

CITIZENS LEAGUE REPORT

No. 110

Proposed Charter Amendment to Increase the Minneapolis Library Board's Property Tax Power

May 1959

CITIZENS LEAGUE'S POSITION ON
PROPOSED CHARTER AMENDMENT TO
INCREASE LIBRARY BOARD'S PROPERTY TAX POWER BY ONE MILL,
ADOPTED BY BOARD OF DIRECTORS ON MAY 22, 1959

1. Introduction

The Minneapolis Charter Commission voted to put on the June 9 ballot proposed charter amendment No. 16 authorizing the Library Board to increase its property tax levy from four mills to five mills, adjusted for homestead exemption.

The issue was referred to the League's Taxation and Finance Committee, which held a joint meeting with the Library Committee for the purpose of hearing and questioning City Librarian Raymond Williams. Subsequently, the Board of Directors held a special meeting with Mr. Williams and Mrs. Dorothy Atkinson Rood, Library Board President, and Mrs. Mildred Daunt Haglin, Board secretary, to pursue some additional questions.

2. History of Library Board's tax authority

The Library Board's original 1920 charter limit of one mill was increased to two mills by charter amendment of June 13, 1921. This was further increased to three mills by a 1945 charter amendment. A special legislative act in 1951 increased the tax limit to fourmills, adjustable for homestead exemption.

Present limit: 4 mills, adjustable for homestead exemption, totaling in 1959 4.47 mills. On present valuation, yields tax of \$1,749,270.

Proposed limit: 5 mills, adjustable for homestead exemption, totaling in 1959 5.59 mills. On present valuation, would yield \$2,187,507.

Increase: 1.12 mills of increased taxing authority, yielding maximum additional tax of \$438,237 on present valuation.

The request is for an increase in the charter limit. The language on the ballot will indicate a proposed increase from three to five mills, though the Library Board now has four mills as noted above. The Board of Estimate and Taxation would have authority to grant the Library Board only so much of the increased millage as it deemed necessary. In recent years, the Library tax levy is one of the few which the Estimate Board has set below the maximum authorized. The Library Board does not have a member on the Estimate Board.

3. The need for additional Library revenue

The Library Board justifies the request for additional taxing authority on a needed expansion of services. Such expansion would affect both the downtown main library and the branches.

- (a) Main Building: For some years, the Main Library has been open on Saturdays only from September through May. Additional funds are needed to keep it open six days a week year-around.

Operation of the new building, scheduled to begin in the fall of 1960 is not expected to add any appreciable expense.

(b) Branches:

- (1) Branches are not now open on Saturdays. Additional funds are needed to open them on Saturdays from September through May.
- (2) Funds will be needed to operate five proposed new or expanded branches at the following general locations: 54th Street and Penn Avenue South; 56th Street and Chicago Avenue; Penn and Lowry Avenue North; 44th and Humboldt Avenue North, and 29th Avenue and Johnson Street Northeast.

The two new southside branches are needed in areas where there are no branches now. Mr. Williams says 750,000 books a year should be circulating in this area but are not, due to lack of branch facilities. The Penn-Lowry building would replace a presently inadequate branch at 29th and Irving Avenue North, and the 44th and Humboldt North building would replace the present inadequate Webber Park branch.

It is proposed that the 29th and Johnson N.E. branch be set up in a rented building until the community stabilizes.

The need for additional funds to operate new and expanded branch libraries is of course contingent on those branches being constructed. The Library Board has requested the City Council and CLIC for bond funds for constructing the four new branches. The request to CLIC indicates the following:

<u>Branch in area of:</u>	<u>Construction in</u>	<u>Estimated Capital Cost</u>	<u>Estimated yearly operating expense</u>	<u>Estimated cost of initial book stock</u>
Penn & 54th Street S.	1960	\$408,000	\$75,000	\$70,000
Penn and Lowry Ave. N.	1961	333,000	60,000	40,000
Chicago & 54th Street S.	1961	408,000	75,000	90,000
Webber Park	1962	<u>298,000</u>	<u>40,000</u>	<u>20,000</u>
		\$1,447,000	\$250,000	\$220,000

Eventual construction of a branch building in the 29th and Johnson N.E. area is also expected, but no time for actual construction can now be set.

The Librarian expects that each of the branches would be in operation the year after construction. Cost of operating the four new branches plus the rented quarters of 29th and Johnson N.E. would be about \$300,000 a year.

Estimated total needs in 1960 are about \$200,000, or one-half mill. About \$100,000 of this would be for the cost of keeping the main and branch libraries open on Saturday as described, initial book stock for the Penn and 54th and Penn-Lowry branches, and scheduled staff increases. The Librarian says if the full mill authority is granted, the Board would not request more than was actually needed.

It is likely that some of the additional funds will be needed for salary increases, depending on inflationary forces, salary actions of other governmental agencies, and expected revenue from increased valuations.

The Library staff currently is reviewing the location and use of present branches with special emphasis on those in near downtown locations, such as Seven Corners, where there is the likelihood of substantial neighborhood change in the near future.

4. Relation of millage increase request to issue of school sub-branches

The League's Education Committee has prepared a separate report to the Board of Directors in regard to the controversy over school libraries. The report recommended that the Library Board continue its responsibility for the school libraries until a satisfactory arrangement for providing school library services can be worked out with the School Board, and that for the long run a joint committee of representatives of the School Board, Library Board and interested citizens be established to develop a more permanent solution.

One of the immediate causes of the Library Board's action last December to terminate its service at 20 elementary schools was the need for additional funds to finance wage increases parallel to wage patterns established by other city agencies. The Library Board's 1959 budget is predicated on its present plan of turning over to the School Board during the year the 20 school sub-branches. If the sub-branches were to continue under the Library Board in 1960, the cost of operating them would provide another claim on the requested one mill.

5. Recent position of the League in regard to property tax increases:

(a) In 1957 when the Park Board was seeking authority to levy an additional mill, the Taxation and Finance Committee recommended that the League oppose such authority. The League's Park Committee recommended for the authority. The Board of Directors by split vote endorsed the additional millage. The voters approved the millage.

(b) The League supported the CLIC-City Council proposed local tax study in 1957, but this never got underway. It was endorsed by CLIC in September 1957 and authorized by the Council in October 1957.

(c) In June 1958 the committee, jointly with the Education Committee, recommended against conversion to an independent school district under Chapter 947, Laws 1957, for reasons including the fact that the conversion law gave "practically unlimited property tax power to the school board."

(d) In October 1958 the same two committees acting jointly proposed the modified independent school district proposal, which would give the School Board power to raise its property tax levy within the statutory ceiling, subject only to a referendum called on petition of the voters. Authority to convert to a special independent school district with substantially this power has now been enacted into law, and a vote on conversion will occur on June 9.

(e) In January 1959 the committee presented to the Board of Directors a report on non-property tax revenues which said: "The committee began with convictions based on studies since our inception in 1952:

"1. That the property tax in the City of Minneapolis is already high compared with the property tax in similar cities. The statement was true in 1954. Since that time, the overall tax rate on Minneapolis non-homestead property has risen from 149 mills to 173.81 mills per dollar of taxable valuation, or over 16%."

(f) Subsequently, the League participated in meetings called by the City Council early in the legislative session to see about generating support for the Council's four proposed special business taxes and, failing that, property tax increases. The League took the position at these discussions that property tax increases were not inevitable at the session and pushed instead for a broad non-property tax source. The League proposed a county income tax.

(g) In February 1959, the Taxation and Finance Committee presented to the Board of Directors its report on the fiscal provisions of the Minneapolis charter, in which it recommended consolidation of mill rates under the Council and giving the Council power to raise the mill rate by resolution, subject to referendum on petition of the voters.

It was noted, however, that this and another expansion of city taxing authority was suggested for a city government reorganized as indicated, and that a similar recommendation would not necessarily be made for a city government in a different type of organization.

6. 1959 legislative increases in authorized property taxes

It is still too early to know the final results of the 1959 Legislature's action on permissive tax increases for the City. However, it appears that they will total four to five mills. Other increases for 1960 can be expected not only from the county government because of its unlimited levies, but also from local pension levies and from the State. Total property tax increase for 1960 may amount to 8 to 10 mills.

7. Conclusions and recommendations

The Citizens League Board of Directors concludes that:

(1) There is a real need for improving branch and main library services in Minneapolis.

(2) The Library Board has taken proper steps to request bond money to construct additional branch buildings, according to a schedule which fits in with the timing of the requested millage increase.

(3) The Board has no other source of money than the property tax to finance additional expenditures of the magnitude requested.

(4) The Board is to be commended for going directly to the people through a charter amendment for additional taxing power, rather than asking for an act of the legislature.

(5) While the committee and the League have consistently in the past several years deplored the continued rise in property tax rates, and have urged, and worked for, community support of a new broadly-based local tax to supplement the property tax, no legislative action was forthcoming in the recently completed legislature, and none is now possible for another two years.

(6) The Library Board represents only a small portion of the total city government, and should not alone be expected to take the brunt of any absolute hold-the-line-on-the-property-tax policy at this time, let alone take the leadership in finding a new source of revenue.

The committee therefore recommends that the Board of Directors support passage of charter amendment no. 16, and urge Minneapolis voters to vote for its passage.

At the same time, however, we feel as strongly as ever that:

(1) The community must earnestly undertake to find a new source of non-property tax revenue.

(2) It is unsound to have small parts of the Minneapolis government asking the people for increased financial resources independent of other agencies of the government. The city government structure needs to have a greater degree of unification so as to assure better coordination of financial planning. This requires basic charter change.