

City of Minneapolis
SUPPLEMENTAL TRUTH IN TAXATION NOTICE



On August 16, Mayor R.T. Rybak proposed to the City Council a \$1.36 billion budget for City services in 2011. The proposed budget prioritizes spending on public safety, road maintenance and economic development.

City services are funded by many different sources of revenue. One of the largest single sources for funding City services is property taxes. Under the Mayor's proposed budget:

- 62 percent of property taxes paid go to the City's General Fund, which funds many core services including public safety – police, fire, 911 and the criminal division of the City Attorney's office.
- An additional \$9 million would be invested in 2011 to maintain and improve City streets.

Over the last 10 years, City spending has declined in constant dollars: after adjusting for inflation, the City's proposed budget for 2011 is 7 percent smaller than the City's budget in 2001. The City will have fewer full-time employees in 2011 than at any point in the last 10 years.

The City would have been able to fund core operations and propose a decrease in the property tax for 2011; however, in order to meet rising pension obligations – largely to three closed pension funds, the Minneapolis Police Relief Association, the Minneapolis Fire Relief Association and the Minneapolis Employees Retirement Fund – the Mayor has proposed a 6.5 percent increase in the property tax levy (a \$17.4 million increase). Under state law,

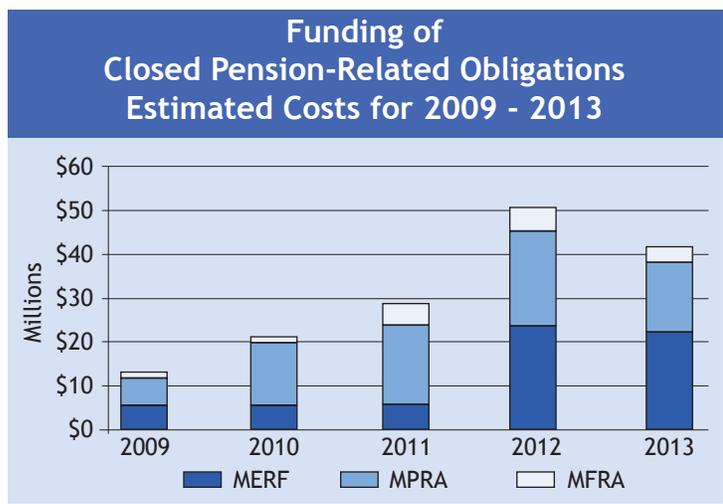
The City of Minneapolis has scheduled a public comment hearing on the proposed 2011 property tax levy and budget for Nov. 18 at 6:05 p.m. in Room 317 of City Hall. A second opportunity to comment is Dec. 13 at 6:05 p.m. when the City Council votes to adopt the 2011 budget. For more information, call 311 or visit www.ci.minneapolis.mn.us/city-budget.

the pension funds are managed by their own boards; they are not controlled by the City.

In addition, the maximum property tax levy includes a potential increase of one more percentage point to help fund critical City services in the event of state aid cuts. The State has promised Minneapolis \$87.5 million in Local Government Aid for 2011. In each of the last three years, the State has cut its commitment of this aid to Minneapolis, including an LGA cut of \$26 million in 2010.

Why did my property taxes go down in 2010 but up for 2011?

Most property owners saw a drop in property taxes in 2010. This was driven largely by the decertification of Tax Increment Financing (TIF) Districts and changes in property values. The property tax increase in 2011 can be attributed to three factors: increased obligations to the closed pension funds, the recertification of the TIF districts, and changing property values.



**2010 - 2011 Property Tax Levy Comparison
 (in millions)**

	2010	2011	% Change	\$ Change
City¹	\$194.5	\$201.0	4.3%	\$6.5
Park Board	\$45.5	\$47.4	4.3%	\$2.0
Pension Direct Levies	\$15.5	\$23.0	48.4%	\$7.5
Other²	\$11.6	\$13.0	12.1%	\$1.4
Totals	\$267.1	\$284.4	6.5%	\$17.4

¹ Includes General Fund, Permanent Improvement, Bond Redemption, Municipal Building Commission and Board of Estimate & Taxation.

² Includes Library Referendum, Public Housing Authority and Teachers Retirement.