is long-term bonded debt.

Possible Action--A new form could be designed by the Public Examiner which would accurately reflect the different types of debt in a community.

- f. *It is currently impossible to obtain the current debt limit for all units of government, without making separate calculations for each one.*

Minnesota laws provide many different ways for determining the legal debt limit for municipalities, school districts and other governments. Even among municipalities and among school districts the procedures for calculating debt limit can vary substantially.

Possible Action--The State Legislature could require that an appropriate state agency calculate the legal debt limit for all units of government as of a certain date, say, December 31, each year. This could be made part of the Public Examiner's reports on debt which are received from all county auditors.

- g. *It is difficult to make comparisons of revenue and expenditures between different types of units as well as among the same kind of units because fiscal years are not the same.*

All villages have a fiscal year which ends on December 31. Most cities also have a fiscal year ending at that time. State law, however, permits cities to adopt different fiscal years if they so choose. In the seven-county metropolitan area one city has a fiscal year ending on January 31, another February 28, another March 31, another April 30, another May 31. Although it will be difficult to get all communities into a uniform fiscal year basis, it is urgent that the proliferation of fiscal year endings not continue. The school districts by and large have a fiscal year which ends on June 30. The exception is in Minneapolis where the school district fiscal year ends December 31. Townships usually have fiscal years which end some time in March when the annual meeting is held.

Possible Action--The State Legislature, if it desires to have as great a uniformity as possible in fiscal years, must order that local units of government adopt a uniform fiscal year.

2. Levies, Property Tax Relief Payments

- a. *Accurate, comparable information on dollar tax levies from each county or each unit of government within the county are very difficult to obtain.*

The state does not receive any report from the counties with the dollar tax levies of each taxing jurisdiction. Such information must be obtained directly from each county. County forms are not comparable from county to county and the data is incomplete. What may be called the "certified budget levy" in one county, for example, may be defined differently in another county.

Possible Action--The State Legislature could give the Department of Taxation the authority to require each county to submit the following information, according to approved definitions, for all taxing jurisdictions: the "certified budget levy", the "adjusted budget levy", the "levy on taxable value", and the "collectible levy" (the amount of the levy remaining after deducting the 35% homestead credit payment to each taxing jurisdiction, the amount actually raised from local sources). Each county now must gather this information, but it is retained only on worksheets. Very little extra work would be required for the Department of Taxation to obtain the information.

- b. *The wide difference in local levy limits and expenditure authorizations make it terribly difficult to have any comparison of fiscal ability from community to community or, in fact, to know what the levy limits are at a certain date for each unit of government.*

A municipality, school district or county can appeal to the State Legislature for a special law allowing it to levy in a certain manner or do other things that are not generally applied to all units of government. When it comes to generalizing about local units of government these levy limits and spending authorizations cause great problems. The Public Examiner summarizes the statutes relating to levy limits, but the summary is quite general and does not include all the special laws which are not codified.

Possible Action--When the county auditor lists the certified budget levy he also could list the legal levy limit for each unit of government. Insofar as developing uniformity in levy limits, that responsibility lies with the Legislature.

- c. *Complete, accurate information on property tax relief payments to all taxing jurisdictions has not been made available to the Department of Taxation.*

All property tax relief payments to all taxing jurisdictions must be known if an accurate picture of what constitutes "locally raised revenue" and what constitutes "state revenue" can be made. The 1969 Legislature gave the Department of Taxation the authority to require each county auditor to report "the amounts of reimbursement and replacement from the property tax relief fund to each taxing jurisdiction within the county". Even with this law, however, it is not clear whether the information will be obtained. For example, the Department has received information on the total 35% homestead credit payment paid within an assessment district, but he has not yet obtained--as the law states--the payment to each taxing jurisdiction. This is a fine distinction in the law, but it is of critical importance in determining what, in fact, constitutes "locally raised" revenue. The Department has recently mailed forms to all counties requesting this information.

Possible Action--If counties fill in the information as requested, no further action will be required.

- d. *Information on the dollar amounts distributed to each unit of government for replacement of newly exempt personal property plus the calculations used in determining the amount to be distributed to each unit of government should be available to analysis, but the information to date has not been reported beyond county auditors' offices.*

The following information is critical to an understanding of the distribution of personal property replacement dollars: the dollar levy on the newly-exempt personal property in 1967, the last year in which it was taxable; the dollar levy on the remaining property in that year; the adjustment ratio, and the dollar amount distributed to each unit of government. Although this information was not reported to the State Department of Taxation in 1968 and 1969, the Department has distributed reporting forms for this information to the various counties for 1970.

Possible Action--If counties fill in the information as requested, no further action will be required.

- e. *An analysis of the impact of the distribution of the personal property replacement funds is limited because the valuation of new personal property which is not taxable is not known.*

Since the passage of the 1967 Property Tax Relief and Reform Act, additional personal property has come into existence which would have been taxed prior to that act. Assessors are not valuing this property. Such information would be extremely valuable to show the impact of the distribution of the funds for replacement of newly exempt personal property. Under the present law these funds are distributed according to where the property was in 1967. As years go by, considerable movement of personal property will take place but the payment will still be based on where it was located in 1967 and bear less and less relevance to present circumstances.

Possible Action--The only way that such data could be gathered would be for the State Legislature to require local assessors to report this as part of their tax exempt reports.

- f. *Information on the number of persons receiving renter credits or elderly credits under the Property Tax Relief and Reform Act and the dollars involved by unit of government is not readily available.*

The State Department of Taxation has organized its computer program so it will be possible to obtain county-wide totals on the elderly credit, but not a breakdown by unit of government within the county. Such a detailed breakdown would require either that municipality of residence be placed on the income tax form or that the state find a way to code street addresses so they can be identified as to municipality.

Renter credit information is even more limited because of complexities involved in computing the credit. Not all renters are eligible. Some are excluded if a federal subsidy to rent is involved. Further, a person must have rented in Minnesota for the last six months of the year to be eligible. Income tax returns filed in 1969, pertaining to 1968 income, will include renter credit information for the first time. Again, we understand, only county-wide totals can be aggregated.

Possible Action--The Commissioner of Taxation could change state forms to require that municipality of residence be included. The Commissioner could then order that the computer program be organized so as to aggregate the data by municipality as well as by county.

3. Mill Rates

Forms submitted by county auditors to the state listing the mill rates are incomplete and inconsistent in many cases.

This produces significant problems in developing comparable information on mill rates from county to county. The total debt retirement mill rate, a very important figure in calculating the homestead property tax, is not clearly identified on the form. In most cases it is possible to develop this total by adding the debt mill rates together for the county, municipality, and school district. Nevertheless, in some cases the debt rates are hidden in other mill rates and the total debt figure cannot be obtained.

In some cases a county mill rate will include the mill rates for special districts and in other cases it will not. In one case the watershed district mill rate was added in to the school district mill rate.

Apparently one of the problems is the difficulty which different county auditors face in filling out a form which is not entirely appropriate for their peculiar circumstances.

Possible Action--The Commissioner of Taxation has the authority for determining the nature of the forms to be filled out. He could order any changes in the nature of the forms to make them comparable from county to county. He could order that the total debt mill rate be aggregated for each assessment district.

4. Property Values

- a. *An effective analysis of the assessed valuation of municipalities, townships, school districts and counties is limited by the different types of forms which are used in the different county offices.*

In a few counties the reports on assessed valuation will include a breakdown of the assessed valuation by legal class--not only by legal class within each municipality or township, but by the piece of each school district located within each municipality or township. Such a procedure enables the information to be re-assembled by school districts. Ramsey County and Carver County, as far as we know, are the only two counties in the metropolitan area which follow such a procedure. The Ramsey County report is a computer print-out. The Carver County report is on a worksheet-type form in the county office. Because the two counties use different kinds of forms, it is not certain that the data is comparable even between these two counties. Because such a breakdown is not required to meet any requirements of law, the information is not available from Anoka, Dakota, Hennepin, Scott or Washington Counties. A limited amount of information such as the breakdown of homestead/nonhomestead and ag./non-ag. by piece of school district in each municipality is available for Hennepin County and on a more limited basis from the other metropolitan counties. Again, the forms are not comparable from county to county.

Possible Action--The Legislature could require that the Commissioner of Taxation obtain such information from the counties according to a prescribed form. Although the Commissioner of Taxation is given broad powers to gather information now, he is likely to encounter considerable resistance from county officials if they are asked to perform additional duties which are not necessary to fulfill some requirement in the law.

- b. *Assessors from locality to locality use different field cards for recording data on each piece of property, resulting in non-comparable information from locality to locality.*

Only on those items of information which are necessary for complying with state law will there be comparability among assessors. On such additional information, such as the number of dwelling units in each piece of residential property, the practice will vary considerably. Some assessors may not bother to record such information at all.

Possible Action--The state could prescribe a uniform field card to be used by all assessors, perhaps developed by the assessors themselves.

- e. *The Abstract of Assessments, which lists the assessed valuation of each municipality by its legal class, does not include some of the very infrequently used legal classifications.*

The Ramsey County Auditor, for example, has to provide a place for the special legal classification of parking ramps in St. Paul. The form which he sends to the state provides no place for this classification. Therefore, he must use one of the vacant columns and adjust the form accordingly. For someone who is not knowledgeable, serious errors could result in copying the material from the Abstract.

Possible Action--The State Commissioner of Taxation could make sure that the form which is sent to the counties is sufficient for all county purposes, including such infrequently used categories as parking ramps in St. Paul. This could be accommodated by a column identified as "all other", with a special code used to identify the different categories in the "all other" column.

- f. *The state gives very little guidance to local assessors in classifying property as to residential, commercial and industrial for equalization aid review purposes.*

Each county assessor is asked by the Equalization Aid Review Committee to divide the adjusted market value of each municipality into a number of classifications. These are not legal classifications for purposes of spreading the property tax. They are classifications of property according to its use. An assessor is asked to list the total value of residential property, for example. Yet the state has given very little direction to local assessors as to what property should be identified as residential. Apparently a directive was sent to assessors some 10 years ago indicating that only one-family and two-family dwellings should be classified as residential, with apartments as commercial. But it is not clear whether this directive is still followed. State officials indicate that the common practice now is to include one-family and two-family plus three-family dwellings as residential.

Possible Action--The Equalization Aid Review Committee, which receives these reports, is made up of the Commissioners of Taxation, Administration and Education. This body could develop appropriate written instructions for assessors to follow.

- g. *Under the present system of classifying property in Minnesota for assessment purposes there is no way to determine the valuation of rental residential property or to distinguish the effects of the tax system on rental property as compared to owner-occupied property or on all housing as compared to other types of property.*

Under present state law, if a dwelling is not owner-occupied, regardless of whether it is a single family or multi-family dwelling, it is lumped in with commercial-industrial property in the legal class called "nonhomestead". This makes it impossible to obtain the assessed valuation of all residential property.

Possible Action--In order for residential property to be identified adequately, each parcel of nonhomestead could be identified as to residential or non-residential use. For those parcels that are residential, they could be designated further as to the number of dwelling units in each.

A great deal of misunderstanding is possible in connection with the identification of different types of property. A frequent criticism of the Minnesota tax system is that there are too many *legal* classifications. It must be clearly understood that any proposal to identify the residential portion of the non-homestead classification is not an attempt to create another *legal* classification. It is an attempt to develop an appropriate *use* classification for analytical purposes.

- h. *A recent state law permits preferential assessment of farm land near an urban area, but because of the way assessors are required to report information it will be very difficult to analyze the impact of this law.*

The so-called "Green Acres" law allows certain farm property to be valued at its agricultural value rather than its highest and best use. The result is a lower assessed valuation of a community than otherwise would be the case. Assessors, however, have no administrative need to determine, in the aggregate, what the assessed valuation would be if this law were not in effect.

Possible Action--State law could be changed or the Commissioner of Taxation could require that assessors aggregate the appropriate information from their field cards to permit analysis of the Green Acres law.

5. Sales Ratios

- a. *Sales ratios for commercial and industrial property are prepared but are not made available.*

The Equalization Aid Review Committee prepares sales ratios for commercial and industrial property as well as residential property. They have released the residential ratios but have repeatedly declined to release the commercial and industrial ratios, even for those communities where a sufficient number of sales have taken place so that there can be confidence in the results. These ratios are used in connection with distribution of state aids to school districts, but in some of the smaller communities the ratios are very unreliable.

Possible Action--The Equalization Aid Review Committee has the power to make this decision but has refused to release the data so far. The State Legislature could require that it be made available. In addition, the state could inform local assessors of its techniques in sales ratio studies and encourage local assessors to follow similar techniques so that results could be compared in a meaningful way.

- b. *The overall sales ratio including all property is now available by school district but the state does not prepare an overall ratio by municipality.*

We understand that this is not a problem of keeping certain information confidential. It only involves some additional calculations which the state has not done yet.

Possible Action--The legal responsibility apparently rests with the Commissioner of Taxation.

- c. *Median sales ratios are not provided anymore.*

Until 1966, median sales ratios were calculated as well as aggregate and mean

sales ratios. The calculation of the median has been discontinued but could easily be reported again.

Possible Action--This rests with the Commissioner of Taxation.

- d. *The State of Minnesota is not using the modern devices which are available for up-to-date valuation studies for sales ratio and other purposes.*

It is possible to conduct continuous appraisal studies of the value of property by locality and then to update sales ratio studies on a much quicker and more accurate basis than is done now. Actual sales information can also be recorded and its analysis automated so that expected market value of property with a given set of characteristics can be estimated annually by "trending", as is done very successfully in California.

Possible Action--The State Legislature would have to order that this take place. It would require funding, staffing and training, but savings would be possible once the new system were in effect.

6. Tax Exempt Real Estate

- a. *Reports on tax exempt real estate which are made every six years are extremely general, with the classifications not adequate for detailed policy analysis.*

County assessors are required to place tax-exempt real estate in only about eight or nine general categories, for example, "churches and church property" or "public property for public purposes". More detailed breakdown, such as the valuation of parsonages or the valuation of certain public property, is needed if legislators are to understand in advance the impact of placement of certain property on the tax rolls.

We find that some counties and municipal assessors are, unofficially, making more detailed breakdowns of tax exempt real estate, but there is no uniformity in these breakdowns and, further, only a few communities are following such procedures.

Minneapolis breaks its tax exempt real estate into a number of detailed categories as does Ramsey County. Ramsey County distinguishes its public buildings by level of government, but Minneapolis does not. Minneapolis breaks down its churches and church property by such categories as parsonages, vacant land, churches, etc. Ramsey County breaks it down by denominations, Lutheran, Catholic, etc.

Possible Action--The reporting of the tax exempt real estate is one of the few instances where data is gathered solely for research purposes. The Legislature has ordered that this be gathered every six years. Any improvement in this would require, undoubtedly, action by the Legislature.

Another possibility could be for the State Department of Taxation to take over the valuation of tax-exempt real estate directly. This would require additional funding, but the state would have the ability to impose uniform standards of valuation on tax exempt real estate statewide. It could automate the valuation process and update the figures annually. This could be a demonstration to show the possibilities of improving the methods of valuing taxable property. It is likely that county and local assessors currently do not spend a great

deal of time on the tax exempt property reports. Procedures undoubtedly vary considerably. This means that the existing data is subject to considerable limitations in use.

b. *Tax exempt real estate report is incomplete.*

All property which is tax exempt is not covered in the present report which county assessors are required to make. In addition, there is railroad property and telephone property which is not subject to the property tax but which is otherwise taxable. The valuation of such property needs to be included for a complete picture.

Possible Action--The State Legislature appears to be the only body that could require this. Some assessors now gather the data but we do not have any way of knowing how many.

7. Special Assessments

The amount paid in each community for special assessments, by type of special assessment, and the distribution of the amounts paid by different property owners is not currently available in published form.

The Abstract of Tax Lists, submitted by each county auditor to the State Department of Taxation annually, includes the total municipal assessments and county assessments levied in each municipality and township. There is no identification as to what part of the special assessment total is for current maintenance-type work (tree-trimming, garbage collection, etc.) and what part is for capital-type work (sewer, water, street construction, etc.). The Minnesota Public Examiner publishes a report on the total special assessments paid in each municipality each year, but this report also does not identify the assessments as to type. Furthermore, it is not possible to find out what portion of the total cost of a project is financed from special assessments and what portion is financed by general taxation. We understand that practices vary considerably from community to community.

Possible Action--The Legislature could require an appropriate state agency to gather meaningful information on special assessments so that a better understanding of their impact would be possible.

8. Sales Tax Information

a. *Sales tax collections by municipality cannot be determined today because of the way sales tax information is gathered.*

The Sales Tax Division of the State Department of Taxation is requiring, beginning in January, 1970, that sales tax collections by county of collection be reported. This will be the first time since the sales tax went into effect in August, 1967, that collections by county will have been ordered. There will not be any report on collections by municipality.

Possible Action--The Commissioner of Taxation or the Legislature could require that sales and sales tax collections by municipality be reported.

- b. *Information on expenditure patterns by income group is not determined; consequently, it is not possible to know the relative sales tax burden on families with different income levels.*

The Michigan Survey Research Center studies are indicative but have not been currently updated. The only information on expenditure patterns available now is the estimate by the Bureau of Labor Statistics of a typical worker's budget, modified by size of family and stated in terms of modest, adequate, and relatively high levels of expenditures. This is a national pattern (with studies coming out by regions from time to time) and does not represent what local expenditure patterns actually are.

Possible Action--It is not clear what organization or public agency could be responsible for estimating expenditure patterns by income group in the Twin Cities area. Perhaps the State Tax Department could be charged with this responsibility.

9. Income

Estimates of family income by municipality on an annual basis are urgently needed but the data is not available.

There are a number of routes to be tried in obtaining current income figures. The U. S. Census reports family income by municipality, but the figures are available only every ten years. The Internal Revenue Service recently has provided a limited amount of data on taxable income by zip code (for calendar 1966) but zip codes have limitations because zip code areas rarely coincide with municipal boundaries. The Survey of Current Business provides current estimates of personal income (by sources as wages, interest etc.) but only for the entire Standard Metropolitan Statistical Area, not by locality within the area. The Office of Business Economics makes gross national product and personal income estimates, but the breakdown usually does not go below the state or regional level. Allocations can be made to county level with complex formulas and some heroic assumptions. Sales Management magazine makes annual estimates of income for some of the larger municipalities in the metropolitan area. Again, the process involves complex (and copyrighted) formulas so that the outsider could not make his own estimates for areas not covered by Sales Management.

It would be possible for some governmental agency to estimate current income each year. This could be any or all of the following: The Metropolitan Council, the State Planning Agency, or the State Department of Taxation. Another possibility would be to make effective use of the state income tax tapes. Each person who files his return could indicate his municipality and school district of residence. Then this could be coded and information could be made available. Federal income tax forms could be changed to require the municipality of residence to be included on the form. Another possibility would be to take the existing state or federal income tax tapes and find a way to place the addresses of the individuals into each municipality. It is not clear whether the technology is advanced this far yet.

Possible Action--The Commissioner of Taxation on his own initiative has added the requirement that the school district of residence be placed on the state income tax form. Unfortunately, because of a mix-up this information was not coded in 1969. The Commissioner of Taxation also could use his same

authority to require that the municipality or township of residence be placed on the form, or the State Legislature could order this be done. The Metropolitan Council could instruct its staff to prepare annual estimates of income by municipality or township. The advantage in using the state or federal income tax forms is that a figure on the total taxable income by municipality could be obtained. Such a figure could be very valuable in the distribution of revenues and for calculation of indexes of effort, relative economic well-being, capacity to finance of the community and burden and ability to pay of the individual. The ratio of taxes collected in a municipality to taxable income could be a major factor in distribution. An obvious disadvantage of income tax returns as a source of information is that they do not include information on persons without income. Some way to adjust the income tax data for unemployment or other "welfare" factors would be desirable.

10. Welfare Statistics

The number of recipients of AFDC, Aid to Disabled, Aid to Blind, and so forth, currently are reported only as county totals, not on a sub-county basis.

County welfare officials do not, as a routine matter, list the municipality of residence for welfare recipients. Consequently, accurate data on welfare recipients by municipality are not available.

The State Department of Public Welfare has had to make estimates of the number of AFDC children by school district in recent years because of the need to use such information in distribution of special federal aids to school districts, but we understand that the estimates are not too reliable. In many cases they involve arbitrary distribution among school districts in a county. A 1969 state law relates distribution of some special state aids to the number of AFDC children in a school. It is not clear how this information will be gathered.

Possible Action--The Legislature could require the Commissioner of Public Welfare to report the number of welfare recipients by locality as well as by county.

11. Population and School Enrollment

- a. *There are a diversity of sources of population totals for each locality which are used in connection with various tax and finance laws, and it is difficult to determine which population figures from which sources for which years are used with which laws.*

Many different kinds of population figures--decennial census, mid-decade census, incorporation census, current estimates, for example--are used in calculating liquor and cigarette revenue distributions, per capita sales tax payments, school district debt limits, and so forth. Aside from the question of the desirability of using different population figures in different laws, it often is difficult to learn--for a given law--which population figures are being used.

Possible Action--The Legislature could adopt a policy of uniformity on population figures or it could require that the population source and the resulting population figure be indicated clearly whenever population figures are used for each different per capita distribution.

- b. *School census figures by municipality can be obtained, but in many cases, the information is not gathered.*

Each year every school district conducts a census of population to determine the number of persons from six through sixteen years. This is done for school aid purposes. Some school districts determine the municipality or township of residence for each person also. This is not required for any school aid purposes so it is not done in every case. Such information could be extremely valuable to the Metropolitan Council or other agencies in estimating total population by school district. It also would enable a very detailed breakdown of the location of school census children by piece of a school district in each municipality.

Possible Action--The State Department of Education, in preparing its school census forms, could require that the school census be broken down by municipality or township of residence. Or state legislative action could be done to mandate that this be gathered.

The school census could be one of the most valuable data-gathering devices. It might well serve other purposes such as determining how many families live in single family dwellings, duplexes and apartments. Perhaps the State Department of Education, working with agencies such as the Metropolitan Council and the State Planning Agency, could standardize a school census form which could be valuable to school districts and to other users of such information. Care in the selection and training of the census takers would have to be exercised. Information could be assembled in many different ways to answer different questions. The Rapid Analysis Fiscal Tool, the joint project of the Citizens League and the Upper Midwest Research and Development Council, has an urgent need for school census and population data by "location" which is the unique combination of school district and municipality.

12. Housing

Distribution of housing values by different communities is not obtained now although the computerized counties have the information coded and it could be made available.

The estimated market value as determined by the assessor is now placed on computer for each piece of residential property in those counties which have automated their property tax records. It would be fairly easy from a technical standpoint to obtain a distribution of the housing values. However, as far as we know, the computerized counties are not programmed for such a procedure. This would require some extra expense on their part. The total extra expense is not great, but in the absence of some administrative need for such information or legal requirement that it be reported for research purposes, it will not be gathered.

Possible Action--This is an example of an information problem where no legal responsibility exists at any level to provide the information. Conceivably, each individual county board could order that such data be prepared. The Commissioner of Taxation could request it or the State Legislature could order it. Distribution of housing values would be very difficult to obtain for the non-computerized counties. It appears that even for the computerized counties different programs are used in each of them so that a different program would have to be written for each county rather than one

program written for all. This would increase the cost. As more counties automate their procedures, it is critical that programs be written so they can be readily adopted at low cost by other counties. Leadership by the state is needed to assure such coordination.

13. Employment

Only limited information on employment at jobs located within each locality and on the residence of workers is available.

The Minnesota Highway Department periodically makes estimates of employment at different types of jobs within a municipality. Its most recent data is for 1965. The data is not updated annually. The Highway Department does not gather information on employment by municipality of residence. The decennial U. S. Census is the only source for such information. The Highway Department obtains its basic information from the Minnesota Department of Employment Security.

Possible Action--Forms which employers fill out for their employees could include the employee's municipality of residence. This might be required by the Minnesota Department of Employment Security or the State Legislature. The Highway Department need not be the major source of employment data.

14. Neighborhoods in Larger Cities

Data gathering by a neighborhood within a larger city is very limited, with most assessment data gathered for areas which do not coincide with the definition of a neighborhood.

Larger cities such as Minneapolis and St. Paul are divided by their assessing offices into assessment areas. It is possible to get fairly good information on assessed valuation by assessment area. But the assessment areas do not follow any other definition of neighborhood or other neighborhood boundaries as used, for example, by planning commissions.

Possible Action--This lies with the city councils of the cities involved, who could require that data be gathered for comparable areas.