

CITY OF MINNEAPOLIS - SUPPLEMENTAL TRUTH IN TAXATION NOTICE

The Truth in Taxation law has been changed to require a public hearing at the time of budget adoption, which has been set for 6:05 p.m. on Monday, December 7th, 2009. This notice provides additional information on the 2010 proposed budget.

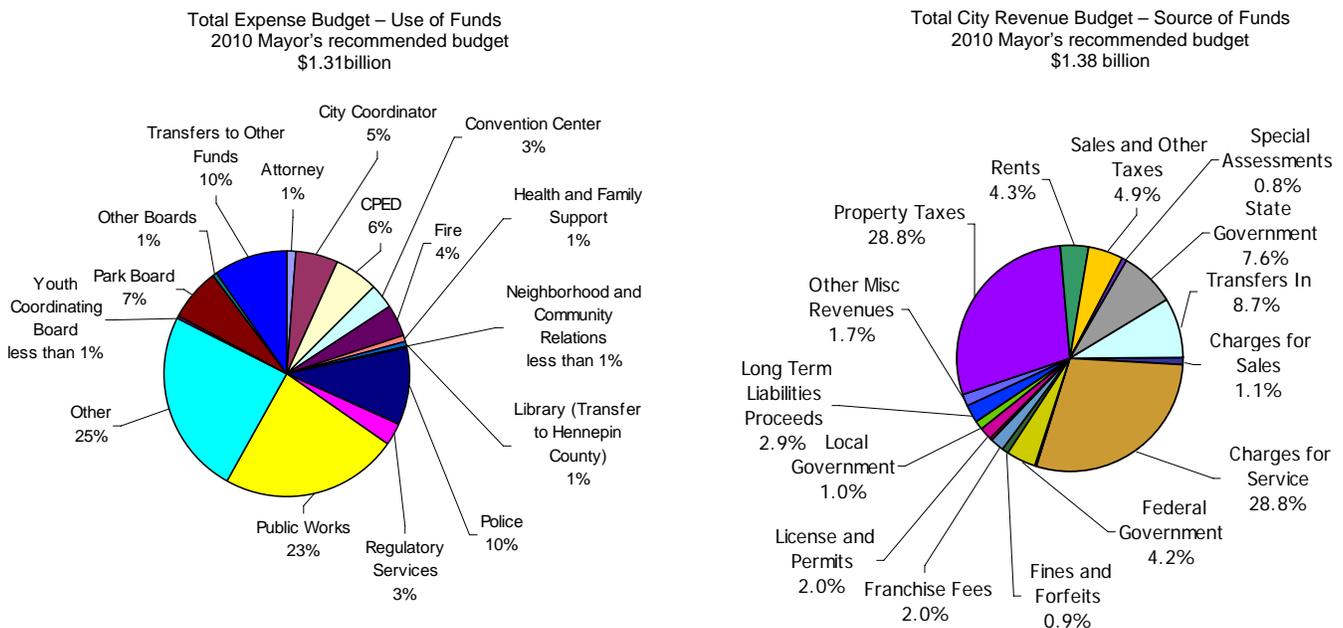
The City has added a Public Comment to this process to allow for greater public input. It is scheduled for 6:05 p.m. on Thursday, November 19th, 2009, in room 317 City Hall.

First, the Governor unallotted (cut) \$13.2 million from the 2008 distribution of Local Government Aid (LGA) to Minneapolis in December 2008, \$8.5 million in 2009, and an additional \$21.3 million in 2010. Because of these cuts, Minneapolis has had to cut spending, some of it one-time, some permanent.

Second, the 2010 proposed budget replaces the existing 8 percent tax revenue policy with a policy based on distributing the revenue based on the sum of the following: total property tax revenue, total Local Government Aid revenue, and total General Fund revenues. From this total, costs that are shared between the City and the Park Board are deducted, including, pension obligations, previously approved policy decisions and other independent levies. The remaining revenues are then identified as being available for general "activities". The annual percentage change in revenue available for activities for the City and Park Board will be the same for each.

Third, the City's liabilities for its pension funds continue to increase. Much of the increased costs can be attributed to the stock market decline and its impact on three (Minneapolis Fire Relief Association, Minneapolis Police Relief Association, and Minneapolis Employee Retirement Fund) of the City's "closed" plans, meaning new members are no longer accepted into the plans. Combined with legislatively approved changes, City payments will increase from \$7.1 million in 2009 to \$25.1 million in 2010 for the three closed pension funds. Of the proposed levy increase, 61 percent (or 6.9 percent of the 11.3 percent) is due to increased pension obligations to the City's closed pension plans.

The estimated net tax capacity rate will levy an additional \$28.1 million in property taxes, an 11.3 percent increase over the 2009 adopted budget. The City's net tax capacity (after reductions for tax increment and fiscal disparities) is projected to have a 6.6 percent impact in a typical home.



Other includes Assessor, City Clerk/Elections/Council, Civil Rights, Mayor, non-departmental, Health and Welfare, Workers' Compensation, Liability, Contingency, pensions, debt service and capital improvement.

For further information, call 311 or visit www.ci.minneapolis.mn.us/city-budget.