

CITIZENS LEAGUE REPORT

No. 134a

**City of Minneapolis
Charter Amendment #17 & #19**

May 1961

Citizens League
545 Mobil Oil Bldg
Minneapolis 2, Minn.

PRESENTED TO
BOARD OF DIRECTORS
MAY 25 1961

May 22, 1961

134a

TO: Board of Directors

FROM: Taxation and Finance Committee, James R. Pratt, chairman

SUBJECT: Proposals to Finance Additional Policemen and Additional Library Expenditures by Increased Property Tax (Proposed Charter Amendments No. 17 and No. 19).

The Board of Directors asked the Taxation and Finance Committee to prepare a recommendation for a League position with respect to the revenue aspects of the proposed charter amendments calling for three mills earmarked for the Police Department and 1.69 mills for the Library Board. The committee assumed the existence of need for the requested additional taxing authority, and concerned itself only with the question:

Should the Citizens League support this method of raising the additional funds at this time?

The committee considered the following arguments pro and con each of the proposed amendments:

POLICE AMENDMENT

Arguments in favor

1. While it is likely that the City Council's present fiscal condition will permit the hiring of some additional policemen, it will not finance the hiring of the 165 needed to bring the strength up to the 1.7 per 1,000 population ratio. This property tax increase is the only available source of money to permit the requested strength increase for 1962.
2. The dedication of the three mills is necessary to assure that the money will go to the Police Department. Previous experience has shown that without dedication the increased revenue is likely to be spread over other services financed out of the Current Expense Fund.
3. The way to get support for an alternative tax source is to keep increasing the property tax.

Arguments opposed

1. The property tax is already over-used in Minneapolis, relative to its use in competitive cities and considering the inequitable system of assessment administration in Minnesota.
2. Granting this revenue to the Police Department will remove one of the most important pressures for overall solution of the City's basic problem of finding a major source of non-property tax revenue. A good way to get public support for an alternative source is to reduce services.

3. Revenue earmarking tends to tie the hands of responsible elected officials, interferes with flexible allocation of available resources, and promotes imbalance of resources and needs of the various City agencies.

4. Support for this kind of revenue solution lessens the pressure for coordinated budgeting of City services.

LIBRARY AMENDMENT

Arguments in favor

1. No other source of money is available to provide for the increased expenditures in 1962.

2. While 1.69 mills additional is more than the Library Board needs for anticipated 1962 expenditures, the Board has indicated it will request only one mill.

3. The way to get support for an alternative tax source is to keep increasing the property tax.

4. Granted that there should be an overall solution of the City's revenue problem, the Library Board should not be expected to lead the way.

5. The Library Board is expected to get additional revenue from the County Library in 1962, and this represents a substantial increase of the County's contribution, even though it is not enough to eliminate the need for other revenue.

Arguments opposed

1. The property tax is already over-used in Minneapolis, relative to its use in competitive cities.

2. Granting this revenue to the Library Board also will remove an important pressure for an overall revenue solution. The only way to bring home to the public the need for alternative revenues is to reduce important services, such as library service.

3. Granting revenue increases for one segment of the City government runs counter to the need for coordinated budgeting.

4. More money should be secured from the County Library before the City millage increase is authorized.

CONCLUSIONS AND RECOMMENDATION

The Citizens League repeatedly has expressed its concern over the degree to which Minneapolis depends on the property tax, in a state where there is urgent need for improved assessment administration. The League has indicated its support for a major new revenue source to relieve the pressure on the property tax. In addition, the League many times has expressed its dissatisfaction with the lack of coordination of fiscal planning in Minneapolis City government, of which the current

proposals are further examples, and the League has urged changes in the structure of Minneapolis government to overcome the basic organizational weakness which is the cause of this lack of coordination.

The committee believes that approval of the two proposed amendments would again postpone necessary action to secure property tax relief and the structure for effective fiscal coordination, and on balance we regard these as the most important considerations in the tax aspect of these two issues.

From the standpoint of the question that was referred to the Taxation and Finance Committee, therefore, WE RECOMMEND that the Board of Directors oppose the requests for three mills for the Police Department and 1.69 additional mills for the Library Board.

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Members of the Taxation and Finance Committee who were present when the committee voted unanimously in favor of the above recommendation were:

James Pratt, chairman	H. O. Sogard
Gordon W. Bassett	Bill Stocks
Mrs. Nathaniel Berkwitz	Harry Sutton, Jr.
Mrs. Ralph Bruce, Jr.	Dr. Robert Uppgaard
L. B. Colfix	H. E. Van Der Boom
Harry Fiterman	William J. Vaughan
W. F. Shaw	