

CITIZENS LEAGUE REPORT

No. 134

**City of Minneapolis  
Charter Amendment #18**

**May 1961**

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Citizens League  
545 Mobil Oil Building  
Minneapolis 2, Minnesota

**APPROVED**  
**BOARD OF DIRECTORS**  
May 25, 1961  
DATE

TO: Board of Directors  
FROM: Government Reorganization Committee, Frank W. Walters, chairman  
SUBJECT: Proposed Minneapolis Charter Amendment No. 18 re: addition of ex-officio Library Board member to Board of Estimate and Taxation.

The Board of Directors asked the Government Reorganization Committee to recommend a Citizens League position on proposed Charter Amendment No. 18 to be voted on at the June 13 Minneapolis election.

What the amendment would do

Proposed amendment no. 18 of the Minneapolis Charter would increase the size of the Board of Estimate and Taxation from six to seven members by making the President of the Library Board, or such other member as may be designated by the Library Board, a member of the Estimate Board. Other members of the Board would continue: two directly elected for four-year staggered terms, and the following four ex officio: Mayor, Comptroller, Chairman of the City Council's Ways and Means Committee, and a representative chosen from and by the Park Board.

The amendment would restore the Board to its original size, since it formerly had an ex officio member from the Board of Education which was dropped in 1959 when the school district became independent.

History and Function of the Board of Estimate and Taxation

The Board of Estimate and Taxation was created by special act of the Legislature in 1919 and was carried over into the City Charter when it was adopted in 1920. It was created for three reasons: (1) desire to relieve the Legislature of much time-consuming local legislation, particularly in authorizing bond issues; (2) desire to centralize and improve financial supervision in the City; (3) suspicion of the political motives of the City Council. According to a long-time secretary of the Estimate Board, the third reason was persuasive in the Legislature's not giving centralized financial control to the Council instead of creating the new Board.

Charter powers and duties of the Board include authorizing maximum limits to permissible tax levies and tax rates; preparation of the annual budget estimate of City needs; selling and issuing bonds to finance the majority of improvement projects; approval or denial of the issue of bonds for certain local improvements, such as street and park improvements; and authorization of the transfer of funds from one operating purpose to another under certain conditions.

The Board is authorized to employ staff and to levy up to 1/15 of a mill (about \$30,000 currently).

The Board's authority to fix maxima for tax levies and tax rates is somewhat limited by charter and statutory rate limits, and, in recent years particularly, by the fact that City agencies have needed to levy the total property tax authorized.

A 1960 Citizens League analysis showed that in the 20-year period from 1941 to 1960 City agencies were granted tax rates for operating purposes totaling 724.755 mills, and this total was only 3.679 mills less than the amount requested by the requesting agencies. It is pertinent to note that, of the total reduction of 3.679 mills, 1,499 came off the Library Board request, the one tax-levying agency without a member on the Board.

The Board's influence over bond policy in recent years has been secondary to that of the City Council. The Council's power stems from the fact that it must pass on all requests for bonds, which has come to mean that it sets the maximum amount of bonds to be issued. Through its debt reduction program and then the establishment of the Capital Long-Range Improvements Committee (CLIC), the Council has become the most important agency in the development and setting of borrowing policies.

Rights of the Board over transfer of funds have never been fully tested. Its authority over the School Board tax levy was taken away by court ruling in the 1930's. In 1959 this separation was placed beyond judicial challenge when the independent school district was adopted.

#### League attitude toward the Board of Estimate and Taxation

The League supported the CIVIC Charter which would have done away with the Board of Estimate and Taxation in line with the general objective of vesting legislative powers (including bond issuance and adoption of budgets) in the City Council and executive powers (including budget preparation and execution) in the Mayor.

Prior to the CIVIC Charter, the League's Forms and Structure Committee in its analysis of the Minneapolis Charter frequently had indicated that the Estimate Board did not fit into the type of governmental structure that met desirable principles of simplicity, visibility, and clear responsibility, among others.

#### Arguments in favor of the amendment

1. It is only fair that the Library Board have representation on the Estimate Board, inasmuch as it is now the only tax-levying body under the Estimate Board's jurisdiction that does not have direct representation.
2. As long as we do not achieve basic reorganization of City government, the Estimate Board serves a function. If anything, this change would help the performance of that function.
3. It is desirable to have an odd number of members of the Board.
4. Since the charter requires five affirmative votes to authorize bond issues, the addition of one more member will make the majority requirement more reasonable.

#### Arguments in opposition to the amendment

1. The amendment is not in the direction of eliminating the Board of Estimate and Taxation and setting up the mayor-council form.

#### RECOMMENDATION

Balancing the pros and cons, the committee concludes that this is a desirable charter amendment, and therefore recommends that the Board of Directors of the Citizens League support its adoption at the June 13 election.