



Request for City Council Committee Action from the Department of Finance

Date: October 3, 2011
To: Council Member Betsy Hodges
Chair, Ways and Means/Budget Committee
Referral to: None

Subject: 2012 Truth-in-Taxation Supplemental Notice

Recommendation: Receive and file information to be submitted to the County for distribution with proposed property tax statements. (Minnesota Statutes 2011, Section 275.065, Subd. 3(j) allows for the inclusion of supplemental material with the truth-in-taxation (TNT) statements by individual jurisdictions, if the County agrees to administer the inclusion of the inserts.)

Previous Directives:

2007 budget: City supplemental TNT notice prepared and included with TNT statements; County and Schools did not prepare a notice.

2008 budget: City, County and Schools did not prepare a notice.

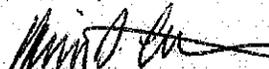
2009 budget: City supplemental TNT notice prepared and included with TNT statement; County and Schools did not prepare a notice.

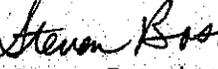
2010 budget: City supplement TNT notice prepared and included with TNT statement.

2011 budget: City supplement TNT notice prepared and included with TNT statement.

Prepared by: Andrew Lenz, Senior Financial Analyst, x2763

Approved by:


Kevin Carpenter
City Finance Officer


Steven Bosacker
City Coordinator

Presenters in Committee: LaTonia Green

Reviews

- Permanent Review Committee (PRC): Approval _____ Date _____
- Civil Rights Approval Approval _____ Date _____
- Policy Review Group (PRG): Approval _____ Date _____

Financial Impact

- **No financial impact**
- Action requires an appropriation increase to the ___ Capital Budget or ___ Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Action is within the Business Plan
- Action requires a change to the Business Plan
- Other financial Impact
- Request provided to the Finance Department when provided to the Committee Coordinator

Community Impact

- Neighborhood Notification
- City Goals
- Comprehensive Plan
- Zoning Code,
- **Other**

Supporting Information

Attached is information to be included with parcel specific notices sent out to property owners. The parcel specific notice is a notice of the City, County, Schools and Special Districts proposed property tax, also known as TNT statements.

The 2012 budget includes no property tax levy increase based on the Mayor's Recommended Budget.

The TNT supplemental notice explains the proposed budget in terms of spending, levies, changes to individual homeowner property tax levels, and provides information on opportunities for public comment.

About the City of Minneapolis portion of "Your proposed property tax for 2012"

Proposed 2012 Budget

Mayor R.T. Rybak proposed an operating-and-capital budget of \$1.20 billion, which is down 0.8 percent from the \$1.21 billion final 2011 budget. The majority of the \$279.6 million property tax levy will fund core City services, including Police and Fire services, emergency response through 911, criminal prosecutions, traffic control, snow removal and street sweeping.

The proposal includes:

- **No property tax levy increase for the City portion of property taxes.**
- Spending reductions in City departments of \$28 million from 2011.
- Investing \$99 million on capital improvements in 2012, and more than \$640 million through 2016. This includes funding for major street paving projects, trail maintenance, traffic signals and lighting, and economic development projects.
- Eliminating 104 full time positions, saving the City an estimated \$9 million annually. Since 2009 the City has cut 450 full time positions.
- Entirely paying off the remaining principal on \$114 million in bonds for the City's closed pension funds, which gives the City greater capacity to finance capital projects in the future and eliminates associated interest payments charged at 5.8 percent.

2012 Mayor's Budget Property Tax Levies

	2011 Adopted Levies	2012 Mayor's Levies	% Change from 2011	\$ Change from 2011
By Major Funds				
General Levies	\$277,357,000	\$277,157,000	-0.1%	(\$200,000)
Special Levies Other ¹	\$2,250,000	\$2,450,000	8.9%	\$200,000
Grand Totals	\$279,607,000	\$279,607,000	0.0%	\$0
By Entity				
City ²	\$220,840,000	\$220,640,000	-0.1%	(\$200,000)
Park Board	\$47,217,000	\$47,217,000	0.0%	\$0
Library Referendum ³	\$9,300,000	\$9,300,000	0.0%	\$0
Public Housing Authority	\$0	\$0	0.0%	\$0
Teachers' Retirement	\$2,250,000	\$2,450,000	8.9%	\$200,000
Grand Totals	\$279,607,000	\$279,607,000	0.0%	\$0

¹ Special Levies other include; Chapter 595 (CPED), Public Housing Authority, Teachers' Retirement.

² Includes General Fund, Permanent Improvement, Bond Redemption, Municipal Building Commission, Board of Estimate & Taxation, and closed pension funds (MERF,MPRA,MFRA).

³ This remains a City obligation after the Library System consolidation.

Why are my taxes changing if the City property tax levy isn't increasing?

Even though the City's levy is not changing, the City portion on of your property tax may still go up or down from 2011 to 2012 depending on the property. This is caused by three main factors: a change in the assessed value of your property, a change in the assessed value of other properties in the City, and changes the State Legislature made to the Market Value Homestead Credit.

Prior to 2010, the State provided the City with funding called the Market Value Homestead Credit to offset property taxes for homeowners. In 2010, the State eliminated the funding for this offset, reducing the City's resources by \$6.3 million. In the 2011 Legislative session, the program was changed to the Market Value Exclusion Program. The new program shifts a portion of the property tax burden to higher valued homes and all other properties while lowering the burden for lower-valued homes. The new program does not provide the City with any funding.

Two opportunities for public comment

The Minneapolis City Council is considering the Mayor's budget proposal and will vote to adopt a final 2012 budget on Dec. 14, 2011. Before that vote, there will be two public hearings for the public to weigh in on the 2012 budget proposal:

Public Hearings

6:05 p.m., Wednesday, Nov. 30, 2011

6:05 p.m., Wednesday, Dec. 14, 2011

Room 317 of City Hall, 350 S. 5th Street, Minneapolis, Minnesota

For more information, call 311

or visit www.minneapolismn.gov/city-budget/truth-in-taxation.asp.

