

Citizens League  
545 Syndicate Building  
Minneapolis, Minnesota 55402

Minutes of Meeting

BOARD OF DIRECTORS

Wednesday, March 5, 1969

Normandy Hotel -- 12:00

PRESENT: Dr. Francis M. Boddy, President, Charles Backstrom, Raymond D. Black, Bruce W. Blackburn, Homer A. Childs, Earl F. Colborn, Jr., Mrs. Nicholas Duff, Harold D. Field, Jr., Mrs. Ralph Forester, John Harrison, Verne C. Johnson, Greer Lockhart, Charles Lutz, James Martineau, John W. Mooty, Leslie C. Park, Mrs. Joseph Richardson, Allen I. Saeks, Peter H. Seed, Everett J. Swanson, Paul Van Valkenburg and Mrs. T. Williams. Staff: Ted Kolderie, Paul Gilje, Jim Carney and Clarence Shallbetter.

1. The meeting was called to order at 12:45 p.m. by President Boddy. Minutes of the meeting of February 4 were approved as mailed.
2. The Executive Director presented the Treasurer's report for February. It was moved, seconded and carried to approve the Treasurer's report.
3. The Executive Director presented the following staff reports:
  - . We have a good list of speakers for our Community Leadership Breakfasts. Lt. Governor Goetz will be speaking in St. Paul tomorrow. Next Tuesday we will have the City Engineers of Minneapolis and St. Paul in Minneapolis. The following Tuesday in Minneapolis we will hear from Senator McKnight on open space. Then on the 20th of March we will hear from Senator Rosenmeier in St. Paul.
  - . The Citizens League Public Affairs Directory is now in preparation and should be published very soon.
  - . The reports of the Fiscal Disparities Committee, the Housing Committee, and the City Development Committee are very close. The other committees are meeting intensively.
  - . The Executive Director gave a brief resume' of the status of various legislative projects. He noted the major emphasis on the metropolitan sewer question at this time. We testified on the community college question this morning. Yesterday we had preliminary discussion of some data gathering problems for the fiscal project before the House subcommittee on fiscal disparities.
  - . The Executive Director encouraged Board members to watch Channel 2 next Sunday night for the Public Broadcasting Laboratory's presentation of metropolitan planning. We understand that the Twin Cities area will be featured. Also, the April issue of Harper's Magazine will be out in about two weeks and we will have a feature article in there about the Twin Cities area.
4. The President presented the following nominees for the Nominating Committee for Board members: Willis F. Shaw, chairman, Verne C. Johnson, James Martineau, Arne Schoeller and Mrs. Jack Davies. The Board approved the list.

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5. The chairman introduced Earl F. Colborn, Jr., chairman of the Fiscal Disparities Committee, to give a preliminary report to the Board on its report. In his comments Mr. Colborn made the following points:

- The committee has not taken final action on its report. Hopefully, there will not be substantive changes in the general recommendation on the distribution of the property tax base. We still have some final recommendations to iron out on non-property revenue and bonding. We will hold two meetings next week and hope to report to the Board with a final report a week from Friday. He addressed the particular attention of the Board to the conclusions on the implications of the fragmentation of the property tax base and the fact that this needs to be changed. He emphasized that the committee felt that we should not, in this report, question whether local government needs to be continued. We are accepting the fact that local government does exist and will continue to exist for the foreseeable future.
- It needs to be stressed that this committee did not just feel that lack of money was the problem of fiscal disparities in the metropolitan area. The committee saw a real need to recast the property tax. The key idea on recasting the property tax was made by F. Warren Preeshl, a member of the committee. The proposal that the committee has worked out permits every taxing district to establish its own dollar tax levy and when it does this will know the property tax mill rate that will be imposed against its homestead property. The committee does not want to remove completely the incentive for commercial and industrial property and, therefore, is suggesting that a substantial amount of the valuation remain exclusively for the locality where the property is located. The report does not suggest any massive shift of existing base, but concentrates on the growth in the area. The committee is recommending that 50% of the new commercial and industrial base be held for the exclusive use of the taxing district where it is located, and that 50% be pooled and redistributed throughout the area. It must be acknowledged that this approach does not meet the special problems facing certain municipalities in the metropolitan area, but it gives that sense of unity which is absent today, and provides for everyone in the future to share in the growth of the area.
- He touched briefly on the other areas that the committee will be getting into, such as areawide bonding guarantee, gross earnings on electric utilities, and the non-property sources of revenue.

5. During the discussion with the Board members the following points were raised:

- Some Board members wondered whether we are going far enough in this proposal. Have we really effectively reduced the incentive? Mr. Colborn said that there were people who recommended more drastic changes, but that we believe we have struck a good balance here.
- It was acknowledged that this does not eliminate differences in tax base. There will continue to be communities that are well off and others that are not as well off. But the differences will not be as great as they are today.
- In response to a question as to why we don't include homesteaded property in the pooling, Mr. Colborn said that this is intended to be a restraint on the local unit of government which establishes the budget. It will know that the levy it sets will go exclusively on the homesteaded property there.

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- In terms of "local government" it was clarified that we are referring to a redistribution that will accomplish the goal for all units of local government.
  - It was clarified that there will be an areawide mill rate that is uniform that will be imposed on the pooled property and then a local mill rate will be applied to the rest of the property. The areawide mill rates will be derived from the individual actions of the various localities.
6. The meeting was adjourned at 2:00 p.m.

Paul Gilje  
Staff

I have read the above minutes and find them to be in the form approved by the Board of Directors on March 20, 1969.

  
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Francis M. Boddy, President