

CITIZENS LEAGUE REPORT

No. 194

**Minneapolis Charter Commission  
Statement on Proposed Amendments**

**June 1966**

Citizens League  
545 Mobil Oil Building  
Minneapolis, Minnesota 55402

STATEMENT BY THE CITIZENS LEAGUE  
FOR PRESENTATION TO THE MINNEAPOLIS CHARTER COMMISSION  
AT ITS PUBLIC HEARING, JUNE 30, 1966

PREPARED BY: Citizens League, Legislative Action Committee, Greer Lockhart, Chmn.

APPROVED BY: Citizens League Board of Directors at its meeting on June 24, 1966

SUBJECT: Response to the Charter Commission on Proposed Charter Amendments Nos. 20 and 22.

This statement is in response to the proposal of the Minneapolis Library Board now before your commission that proposed Charter Amendment No. 22, raising the aggregate or annual property tax levy of the Minneapolis Library by two mills, to a total of six mills, be placed on the September 13, 1966 ballot. We understand that at a recent joint meeting of representatives of your Commission and of the City Council's Bi-Partisan Charter Committee it was voted to submit proposed Charter Amendment No. 20 (the "Finance Amendment") to the voters at the same election. We are also responding here to that proposal.

Finance Amendment (No. 20)

At your hearing April 14, 1966, we supported and suggested submission of proposed Charter Amendment No. 20 to the voters. We had previously, on April 14, 1965, suggested certain specific strengthening of the Finance Amendment. Most of our suggestions were incorporated in April, 1965, into the revised text of the proposed amendment, so that it now reflects our previous suggestions.

Our support of the Finance Amendment at your April hearing was primarily based on the desirability of consolidating as many of the currently separate tax levy funds as possible into one city general fund. We have supported this concept over the years in connection with all proposed major charter revisions.

At this time when the City faces a difficult financial situation, it is particularly important to achieve maximum transferability of funds between city and related functions and departments. We discussed this matter at length in our April 14th statement. At that time we stated that some of the funds would clearly be short of revenue in 1967, while other funds, welfare, for example, would contain surpluses. We noted that some transfers of funds are clearly possible under current charter provisions, that other transfers might be allowable, provided that the legal authority were clarified, but that maximum transferability would clearly result from passage of the Finance Amendment. We recognize that the best chance to achieve maximum utilization of all revenues available in 1967 to meet the needs of the City, parks and libraries, will result from enactment of the Finance Amendment.

In addition to recognizing the urgent need to maximize transferability of funds, we support now and have long supported the desirability of unified city budget and fiscal control. This is the basic concept of the Finance Amendment -- that the City Council, as the principal city governing body, should be the primary policy and budget review body and sole tax levying body for all city services.

Passage of the amendment will clearly provide legal authority so that additional funds could be provided to support library operations. The Library is one of the functions identified in our April 14 report as clearly in need of support in 1967 to replace revenue losses resulting from the Donaldson Case impact. There has been some disagreement between the City Council and the Citizens League as to precisely when some of the other areas of city government will be in trouble as a result of the property tax equalization situation, but there is no dispute whatsoever that Minneapolis city government as a whole, including the library and park systems, will require relief by 1968. Passage of the Finance Amendment and the achievement of a common city tax fund to finance all operating functions will maximize chances to maintain all city government operations at current operating levels through 1967.

The Finance Amendment has received an increasingly broad base of support from government, civic, business and labor groups during the nearly two years it has been under consideration in the Charter Commission and City Council. The semi-independent elected Minneapolis Park and Library Boards, however, are on record against it, believing that the functions they direct should not be placed under the financial and budgetary control of the City Council.

#### Library Millage Amendment (No. 22)

The two weeks' notice that we have had of your hearing on the Library proposal has not afforded us sufficient time to convene a research committee to study in depth the specific 1967 and future operating needs of the Library. However, as we noted in our April 14 report, the Donaldson Case impact on the Library in 1967 will result in a loss of revenue of between \$117,000 and \$210,000, depending on the magnitude of the overall Donaldson loss. The Library started this year with a deficit and has projected a greater year-end 1966 deficit. The question of the increased amount of funds the Library might expect to receive this year over the amount received in 1965 from the contract with Hennepin County, covering use by suburban residents of the Minneapolis Library, is still unresolved.

The Citizens League supported the Minneapolis Library Board in both 1959 and 1961 in its unsuccessful efforts to achieve additional millage authority through proposed charter amendments. In 1965 the Citizens League issued a survey report on City and County Libraries, not directly concerned with finances. In that report, however, we observed that City Library operations were underfinanced.

Even without the opportunity for a detailed study, we believe that the Library needs additional finances, but specifically how much for 1967 or beyond we are not in position to suggest at this time.

On June 23, Library Board President Bruce Smith, Trustee Ralph Forester, and Librarian Ervin Gaines met with our committee. They explained that the two-mill proposal would provide long-range relief for the Library and would cover operating costs envisioned in their recommended branch library construction program. They emphasized the dire need for additional library financing for 1967 and said that, if proposed Amendment No. 22 passes, it is the intention of the Library Board to levy the additional allowable mill in stages. Specifically, they suggested that the Library Board would need  $\frac{1}{2}$  mill of the additional authority for 1967,  $\frac{1}{4}$  mill more for 1968, and an additional  $\frac{1}{4}$  mill for 1969. Under such a plan, if Amendment No. 22 were to pass, there would remain one mill of unused authority for use in 1970 and beyond.

### Two Amendments Interrelated

The two proposed amendments are interrelated. Both have the potential for providing financial relief to the Library, No. 22 directly and No. 20 through maximizing transferability of funds so that some surplus funds from other now separate city tax levies could be utilized for the Library.

Both amendments also involve structure of government implications as far as the Library Board is concerned. The Finance Amendment would divest the Library Board, a primarily elected body, of financial authority over the Library, subject to the guarantee that for three years following passage of the amendment, the City Council, which would be granted the financial control, would provide the Library at least as many mills worth of revenue as the Library would have had without passage of the amendment. Amendment No. 22 would, if passed, provide financial independence to the Library for quite a number of years, subject to whatever check the existing Board of Estimate and Taxation might provide.

If both proposed amendments as now drafted were presented to the voters and passed, the City Council would be granted fiscal authority over the Library, and the Library Board would have the three year millage guarantee based on its new maximum allowable millage resulting from passage of Amendment No. 22. In other words, the Council would have to guarantee the Library for each year, 1967, 1968 and 1969, six mills worth of revenue, automatically adjusted to about six and three quarters mills to provide for homestead. This would compare with the 4.475 mills being levied this year.

### Support for One Mill Only

The Library Board proposal envisions long-range fiscal relief for the Library out of the property tax. This is inconsistent with the view that municipal governments must look to non-property taxes for long-range solution to their increased revenue needs. The proposal would provide for the Library alone of all the city agencies long-range fiscal relief utilizing the already overburdened property tax. Such a solution has been denied to all other city agencies and to the schools. We believe that it would be unwise to grant such long-term relief to one agency without also granting it to others. We are firmly on record in support of the urgent need for a 1967 legislative solution to the problem of excessive reliance on the property tax, and we have said that this solution must involve new non-property tax sources.

But we have previously indicated that, to the extent local government and the schools need short-term fiscal relief out of the only revenue source currently available to them - property taxes - the governments should be supported. It is in this light that we would support limited additional Library millage authority.

The Library Board has indicated that one mill of additional taxing authority would provide adequately for its operating program for three years, with  $\frac{1}{2}$  mill sufficient for 1967, including the recovery of the probable Library loss resulting from the Donaldson Case impact. We therefore recommend that the Charter Commission submit to the voters an amendment providing for one mill of additional taxing authority, not two.

### Submission of the Amendments

Because we support the Finance Amendment, as well as the need of the Library for additional short-range operating revenue, we have addressed ourselves to the

question of how best to present the amendments to the voters. A one-word amendment to the Finance Amendment increasing by one mill the maximum combined general City tax rate would accomplish both objectives simply. There would be no chance for voter confusion because only one amendment, not two, would be on the September ballot.

Under this plan the guarantee to the Library of their current millage for three years could be increased to include the additional one-mill taxing authority. To the extent the Library would not need the revenue from the full additional mill in 1967 and 1968, the City and park system would be afforded some measure of relief in addition to that which they would enjoy as a result of the full transferability of funds which would be achieved if the Finance Amendment passed.

A single amendment, we believe, would provide the best way to submit these questions to the voters in September, 1966. We understand, however, that there may be some concern in City Council circles that adding one Library mill to the Finance Amendment might weaken the Amendment's chances of passage. Library Board members, on the other hand, believe that there is a better chance of achieving additional Library millage authority through a separate Library amendment.

We do not necessarily agree with either of these views and feel it could be equally well argued that submission of the two amendments separately could prove risky to the passage of both. For example, if the amendments are submitted separately, those who are opposed to consolidated financial control over city functions would be in position to freely oppose Amendment No. 20. Separate submission might also stimulate opposition to Amendment No. 22 from those who dislike seeing it passed without being assured that the Library would, at least in the long term, come under consolidated fiscal and budget control of the City Council.

The decision on the most appropriate manner of submission of the questions, however, rests with the Charter Commission. In the event the Commission decides that it is not feasible to submit a single consolidated amendment, we urge that the two questions - a one-mill Library amendment and the Finance Amendment - be submitted as separate amendments at the September 1966 election.

It is, we believe, of the utmost urgency that the Finance Amendment be passed and that the Library be assured of short-term financial relief for its operating budget. There are a number of ways in which these objectives might be accomplished and we believe the Charter Commission should select the manner of submission to the voters it believes will maximize the chances of achieving both objectives.