A SUGGESTION FOR AN AREAWIDE UNIFORM TAX LEVY ON TOTAL BUSINESS AND COMMERCIAL PROPERTY IN THE SEVEN COUNTY METROPOLITAN AREA FOR SCHOOL DISTRICT AND MUNICIPAL PURPOSES

This proposal seeks to ameliorate the wide discrepancies in tax base among the various municipalities and school districts comprising the seven county Metropolitan area. A major reason for this discrepancy is the unequal impact of commercial and industrial development. Another reason, of course, is the variation in market value of homes within a school district, but because of our assessment practices and sales tax reimbursements, this discrepancy is not as substantial or consequential in my opinion.

The first requirement is that the commercial and industrial assessed valuation for the seven county Metropolitan area be determined. Once determined, and it would increase year by year, this commercial and industrial tax base would be removed from the taxing authority of the component municipalities and school districts. (As to bonds outstanding, they must still be secured in the ultimate by the original tax bases of the geographical area upon which the taxes were levied at the time of bond issuance but in practice they would be serviced in part by the original levies and in part by a flow of moneys from the new tax base which it is recommended be established.)

Each municipality and the school district would determine its budgetary requirements as at present. Each municipality and school district would know its assessed valuation as derived from homesteaded property within its district. Each municipality and school district would also be told its share on a formula basis of the total commercial and industrial assessed valuation in the seven county Metropolitan area. On the basis of the total of these two figures, each municipality would establish its mill levy. Note that an important part of this suggestion is that the homesteaded property bears the
same mill rate within a municipality or district as that municipality or district levies upon its share of commercial and industrial property. If, in fact, homeowners will accept a higher mill rate for exceptional services, it seems logical that this same mill rate be extended upon commercial and industrial property. This same protection presently exists in that the most vocal opponents of tax increases are homeowners and the least vocal but the ones who generally pay the most are the owners of commercial and industrial property.

The composite of the total certifications by the component municipalities and school districts would be levied as a mill rate upon the commercial and industrial assessed valuation of the Metropolitan area. This plan does not envision a standard mill rate throughout the Metropolitan area but allows for variations as determined by the tax-paying willingness of the residents of the component municipalities and school districts but once that level of willingness has been established the resulting composite tax levy is uniformly spread on all commercial and industrial property in the seven county Metropolitan area.

There should be no restrictions upon the individual municipalities or school districts as to their bonding plans, their operating expenses, etc. As a long range program, it would be most desirable to clarify and hopefully eliminate the present hodgepodge of classification and assessment ratios. As some of the more progressive states do, the actual present market value of each piece of property should be the basis upon which taxes are levied.

In order to provide an equivalent homestead exemption, it might be more logical to utilize sales tax replacement moneys presently used in the 35 percent category to pay the entire tax levy on the first, for example, $4,000.00 of market valuation. Actually, it would be not too difficult to
utilize as much sales tax money as is available in each year to pay as much
of the first tax levy as is possible, allowing the figure to fluctuate above and
below the $4,000.00 level which might be a logical starting point.

Another facet which should be carefully considered and developed is the
exemption, or at least reduction in taxes, of farm land designated as "green
belt" areas. However, in my opinion it is essential that any such reduction
be accompanied by either an agreement to reimburse with interest all
reduced taxes upon the sale of the land or more properly grant such reductions
or exemptions only upon the transfer to the municipality of development
rights to the land. Incidentally, if development rights were transferred to a
tax exempt institution, a considerable reduction would automatically result
when the remaining property right of the owner is valued at a use consistent
with the lack of development rights. For example, farm land as farm land
might be worth $500.00 an acre, whereas as platted land it might be worth
$3,000.00 or $4,000.00 an acre. If it were worth $2,500.00 an acre or
$500.00 an acre respectively, such transfer of the rights would automatically
reduce taxes by 80 percent. At the same time, such land would be exempt
from assessments and the resulting transfer of cost would either be borne
by the others being assessed for improvements or to the extent that the cost
of improvements was transferred to the property tax, such costs would be
borne by the homeowners in a geographical district and by the overall
commercial and industrial valuation.