

A MESSAGE BY MAYOR HUBERT H. HUMPHREY TO THE CITY COUNCIL
CONCERNING ACTIVITIES AND PROGRAM OF THE TAX AND FINANCE COMMISSION
MARCH 29, 1946

To the Honorable Members of the Council:

In my inaugural message delivered before the City Council on July 2, 1945, I discussed briefly the need for a long-range program that would solve the difficult tax and financial problem confronting our city.

At that time I stated as follows: "A first step in our postwar planning is the designing of a long-range program that will lead us back to financial solvency.

"In cooperation with the Board of Estimate and Taxation and the other municipal agencies concerned with the problem of finance, we should undertake a program aimed at achieving the proper legislative action which will alleviate our financial problem.

"There are many possibilities which should be fully explored. There should be a complete analysis of the state tax structure and its relationship to municipal revenues as a means of securing our just share of state revenues. We should continue our fight for municipal sharing of the gross earnings tax."

In my inaugural message I said that at an early date I would like the privilege of appearing before you again with a more detailed account of the tax and financial problem and the possible means of solving it.

Accordingly, I have asked the privilege today of meeting with you for the purpose of requesting your full cooperation in a long-range tax and financial program which is shaping up under the direction of the Mayor's Tax Commission which I established last October.

The Tax Commission is a body of fifteen persons, including three representatives from organized labor, three from business, three from various governmental bodies, three tax and finance experts and a representative from women's organizations in the city and myself, as mayor.

The work of this Commission has proceeded most harmoniously with all members demonstrating real desire to work out a program which would meet with general community acceptance. The Commission's recommendations will, of course, be submitted to the City Council for its action when its recommendations have been completed and there will be ample opportunities for your body to determine ultimately the nature of any new legislation in this field.

The Commission's purpose is to serve in an advisory capacity to my office in the preparation of a long-range program that will ultimately be submitted to your body for consideration.

Since its establishment it has pursued its work by means of three sub-committees, one devoted to the study of revenues, a second to debt and a third to expenditures. The sub-committees on revenue and debt have already submitted tentative reports and within a few weeks the expenditure sub-committee is expected to complete its tentative report.

When the tentative reports of the three sub-committees have been submitted, the Commission will then consider the over-all picture and the relationships between debt, revenue and expenditure and draft its final recommendations. In this process it contemplates extensive discussions with department heads and representative citizens wishing to present different points of view on matters of taxes and finance. Ultimately, the Commission's recommendations will

to the City Council and to the State Legislature and it is hoped that by this means we can avert the financial crisis which confronts us.

I cannot stress too strongly the urgency of this matter. The city's financial situation becomes more acute each day. During the war years there was necessarily a postponement of many needed projects and now that we are in the post-war period, we are hopefully anticipating the time when these projects can be gotten under way.

But the whole matter of post-war construction will be indefinitely delayed until we first place our city finances upon a sound basis and if new sources of revenue are not forthcoming for the next fiscal year it may even be necessary to curtail present operations or enter into more extensive deficit financing.

As you know, despite the fact that the income of our community is at its highest level in history, the city is still deficit financing and issuing refunding bonds. It has been necessary to curtail essential services because of the shortage of operating revenue. It has been impossible to prepare adequate plans for public construction. There are many needed services which we are unable to provide because of the very acute financial problem.

Consequently, the work of the Mayor's Tax Commission is of extreme importance. It offers us our best hope for the development of realistic and intelligent attack upon the problem.

I appeal to you today, therefore, for your assistance in the Commission's work in order that it will be able to round out its program.

It is our hope that by the time the Commission has completed its work, we will be in a position to curtail present operations or enter into more extensive deficit financing.

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To date the Commission has operated entirely without funds. Such incidental expense as it has incurred has been met by contributions of clerical help and office supplies from the mayor's office and several semi-public organizations interested in this problem.

The Commission now finds, however, the need for some immediate funds with which to finance its work. It will be necessary to prepare the final reports and publish them in some form and it is necessary also to undertake some additional detail research to determine the value of certain proposals.

In this work the Commission estimates its needs to be at least \$1,000 and I would, therefore, like to request that your body appropriate that amount so that the Commission may complete its work. This request for a \$1,000 appropriation is only for the purpose of rounding out the present study and does not pertain to a larger need of the commission which I also wish to discuss today.

This larger need refers to the work of the expenditures subcommittee. Beyond the need for defining a long-range program of tax solvency there is the need to support the work of the Commission with accurate and complete information answering the all-important question "does the Minneapolis taxpayer receive a full dollar's value for the tax dollar spent?" As we bring our appeal for the sharing of state revenues to the State Legislature this question is certain to be raised and we must be prepared to meet it honestly and completely.

Tax and revenue recommendations which come from a city of our size and to the legislative body of our state are all too often viewed with suspicion and prejudice. It is imperative that in our presentation to the people of Minnesota and the State Legislature we come with clean hands, that our studies and recommendations be

the result of not only community action on the part of our own citizens but also the final product of expert and objective analysis from sources recognized as authoritative in the field of taxation and finance.

Therefore, it is the judgment of the Tax Commission that an extensive survey should be made of all expenditures by the City of Minneapolis with a complete analysis of the financial operations of the various city departments. The Commission would like to have an individual examination made to secure an unbiased and objective check on the efficiency of the administration of various city functions and departments and to ascertain definitely how much additional tax revenue is needed.

For the execution of this extensive survey it is estimated that the Commission will need an appropriation of \$30,000. I recognize that the stringent financial situation confronting the city makes it difficult for the Council to vote such an appropriation. However, I am convinced that the urgency of this problem makes it essential that some means be found to carry out this program.

The execution of the extensive survey will require as much as a year. Before this survey is completed, however, the preliminary reports of the various Commission's sub-committees will have been submitted and a tentative report by the Commission will be made in advance of the broader survey in order to enable the city to present its needs to the Legislature in the 1947 session. As the broader survey is completed, it will be used to substantiate the requests made in the tentative report of the Commission.

Whatever your body is able to do financially to support the work of the Commission, it is necessary that the Commission have at least a formal acknowledgement of the support of its work by the

Council and the Council definitely declare its desire to cooperate with the Commission in the fashioning of a long-range program that will solve this financial problem.

Now therefore, to summarize, I am requesting that your Honorable
ly give consideration to three proposals:

- (1) That it declare its desire to cooperate with the Commission in any appropriate way which will aid the Commission in developing a program of financial solvency.
- (2) The appropriation of \$1,000 which will enable the Commission to complete its present work and provide suitable printed reports of its findings.
- (3) The appropriation of \$30,000 which would make possible an independent and objective analysis of existing financial operations, such analysis to be used to demonstrate the efficiency with which present tax revenue is being spent.

Respectfully submitted

Mayor Hubert H. Humphrey



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