

CITIZENS LEAGUE REPORT

No. 76a

**Resolution on Proposed Property Tax
Increase for Minneapolis**

March 1957

approved by
Board 2/15/57

Citizens League
601 Syndicate Building
Minneapolis 2, Minnesota

March 4, 1957

76a

TO: Board of Directors
FROM: Taxation and Finance Committee, John Barker, Chairman
SUBJECT: Resolution on proposed increases in property tax millage

Following is a resolution adopted by the Taxation and Finance Committee at its meeting on February 26:

In December 1955 the Board of Directors of the Citizens League came to these conclusions on the finances of the City of Minneapolis:

There is a need for additional revenue.

Such additional revenue should not come from increases in the property tax because Minneapolis already depends too heavily upon the property tax. It is at levels which discourage the expansion of existing industries, the location of new industries in the City and the ownership of homes and the building of new homes.

The Board endorsed in principle a county-wide earnings tax as the best single substantial additional source of revenue to meet the City's needs.

In September 1956, the School Board asked the voters for approval of six additional mills of property taxing authority. At that time a sub-committee of CLIC's Finances Task Force proposed an overall solution of the city's financial problems, centering on legislative authorization for an earnings tax. The proposal also included granting the additional six mills of property tax power to the School Board, to be offset however by reduction in the millage for debt service.

In September 1956, the Board of Directors reiterated its conclusion that Minneapolis already placed too heavy a tax burden on property. However, it believed that (1) the schools had a demonstrated need for more revenue, (2) the School Board would use only so much of the added six miles as became necessary, (3) adoption of the six mills authorization would be followed by adoption of the rest of the tax package of the CLIC group. The Board felt that granting the School Board the added taxing power would be the logical first step in the CLIC group's overall solution, and even though a temporary increase in property tax rates might result, adoption of the whole program would cause a net reduction in the Minneapolis property tax.

The voters approved the School Board's request for additional property taxing authority.

Since September 1956, CLIC's Finance Task Force has approved the adoption of an earnings tax. However, CLIC has tabled the proposal, and the City Council has shown no disposition to endorse it.

At the current session of the Legislature, various City groups, official and non-official, are seeking to raise Minneapolis' authorized tax millage, again, by a total of 7.17 mills:

Current Expense	1.67 mills
General Hospital	2.00
Firemen's pension	.50
Police pension	.50
Housing and redevelop- ment	.50
Park Board	2.00
	<hr/> 7.17 mills

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Since 1952, when the Taxation and Finance Committee began studying Minneapolis' tax problems, the city's property tax levy has increased from 144 to 161.86 mills.

We believe that the City of Minneapolis must come to grips with the fact that the property tax can not be increased any further and that we must develop a major non-property tax source.

The Taxation and Finance Committee therefore recommends that the citizens League (1) presently oppose any further increases in property tax millage rates, and (2) reaffirm its support of the earnings tax as a substantial new non-property tax source.