Report of the

Minnesota Legislative Interim Commission

on

Local Governmental Fiscal Problems

Submitted to

The Governor

and

The Minnesota Legislature

February, 1959

Report of the

Minnesota Legislative Interim Commission

on

Local Governmental Fiscal Problems

Submitted to

The Governor

and

The Minnesota Legislature

February, 1959

State of Minnesota
COMMISSION ON LOCAL GOVERNMENTAL FISCAL PROBLEMS
State Capitol
St. Paul 1, Minnesota

February, 1959

To the Governor of the State of Minnesota
and the Members of the Legislature:

Gentlemen

This Commission submits herewith, its report on the study of the fiscal problems of our local political subdivisions, in accordance with Chapter 914 of the 1957 Session Laws of the State of Minnesota.

Respectfully submitted,

Commission on Local Governmental Fiscal Problems

D. D. Wozniak, Chairman

ACKNOWLEDGMENT

In large measure, this report is the product of our many local governmental officials. The county commissioners and the clerks and elected officers of our cities and villages devoted many hours to considering and completing the municipal and county questionnaires. Many of the officials of our various political subdivisions, together with other interested citizens, came to the regional meetings to discuss the problems of their communities with the Commission, often at their own expense.

Various individuals, organizations and State Departments have compiled and processed data for the Commission and contributed to the progress of the report in many ways. The Commission is particularly mindful of the contribution of the staff of the League of Minnesota Municipalities, the Department of Taxation, the Public Examiners office and the Central Services Division of the Department of Administration.

The Commission wishes to express its sincere appreciation to all who, in one form or another, have helped to produce a clearer picture of the fiscal problems of our local political subdivisions.

MINNESOTA LEGISLATIVE INTERIM COMMISSION

on

LOCAL GOVERNMENTAL FISCAL PROBLEMS

Representative D. D. Wozniak
Chairman

Senator Herbert Rogers
Vice Chairman

Senate Members
P. J. Holand
John A. Johnson
Herbert Rogers
Leslie E. Westin
Donald O. Wright

House Members
Alf Larson
George E. Murk
B. M. Wichterman
E. J. Windmiller
D. D. Wozniak

Representative E. J. Windmiller
Secretary

Alden Slattengren
Executive Secretary

Lucy A. Nelson
Secretary

TABLE OF CONTENTS

TABLE OF CONTENTS

(Continued)

COMMISSION RECOMMENDATIONS—IN BRIEF

1. That the municipalities review their present tax and fee structure to assure full use of their present revenue sources.

2. The local governments be allocated a share in any increases in the cigarette and liquor taxes.

3. The local governments share in the proceeds of the tax on "other tobacco products" on the same basis as they share in the cigarette tax receipts.

4. That the counties be authorized to impose wheelage taxes equal to 10% of the State Motor Vehicle Tax on a county option basis. Such tax shall not exceed $10 per vehicle.

5. The Legislature enact a five percent Hotel and Motel Room Tax. The proceeds of this tax to be distributed among the local governmental units.

6. Provision be made for the counties to share in the Inheritance Tax receipts from non-probate property on the same basis as they share in the receipts from the Inheritance Tax on probate property.

7. That the councils of the cities of the first and second class be authorized to enact new revenue raising measures on their own initiative, and that such new measures shall not be the subject of a referendum for at least two years after endorsement by the council.

8. That counties and municipalities of the first, second and third classes be authorized to levy additional taxes for local revenue purposes on transactions and other things which are taxed by the state.

9. That two or more adjoining political subdivisions be authorized to act jointly in enacting uniform revenue raising measures.

10. That certain political subdivisions be authorized to make revenue raising measures effective contingent upon a similar measure being enacted by another designated political subdivision.

11. The maximum off-sale liquor license fees in villages and cities of the second, third and fourth class be doubled.

12. That county officials be compensated solely by salary. That there be a general review and updating of the county fee structure and that all fees be paid into the county general revenue fund.

13. That the county boards exercise their authority in dissolving the government of certain low valuation townships.

14. That the Legislature authorize local assessment districts to engage the county assessor or supervisor of assessments to perform the local assessment function and also provide for the joint appointment of a local assessor by two or more assessment districts.

15. The State property levy be assigned to the counties on the basis of equalized property valuations.

16. That inventory valuations for assessment purposes be determined on the basis of a 12 month average value rather than as of the May 1 value.

17. That the State property levy on household goods be repealed. That the Legislature authorize the retention of the tax on household goods on a county option basis, if the constitutional involvements can be worked out.

18. That non-commercial lakeshore property be reclassified to provide for its assessment at 33-1/3% rather than at 40% of its full and true value.

19. That non-commercial boats and canoes be reclassified to provide for their assessment at 25% of their full and true value, the same as other sporting and camping equipment.

20. The Legislature request Congress to amend the Agricultural Act of 1956 to provide that taxes due on land in the Conservation Reserve Program constitute a lien against the payments due the property owner.

PART I
STATEMENT OF THE PROBLEM

The comeback of our local governments, as a significant social and economic force, since World War II, is one of the most noteworthy governmental developments in recent years. This is, in part, a reaction to the dominant role in domestic problems and policies which was played by our Federal government during World War II and the decade immediately preceding the war. During the early part of this period we had the great depression, which cut deeply into revenues available to local units. Immediately following this we entered the World War II period and what approached a nationally managed economy. Neither materials nor labor were available to local units to provide facilities for meeting local needs as they developed. As a result, we entered the post World War II period with a vast backlog of demand for local service developments and improvements which had been postponed too long.

Since the cessation of World War II hostilities, the Federal government has been preoccupied with world affairs and the troubled international situation. On the home front we have been faced with a dynamic, shifting social structure. Our total population has been increasing at a rapid rate. At the same time, we have been experiencing a disproportionately rapid increase in urbanization.

Our population has shifted from the simple, self-sufficient local communities into more compact and complex urban areas. This concentration of the population has been accompanied by demands not only for the establishment of the standard services in new places, but for new and expanded services. In addition, we have been experiencing a persistent inflationary spiral whereby governmental services have been maintained year after year only at an increase in cost. Acknowledgment should also be made of the role played by a period of broad prosperity in which we have enjoyed near full employment, high wage rates and productivity, and the advent of the two income family as a social norm. These factors play an important role in forming the pattern of increased and expanded service demands upon virtually all levels of government.

As the Federal government has turned away from the local problems, our local governments have been propelled into the gap. This has resulted in greatly increased state and local governmental expenditures in the last decade. The expansion of local governmental activity has progressed in such a quiet and orderly manner that it is easy to underestimate the magnitude of the change that has taken place in our governmental structure. However, the continued high level of Federal expenditures and the expanded requirements of our state and local governments have resulted in ever increasing tax loads. In the face of the continuing increase in the total tax burden pressures have developed. These pressures have resulted in increased competition for the tax base and increased competition for a greater portion of the tax dollar among the various taxing jurisdictions.

During the period since World War II, Minnesota has been experiencing a rapid migration of its people from rural to urban communities. Some measure of the extent to which this shifting of population has been taking place was obtained from the Commission's municipal survey. It is estimated that from 1950 to 1958 the population of the State increased about 13%. During the same period, the population of the Minnesota municipalities which participated in the survey increased by 31%. Over 50% of this increase in municipal population occurred in municipalities which were incorporated since the 1950 census was taken.

Our school districts and municipalities are more sensitive to an increase and shifting in population, such as we have been experiencing, than the other governmental units. This is because the first impact of the demand for increased service by a growing population falls on them. The effect that this has had on the revenue and expenditure patterns of our various political subdivisions is illustrated in the following table.

Revenue and Expenditure Patterns in Minnesota Political Subdivisions*

	1955 as a Percent of 1947	
	Revenues	Expenditures
Counties	195%	195%
Municipalities	186%	217%
School Districts	243%	290%
Townships	162%	153%

*Source: Report of Public Examiner.

During the nine year period covered by this comparison, the expenditures of our municipalities increased by 36% more than their revenues. The increase in school district revenues over expenditures during this period was 33%. Among the counties the expenditure-revenue relationship remained unchanged while the township revenues increased by 15% more than their expenditures.

During the decade ending in 1957, the taxable value of our property tax base increased by 35%. During the same period, the total levy on property in the State increased by 104%. In terms of rates of increase our property levy increased three times as fast as our taxable valuations. The increases in the property levy for the various governmental jurisdictions during this period are:

State	125%
County	84%
Municipality	90%
Township	24%
School District	146%

Some of this increase reflects the continuing inflationary trend, resulting in increased dollar costs for the same services. In part, the increase is due to bonding for capital investments in facilities to meet the requirements of a growing and more demanding population. For example, during this period, the total bonded indebtedness of the State and its political subdivisions increased by 219%. This includes increases in bonded indebtedness of 545% among the school districts, 174% among the counties, 106% among the municipalities, and a decrease of 28% in the township bonded indebtedness.

Except between the municipalities and townships, there is an overlapping of jurisdiction between all of these political subdivisions. This condition creates a very lively competition for the property tax dollar among governmental units and sometimes between different programs financed by the same jurisdiction. The competition increases with continued prosperity and an increased tempo of scientific advancement. Continued prosperity stimulates a desire for improved facilities and services. The scientific and technical advancements create demands for new facilities to meet the undefined challenges of a dynamic world society. In Minnesota, our school programs have fared the best in the competition for the property tax dollar that has taken place during the last ten years. In 1957, the share of the property tax dollar that went to the school districts was 21% larger than it was in 1948.

PART II—SUMMARY OF FINDINGS

The general problem of financing local government resolves itself into two major questions: (1) Do our local governments have, within the present tax structure, the capacity to raise the revenues necessary to provide the increased services demanded of them, and (2) are the taxpayers of our local communities willing to tax themselves to provide these services? In an effort to get clearer answers to these questions the Commission has used a dual approach.

The Commission conducted a mail questionnaire survey of all the municipalities and counties in the State. That survey was designed to provide answers to specific questions. Since the same questions were asked the responses are on a comparable basis and permit analysis of the problems and attitudes as they relate to various community characteristics. The Commission also held regional hearings throughout the State. At these hearings the Commission invited the representatives of local governments and civic organizations to discuss their particular problems and offer their suggestions for remedial action. The testimony covered topics advanced by the witnesses and consequently could not be analyzed in a manner comparable to the questionnaire responses.

A. County and Municipal Questionnaire Survey

The questionnaire survey of Minnesota counties and municipalities provided the Commission with an evaluation of the local fiscal problems and attitudes by the local officials. An analysis of the responses yields a better picture of the local scene and points up the more acute problem areas as well as the kind of remedial action which would receive local acceptance.

This section of the report deals with the broader comparisons and generalizations drawn from that survey. For a more detailed description of the survey and a separate discussion of the counties and municipalities the technical appendix should be consulted.

1. Population Shifts

Population Changes in Minnesota Counties and Municipalities 1950-1957

	Municipal	County
Total	100%	100%
No change	12%	1%
Less than 10% increase	38%	38%
10% to 25% increase	26%	31%
25% increase and over	13%	4%
Decrease	9%	26%
No response	2%	0%

The continuing urbanization of Minnesota's population is illustrated in the above table. In spite of the fact that Minnesota's population increased by about 13% during the seven year period, 1950-1957, 26% of the counties and nine percent of the municipalities experienced a decrease in population. The proportions of counties and municipalities which had population increases of less than 25% are about the same. However, the proportion of municipalities which had a population increase of 25% and over is more than three times as great as the proportion of counties which experienced so great a population increase. There are compensating forces at work within most of the counties with the rural areas losing population and the municipalities growing. Many of the smaller municipalities are affected by the press for greater urbanization in much the same manner as the rural areas. They continue to lose population to the larger municipalities. Their problem is one of maintaining established services with fewer taxpayers and a shrinking tax base.

2. Revenue Requirements

Estimated Peak Annual Revenue Requirements 1958-1962 as a Percent of 1957 Revenues

	Municipalities	County
Total	100%	100%
No increase	30%	3%
Less than 10% increase	12%	21%
10% to 20% increase	28%	47%
20% to 30% increase	18%	26%
30% increase and over	12%	3%

The counties and municipalities were asked to indicate the percentage increase over 1957 they anticipated would be necessary to meet their peak annual revenue requirements during the next five years. The answers received are based, no doubt on a variety of assumptions and may not be entirely comparable, furthermore, quite a few municipalities and counties failed to answer the question. However, on the basis of the responses received, two major points stand out: (1) Nearly one-third of the municipalities anticipated no increases. Most of these were small municipalities, many of which are losing population or receive substantial contributions from their municipal liquor stores; and (2) A greater proportion of the municipalities than the counties anticipated increases of 30% or more. This reflects the more explosive type of population growth being experienced by a number of our municipalities. The greatest impact of population growth and shifting in a county falls on the incorporated areas and school districts.

3. Adequacy of Present Revenue Sources

	Percent Municipal	Percent County
Total	100	100
a. Sufficient revenues are obtainable locally from present revenue sources	52	47
b. Sufficient revenues would be obtainable with broader local taxing powers	15	25
c. Sufficient revenues would **not** be obtainable locally even with broader local taxing powers	20	14
d. Other	2	8
e. No response	11	6

In evaluating the adequacy of present revenue sources to finance the necessary local functions the responses received from the counties are most like those received from the larger municipalities. A substantial proportion of the counties and larger municipal jurisdictions indicated that broader tax levying authority would be effective in enabling them to do a good job in financing necessary local functions. Apparently the counties and larger municipalities believe that they would constitute suitable and effective taxing jurisdictions for more of the non-property taxes than the smaller municipalities. The counties generally indicated a higher degree of local self reliance than the municipalities. The percentage of counties which reported that they would still be dependent upon outside aid to do a good job in financing local functions, even with broader taxing powers was quite a bit smaller than the percentage of municipalities which placed themselves in this category.

4. Directional Preference in Strengthening Local Governments

	Percent Municipal	Percent County
Total	100	100
More local taxing authority	42	50
More State aid	43	34
Other	4	13
No response	11	3

The municipalities were about equally divided as to the direction in which the Legislature should act in order to strengthen the financial position of the local governments. The counties, however, preferred strengthening the local governments' financial position by granting them more taxing and revenue raising authority. This attitude on the part of the counties is entirely consistent with the view that more local taxing authority would enable all but a relatively small proportion of the counties to do a good job in financing local functions.

It is probable that much of the support for more state aid in preference to more local taxing authority derives from the belief that there should be an increase in the share of the present shared taxes that goes to the local communities.

5. Adequacy of Facilities

Municipalities

Facility	Percent Adequate
Police Protection	74
Fire Protection	86
Municipal Buildings	60
Recreational Facilities	68
Library Facilities	47
Hospital Facilities	46
Clinical and Health Service	56
Streets and Alleys	66
Water System	60
Sewers and Sewage Disposal	41

Counties

Facility	Percent Adequate
Police Protection	82
Fire Protection	86
County Buildings	64
Recreational Facilities	60
Library Facilities	70
Hospital Facilities	75
Rest and Nursing Homes	30
County Roads and Bridges	30
Township Roads and Bridges	30
Ditches and Drainage Facilities	45

A large proportion of both the counties and municipalities rated most of their facilities and services as adequate. The fire protection facilities were considered adequate by the greatest number in each of the two groups. Police protection was also rated quite high. The greatest problem in providing adequate police protection was reported by the municipalities with populations in excess of 5,000, and those with fewer than 500. The views regarding the adequacy of hospital and library facilities varied rather sharply, with the counties reporting a higher degree of adequacy than the municipalities with respect to both of these facilities. These two facilities are of such a type that a single installation may serve a rather extensive area. It seems probable that the counties were evaluating the adequacy of these facilities in broader terms than the municipalities.

Among both the counties and municipalities the least adequate facilities were those which were not common to the other jurisdiction. Among the counties, the facilities rated least adequate were county and township roads and bridges, and rest and nursing home facilities. Only 30% of the counties rated these facilities as adequate. Among the municipalities, the sewers and sewage disposal facilities were the least adequate.

6. Facility Expansion Plans

Municipalities

Facility	Percent Planning to expand
Streets and Alleys	33
Sewers and Sewage Disposal	27
Water System	21
Municipal Buildings	20
Hospital Facilities	5

Counties

Facility	Percent Planning to expand
Rest and Nursing Homes	22
Ditches and Drainage Facilities	15
County Roads and Bridges	14
County Buildings	12
Hospital Facilities	10

The municipalities are planning much more extensive improvements and expansion of their facilities and services through the issuance of general obligation bonds during the next five years than the counties. More than one-fifth of the municipalities plan to improve four different services by bonding. The only facility expansion which as many as one-fifth of the counties plan to finance in this manner are rest homes and nursing homes.

The services the municipalities plan to expand tend toward the basic municipal services and reflect the explosive type of population growth they are experiencing. The service that the greatest number of the counties are expanding reflects the increasing burden of welfare care that is being placed on the county by an aging population.

If the plans of the counties and municipalities are carried out, it appears that the municipalities will place a much greater burden of bonded indebtedness on property than the counties during the next few years.

It is noted that the percentage of the counties planning expansion of hospital facilities by bonding is twice as great as that of all the municipalities. This is accounted for by the inclusion of a large number of small municipalities. The percentage of municipalities with populations of from 1000 to 5000 and 5000 and over which plan to expand their hospital facilities is the same as that of the counties.

7. Property Tax Assessment Alternatives

	Percent Favoring Municipal	County
One or more of the Assessment Alternatives	49	48
State Assessment System	11	9
County Assessment System	19	40
Modified County Assessment System	26	9

Just under one-half of the counties and municipalities favored one or more of the three alternate assessment systems suggested. Since a number of the counties and municipalities approved two, and a few, all three of the alternatives, the number which approved one or more of the alternatives is less than the sum of those which approved the separate alternatives.

About one-third of each of the two groups gave a definite negative response to each of the three alternatives. The balance was divided between negative, no opinion and no response. The greatest difference between the two groups is in the choice of alternatives. Forty percent of the counties as compared with only 19% of the municipalities favored the strong county assessor system. If we look at the three alternatives as representing degrees of centralization of assessing authority we can conclude that the units which favored the state assessment system would also favor the strong county assessment system as a step in the right direction. By combining these two groups we find that 44% of the counties favored an assessment system at least as strong as the strong county system as compared with 29% of the municipalities. The least centralized of the three alternatives, the modified county assessment system, did not receive much support among the counties although it was the most favored of the three alternatives by the municipalities.

We may conclude from these responses that there is a strong body of support for a greater centralization of assessing authority among the counties and municipalities. There is, however, a difference of opinion between the counties and municipalities as to the degree of centralization that should be effected. The counties which favored greater centralization preferred a strong county system, while the municipalities, and especially the larger ones, preferred a modified county system whereby they could employ their own city assessor.

8. Property Taxes

	Percent Affirmative Municipal	County
Too much dependence is placed on the property tax	39	53
The property tax is used to finance too many different programs	35	51
As it is now administered the property tax could carry a greater portion of the tax load	9	1
The property tax could carry a greater portion of the tax load if it were more equitably administered	27	30
The mill rate and or per capita limitations on the property tax are too low	12	17
The household property tax should be eliminated and any loss in revenue made up from the other property taxes	44	35

The larger municipalities and the counties express a strong conviction that too much dependence is placed on the property tax and that it is used to finance too many different programs. The same degree of conviction is not shared by the smaller municipalities. One point of difference between the counties and municipalities which is not brought out in the above tables, is the greater number of municipalities which had no opinion regarding the statement that the property tax is used to finance too many different programs. This may be because they do not have as good an opportunity to observe the competition for the tax base between the various programs and local governments since the spreading of the mill levy is essentially a county function.

There was virtually no support among the counties for the proposition that the property tax could carry a greater portion of the tax load as presently administered, and very little support among the municipalities as only two percent of the most populous municipal group gave an affirmative answer to this statement.

There was a substantial increase in the number of affirmative answers regarding the capacity of the property tax to carry a greater portion of the tax load with the shift from the present method of administration to "a more equitable" administration of the property tax. However, even after making this shift a greater portion of both groups were still of the opinion that the property tax could not carry a greater portion of the tax load.

Neither the counties nor the municipalities gave much support to the proposition that the mill rate or per capita limitations on the property tax are too low. This view seems entirely consistent with the position they took regarding the inability of the property tax to carry a greater proportionate load. However, about one-half of the counties which indicated that the property tax limitations were too low also indicated that they would have sufficient revenue to finance local functions if they were granted broader taxing powers.

The larger municipalities were overwhelmingly in favor of eliminating the tax on household goods and making up any loss in revenue from the other property taxes. Among the smaller municipalities opinion on this point was divided about equally although a substantial number of the smaller municipalities indicated they held no strong opinion on this point. The counties opposed the elimination of the tax on household goods by about three to four. However, a number of them which responded negatively indicated that their opposition was directed toward making up the loss in revenue from other property taxes rather than to the repeal of the tax on household goods as such. As in the case of the smaller municipalities, a number of the counties indicated that they held no firm opinion on this matter.

9. Non-Property Taxes

As there seemed to be a growing conviction that the property tax is being overworked, the Commission was interested in getting the reaction of the local officials to a number of non-property taxes as potential sources of additional revenue. Accordingly, a block of questions was included listing 14 different taxes and requesting an indication as to whether or not they were favored.

Number of Suggested Non-Property Taxes Favored by the Municipalities and Counties

No. of Taxes Favored	Percent Favoring Municipalities	Percent Favoring Counties
None	13	4
1 or more	87	96
2 or more	76	87
3 or more	65	75
4 or more	52	63
5 or more	39	49
6 or more	28	37
7 or more	18	25
8 or more	9	14
9 or more	3	11

Although none of the 14 suggested non-property taxes were favored by a majority of the municipalities and only two were favored by a majority of the counties, there was strong support for these taxes as a whole. The average municipality favored 4 and the average county favored 4.5 of the different taxes. Only four percent of the counties and 13% of the municipalities did not favor any of them. It would appear that the counties and municipalities are agreed that their increased revenue needs should be met out of non-property tax sources, but there is a rather wide range of opinion as to the source or sources from which this additional revenue should be obtained.

Non-Property Taxes

Tax	Percent Favoring Municipal	Percent Favoring County
Admissions and Amusement Tax	46	58
Gasoline and Motor Fuel Tax	40	61
Wheelage Tax	30	48
Gross Receipts Tax on Utilities	36	39
Tax on Utility Bills	12	8
Sales Tax	33	36
Tax on Cigarettes and Tobacco	32	31
Hotel and Motel Room Tax	29	43
Real Estate Transfer Tax	28	37
Business Licenses — Gross Receipts	23	41
Business Licenses — Flat Rate	17	9
Surtax on State Income Tax	20	25
Payroll Tax — Flat Rate	8	14
Per Capita Tax	12	18

A greater proportion of the counties than of the municipalities favored all except three of the non-property taxes listed. This is probably because the county was considered a more desirable taxing jurisdiction than the municipality for more of the taxes listed. The three exceptions are tax on utility bills, flat rate business licenses and an additional tax on cigarettes and tobacco. There is a ready explanation for these exceptions in that the first two, which received very little support, are taxes on services which have a close municipal identification, and the support for an additional tax on cigarettes and tobacco was for an increase in the State levy for sharing with the local governments.

In general, the taxes favored by the counties and municipalities followed pretty much the same pattern, the biggest difference was in the degree to which they were favored. Among the municipalities there was no tax which was favored by a greater percentage than opposed it, the closest was the Admissions and Amusement tax which was favored by 46% and opposed by the same percentage. Among the counties, however, the Gasoline and Motor fuel tax and the Admissions and Amusement tax were favored by very substantial majorities, and a plurality favored the Wheelage tax and Business licenses based on gross receipts.

There are some general observations regarding the attitudes of our local governments regarding the non-property taxes which should be mentioned. There appears to be considerable sentiment in favor of additional taxes on the motoring public, both in the form of additional taxes on gasoline and motor fuel, and the wheelage tax. As more than two-thirds of the local governments which indicated a preference in the method of administering these two taxes selected "State levied and collected for redistribution" it appears that what was favored amounts to an increase in the State motor vehicle license fee and the State tax on gasoline and motor fuel.

There were two taxes on public utilities listed on the questionnaire, one, a gross receipts tax on the utilities, and the other, an excise tax on the consumer. The gross receipts tax was vastly more popular than the consumer excise tax and 70% of the administrative preferences given were in favor of the tax levied and collected by the State for redistribution.

Although neither of the two suggested income taxes received very much support, the choice between the two was clearly in favor of a surtax on the State Income tax rather than a flat rate payroll tax. In this case also the administrative preference strongly favored a State levy and collection.

Substantially more of the local governments were in favor of increasing business licenses based on gross receipts rather than on a flat rate. The supporters of the flat rate license strongly favored a local levy and collection. The supporters of the gross receipts licensing were divided with slightly more than half favoring State levy and collection for redistribution.

Six out of seven of the local governments which gave a preference relative to the administration of a sales tax thought that it should be levied and collected by the State for redistribution.

The supporters of an additional tax on cigarettes and tobacco apparently were endorsing an increase in the present State levy as 83% of those which gave a preference indicated a State levied and collected tax.

Slightly more than half of the local governments which indicated their administrative preferences of taxes on Admissions and Amusement, Hotel and Motel rooms, Real Estate Transfers, and per capita preferred that the tax be State levied and collected.

The responses received to that part of the questionnaire which requested the listing of the favored non-property taxes by order of choice with an indication of administrative preference were somewhat deficient. Therefore, the administrative preferences expressed for some of the taxes are subject to some question because of the small numbers involved. However, on the basis of the responses that were made it appears that, with respect to those taxing fields where the State is already present the local governments strongly favor increasing the State tax for distribution among the local governments rather than having the local governments entering into these same taxing fields on their own.

Non-Property Tax Administrative Preferences
County - Municipal Totals

		Percentage Distribution			
	Total	Locally Levied and Collected	Locally Levied State Collected	State Levied and Collected	No Choice
Admissions & Amusement Tax	100	23	12	58	7
Gasoline & Motor Fuel Tax	100	18	11	66	5
Motor Vehicle Tax	100	6	10	78	6
Gross Receipts Tax on Utilities	100	23	4	62	11
Tax on Utility Bills	100	37	5	50	8
Sales Tax	100	8	6	82	4
Cigarette & Tobacco Tax	100	9	6	76	9
Hotel & Motel Room Tax	100	30	13	51	6
Real Estate Transfer Tax	100	27	12	51	10
Business Licenses — Gross Receipts	100	30	10	47	13
Business Licenses — Flat Rate	100	59	5	19	17
Surtax on State Income Tax	100	3	8	82	7
Payroll Tax — Flat Rate	100	16	21	42	21
Per Capita Tax	100	36	8	46	10

Even with respect to new fields of taxation, at least half of the local units favor a State levy and collection for redistribution in preference to a locally levied tax. Since this survey includes counties and municipalities of all sizes it is quite probable that the sentiment for State action is influenced by the thought that their local unit does not constitute a desirable jurisdiction for most of the suggested non-property taxes.

B. Digest of Regional Hearings

As part of its study of the fiscal problems of local governments, the Commission arranged for a series of hearings throughout the State. In all, 13 hearings were held for the sole purpose of providing the local governments with an opportunity to present and discuss their problems with the Commission. Three of these hearings were for the cities of the first class, and 10 were regional hearings. Representatives of the county, municipal, township, and school district governments were invited to attend these meetings either as observers or participants. Other interested persons, not formally connected with any of these governments, were invited to attend and to present their views also. At the conclusion of this series of hearings, all of the local governments within the State had been invited to attend one or more of these hearings. The meetings were generally well attended and a variety of suggestions, comments, and recommendations pertaining to the financial structure of our local governments were offered and discussed with the Commission. As many of these suggestions were of a specific nature with less than general application, only the more generally applicable suggestions are summarized in this report.

1. Property Taxation

As property taxes provide the primary source of revenue for our local governments, it is not surprising to find that suggestions dealing with property tax administration were offered by all governmental jurisdictions irrespective as to size, program, or geographical location. The suggestions offered in this area are not new and served to reinforce the general feeling that the whole area of property taxation is in increasing need of review and general overhaul.

a. Assessment System. The testimony in this area was to the effect that there is an increasing need for a better equalization of property values between the various assessment districts throughout the State and between the various classes of property.

A maximum of local autonomy should be maintained in the assessment system, and in any event, if the present system of local assessors is discontinued, provision should be made for the continuation of the local Boards of Review. One of the more frequent comments was to the effect that higher standards of professionalization is desired for both our local and county assessors.

b. Household Property Tax. There was a substantial body of opinion in favor of the repeal of the personal property tax on household goods. The concensus seemed to be that although this tax is a relatively low revenue producer, it is one of the major irritants in our tax structure and that the time and cost involved in the administration and collection of this tax is out of proportion to the revenue received. There was some sentiment expressed to the effect that while an outright repeal of this tax is desirable, if repeal should not be effected, that the tax would become better understood and more easily administered if the $100 exemption were repealed.

c. Time of Assessment. At the present time, all property within the State is assessed as of May 1. It was pointed out that this is an awkward date for determining inventories for many types of businesses and that having the date so late in the year does not provide as much time as is desired for the various Boards of Equalization to perform their work. It was suggested that January 1 would be a much more desirable date from an administrative standpoint as this would coincide with the inventory date for a great number of taxpayers. It was recognized that shifting the assessment date to January 1 would affect the tax burden of a great number of taxpayers in the State and alternate suggestions were offered to the effect that Class 3 property should be assessed on the basis of average annual inventory.

d. Property Classification and Other Property Tax Problems

(1) Property Classification

(a) Lakeshore real property should be given a lower classification than its present 40% rate.

(b) Classification of pleasure boats should be reduced from its present 40% classification to 25% in line with other sporting and recreational equipment.

(c) The valuation of certain homestead property should be reduced to zero when the property owner has attained the age of 65, is retired, and meets certain residential requirements and qualifications.

(2) In order to provide better coordination of local revenues and expenditures and to ease the burden on the taxpayer, real property taxes should be made payable in four, rather than two equal installments.

(3) At the present time the taxpayer qualifies for a homestead exemption only if he owns and occupies a piece of property as of May 1st. It was suggested that this provision be modified to provide for the granting of the homestead exemption if the piece of property is used as a homestead for a certain minimum number of months during a given calendar year.

(4) The County Assessor or other competent assessor should be given authority to audit the

books of an individual or company to determine the value of personal property for assessment purposes.

2. Non-Property Tax Suggestions

a. The city councils of the larger municipalities in the State should be authorized to levy certain non-property taxes on their own initiative. Such authorization should be accompanied by certain safeguards such as public hearings, recall by petition, etc.

b. The local governments should be given authority to enter new non-property tax fields which are now closed to them.

c. There should be a continuation of the sharing in the cigarette and liquor taxes by the municipalities and the percentage formula adopted in 1947 for the allocation of liquor and cigarette tax proceeds should be applied to increases already made in these taxes as soon as the pledges with respect to debt service on Veterans' Bonus obligations have been met.

d. There should be a review of the present sharing of certain State taxes for the purpose of determining the feasibility of granting a larger per capita share to the local governments.

e. In order to assure a more equitable distribution of taxes shared on a per capita basis, provision should be made for a state wide census every five years.

3. Reimbursement of the Local Governments by the State for Tax Exempt Property

A number of the local governments found that significant portions of property lying within their jurisdiction had been removed from the local property tax rolls by reason of State or Federal ownership or the application of the gross earnings tax, or other special taxing provisions. It was the concensus of the affected local governments that where substantial portions of such properties exist, the State should adopt measures which would reimburse the local governments for the loss in revenue resulting from removal of such properties from the local tax rolls, at least to the extent of reimbursing them for the cost of rendering services to these various properties.

4. State Aid to Local Governments in Capital Construction and Bonding

The ability to borrow money at interest rates which they felt they could afford was one of the problems of rapidly growing municipalities. To meet this problem it was suggested that the State aid in establishing a revolving fund for the purpose of making loans to municipalities and school districts at interest rates which would encourage these needed improvements, or that the State should place its credit behind that of the municipalities and school districts in order to enable them to secure loans at lower rates of interest.

It was further suggested that:

a. The State should grant construction aids to school districts based on a ratio of established bonded debt to assessed valuation.

b. The State should grant construction aids to municipalities to build libraries which would serve extensive areas beyond the municipal boundaries.

c. The State should provide some form of disaster aid to enable municipalities which have experienced some form of disaster to restore their facilities and services, particularly those which are necessary to comply with the requirements of the State Department of Health.

5. Community Planning and Development

A number of recommendations were offered designed to support and encourage community development and planning. The specific suggestions offered in this area include:

a. The creation of a separate division or department at the State level which would devote its efforts to the initiation, development and coordination of agricultural production and the processing of agricultural products within the State.

b. A stepped up program of advertising and promoting the tourist and resort business within the State.

c. State aids in the establishment of an industrial development program on an area basis.

d. The enactment of legislation permitting municipalities greater latitude in taking action to attract new industries and specifically authorizing them to make an excess levy to raise funds to be used in making studies and in carrying on the promotional work necessary to attract new industry into the community.

e. The enactment of legislation specifically permitting the municipalities greater latitude in working out joint and cooperative arrangements in the conduct of their local functions and services.

f. The enactment of legislation establishing minimum standards for recreational and playground facilities in newly established communities.

6. Liquor Licensing

There were four general recommendations submitted regarding modification of our liquor licensing laws:

a. The off-sale liquor license fees of our villages and cities of the second, third, and fourth class should be doubled.

b. The present statutory fee of a flat $100 for special club liquor licenses should be changed to provide for a minimum fee of $100 and a maximum fee of $500. The underlying thought behind this suggestion is that the present flat fee does not take into account local variations and requirements nor does it take into consideration the amount of business done by the licensee or the amount of regulation required.

c. It was suggested that legislation should be enacted which would permit certain Minnesota resort owners to be licensed to sell liquor during the tourist season. It was felt that this would enable Minnesota resort owners to do a better job in meeting the service demands of the touring and vacationing public in the State.

d. That the option of establishing municipal liquor dispensaries be extended to municipalities with more than 10,000 population where private licenses have not been previously issued.

7. **Other Problems and Suggestions**

a. Whenever the Legislature adopts legislation which involves substantial revenue curtailment or increased disbursements on the part of local governments, the effective date of such legislation should be delayed until the affected local governments have been afforded an opportunity to make the necessary budgetary adjustments.

b. The State Legislature should request Congress to take the necessary action to provide that taxes due on land from the Conservation Reserve Program constitute a lien against the conservation payment due the owner of the property.

c. The Legislature should modify the present method of taxing trailer homes to provide that the inhabitants make a more substantial and realistic contribution toward the financing of the local services and facilities which they enjoy.

d. The provisions governing the distribution of the Federal grants in aid for the construction of sewer systems and disposal plants should be modified to provide for the distribution of the funds among a greater number of municipalities.

e. There is a need for a thorough reexamination and updating of the fee structure of the counties and municipalities.

In reviewing the county fee structure, consideration should be given to crediting all fee payments to the general revenue fund and the establishment of an adequate salary schedule for the county officials.

f. As new duties and obligations are imposed on the counties by the State, consideration should be given to providing the counties with additional sources of revenue out of which to finance these new and expanded activities.

g. The standards governing the disbursement of road funds to the counties should be modified to permit more flexibility in apportioning the funds between construction and maintenance, according to the needs of the particular county.

At the present time the townships do not share in the highway user tax receipts. It was suggested that legislation be enacted whereby county boards would be permitted to allocate a portion of the highway user tax receipts to townships which are desirous of building and maintaining a good road system.

h. With the continued urbanization of our State, some of the townships are taking on the responsibility of providing municipal type services. It was suggested that the mill rate limitations be increased for the townships that have taken on the responsibility of providing these added services in order that they might have more adequate means of financing them.

i. At the present time, the County Boards may dissolve the government of a township when its valuation drops below $40,000. It was suggested that the dissolution of a township government be made mandatory when the valuation in a township drops below a certain stated figure. The suggested figure was $20,000.

j. It was suggested that there be a general review of the status of our Federal, State, and county forest lands to determine the feasibility of encouraging the return of a greater portion of these lands to private ownership and tax paying status.

It was also suggested that the enactment of a severance tax on timber be investigated. If such a tax were to be enacted, it should be made payable to the State and apportioned back to the local governments in the same manner as the ad valorem tax.

PART III

CONCLUSIONS AND RECOMMENDATIONS

Introduction

Through the cooperation and effort of our many local officials and other interested persons, the Commission received a wealth of material in the form of testimony, reports and statistical data pertaining to the fiscal problems of our political subdivisions. In the course of gathering and studying this material, many problems drew the Commission's attention. They ranged from broad and general problems to problems of limited application resulting from unusual local conditions. A number of the problems called to the Commission's attention are not directly related to fiscal affairs. They fit more appropriately within the area of interest and concern of other legislative commissions.

The Commission conducted its work within certain limitations of time and personnel. To keep within these limitations it had to bypass inquiry along certain lines which, if pursued, would no doubt contribute to a broader and clearer picture of the fiscal problems of our local political subdivisions.

Many suggestions of apparent merit were pursued because of their very limited application. Many others, directed at particular problems, merit further study and analysis. Because they involve our total tax structure, they would not yield to direct treatment without creating as many, or possibly more and greater problems in other related areas. These must wait for fuller study and treatment at some later date. While the Commission does not recommend specific action in any of these areas it is not unconcerned about the problems involved. Rather it is reluctant to draw conclusions and recommend specific courses of action without assurance that such recommendations would be more equitable and acceptable than those being currently pursued. In many cases, finding such assurance would require continued extensive study beyond the limits on time and budget of this Commission.

The conclusions and recommendations presented in this report are drawn from the analysis of the information presented to the Commission. They are tempered by two overriding considerations: (1) That they be compatible with the continued economic growth and long term needs of our local communities and, (2) That they meet the practical considerations necessary to make them suitable for adoption by the 1959 Legislature.

A. Municipalities

1. Revenue Requirements

At the present time, over three-fourths of Minnesota's municipalities can do a reasonably good job of financing their needs from local revenue sources. The majority of them can do this through the present tax structure. Many other municipalities could successfully supplement their present revenues if granted broader local taxing authority. The remaining municipalities may require individual attention because of the unusual circumstances surrounding their particular problems.

The municipalities which are experiencing the most acute financial problems are those experiencing a rapid increase in population. A rapid influx of population creates a sudden demand for the establishment and expansion of schools and other municipal facilities simultaneously. This places the existing property tax base under a heavy strain as there is a lag between the influx of the population with its service demands and the development of the property tax base.

The belief that the property tax is receiving close to maximum utilization at the present time is widely held among the local governments in the state. There is also substantial support for the authorization of additional non-property taxes. This support is fairly evenly distributed among several of the suggested non-property taxes.

The Commission concludes that, at the present time, and in the face of mounting pressure on their revenue structures, the municipalities, generally, are doing a creditable job of financing the necessary local services. The trouble spots which are developing can be relieved, in substantial measure, by timely action to provide additional revenues from local non-property tax sources.

In view of the Commission's findings and conclusions it makes the following recommendations:

a. As the pressure for increased local revenues continues, our municipalities must continually examine their revenue structures to assure the full use of the revenue sources currently available. The fees charged for various services are one source of revenue available to the municipalities. The Commission found many instances where fee structures were old and the charges not adjusted to rising price and cost levels. The Commission strongly recommends that there be a general updating of the fee structures of our cities and villages.

b. The 1947 Legislature allocated one-third of the proceeds of the cigarette tax collections and 30% of the proceeds of the liquor tax collections to the local governments. Since then, the Legislature has increased these taxes but has not shared the increased revenue with the local governments. "Other tobacco products" have been taxed since 1955 also without local sharing. The Commission recognized that the increased collections are pledged to debt service on veterans bonus obligations. The Commission recommends that:

(1) The local governments share in the proceeds of the tax on "other tobacco products" in the same proportion that they share in the cigarette tax.

(2) The local governments be allocated a share in any increases in the cigarette and liquor taxes, and,

(3) The percentage allocation provided in 1947 be applied to all cigarette and liquor tax collections as soon as the pledged obligations are met.

c. The cities and villages are authorized, by statute, to impose wheelage taxes at rates not to exceed 20% of the State Motor Vehicle Tax. This authorization does not extend to the counties. No municipality uses this potential revenue source although many of the municipalities and counties indicated they favored such a tax as a source of additional revenue. Section 9 of Article XVI of the State Constitution authorizes political subdivisions to impose wheelage taxes **solely for highway purposes.** As highways account for one-fourth of the expenditures of the counties and municipalities and four-fifths of the expenditures of towns, the dedication of the receipts to highway purposes does not appear to be a preclusive limitation. The present statutory authorization to impose wheelage taxes locally has two additional drawbacks. One concerns the acceptability of the municipality as a taxing unit, the other concerns the method of collection.

At the current rate of licensing, a 10% surtax on all motor vehicle licenses in the State will yield about $3.7 million in additional revenue. In order to facilitate the utilization of the wheelage tax as a source of additional local revenue, the Commission recommends that:

(1) The counties be authorized to impose an annual wheelage tax upon motor vehicles using the public streets and highways of the county.

(2) Such wheelage tax shall equal 10% of the State Motor Vehicle Tax but not to exceed $10 per vehicle.

(3) The tax imposed by any county may apply to the motor vehicles of both residents and non-residents of the county. It is the intent of this Commission that the tax shall apply to those motor vehicles which have their primary physical base of operation within the county.

(4) The tax shall be limited to self-propelled vehicles using the public streets and highways and shall not include trailers, trailer houses, farm tractors or aircraft.

(5) The State be authorized to collect this county-imposed tax at the time of registration or re-registration of the vehicle. The State may be compensated for the cost of collection.

(6) The proceeds of this tax be returned to the county for distribution among the cities, villages and townships, on the basis of the vehicle owner's place of residence within the county. Provided that the tax which is paid by owners of taxed vehicles who are not residents of the county and by county resident owners of ten or more taxed vehicles will be retained by the county. Such funds shall be used solely for highway purposes.

d. Excise taxes on hotel and motel rooms have been tried in a number of municipalities in other states. Many of them were dropped either because of their relatively low yield in non-resort areas, or because of their subsequent incorporation into a broader based sales tax. As Minnesota grows as a resort and tourist state, a hotel room tax appears a satisfactory and expanding source of additional revenue. A substantial number of the counties and larger municipalities participating in the Commission's survey favored such a tax. The smaller municipalities were not as favorably disposed toward this tax. This is explained, at least in part by the trend away from the small municipal hotels toward motels often located outside the municipal boundaries. It is roughly estimated that a statewide hotel and motel room tax of five percent would produce in the neighborhood of $2,000,000 in additional revenue.

The Commission recommends that:

(1) A statewide tax equal to five percent of the rental rate be imposed on the occupant of any room or rooms in a hotel, motel, resort, apartment hotel or lodging house.

(2) This tax shall not apply to rooms occupied by permanent residents. A permanent resident is defined as any occupant who has occupied any room or rooms in a hotel, motel, resort, apartment hotel or lodging house for at least 90 consecutive days.

(3) The proceeds of this tax would be collected by the operator of the hotel, motel, resort, apartment hotel or lodging house and submitted to the State at periodic intervals. The State will distribute the funds to the counties of origin. The county will, in turn, distribute the funds among the various cities, villages and towns on a per capita basis.

2. Cities of the First and Second Class

Our larger cities are being called upon to provide a greater number of services to an increasing number of people. Although the home rule charters of our larger cities provide for the adoption of certain non-property taxes by referendum, the cities have not been very successful in getting such measures approved by the necessary majority of voters.

Apparently, a part of the problem is the inability of the city government and interested civic groups to reach and convince a sufficient majority of the voters that additional revenues are necessary to provide the services, and that the proposed financing method is a fair and equitable way to raise the desired additional revenue. Other contributing factors are the continuing inflationary trend and voter resentment toward the increasing total tax burden placed upon him by the Federal, State, and local governments. The problem is more acute in the larger cities with their complex social and economic structures than it is in the smaller municipalities where the voters identify themselves more closely with their community and their municipal government.

The Commission recommends that the Legislature consider the advisability of authorizing the council of any city of the first or second class to adopt and put into effect new revenue raising measures on their own initiative subject to certain safeguards. Such new revenue raising measures should not be the subject of a referendum for at least two years after endorsement by the council.

3. Cooperative Action

There are several problems of an administrative nature that are drawbacks to the enactment of non-property taxes by the individual political subdivisions.

One such drawback is the problem of establishing a desirable taxing jurisdiction. Frequently a desirable taxing jurisdiction for a given tax is an area comprised of several political subdivisions of various sizes and types. As much of the authority for levying local taxes is limited by statute according to the type or size of the political subdivision it is difficult for such an area to levy taxes which will apply uniformly over the whole area.

A related problem arises when two neighboring jurisdictions are competitive and one hesitates to adopt a particular revenue raising measure for fear it will be placed at a competitive disadvantage unless a similar measure is adopted by the other jurisdiction.

A third drawback is the impracticability of each separate local political subdivision establishing its own enforcement and collection machinery.

In order to facilitate a greater degree of intergovernmental cooperation in enacting revenue raising measures among our local political subdivisions, and to effect more practical enforcement and collection machinery in certain areas, the Commission recommends that:

(1) The Legislature authorize the governing body of any county and any city of the first, second and third class to levy additional taxes for local revenue purposes, on transactions, privileges, persons and property which are taxed by the State. The local governments be authorized to contract with the State to collect such local taxes in proper cases.

(2) Any political subdivision be authorized to join with one or more other political subdivisions, with which it has a common boundary, in levying uniform taxes. All parties to such an agreement be authorized to levy, as part of the agreement, any tax which any one of the participants to the agreement is authorized to levy within its own jurisdiction.

(3) Provision be made whereby the governing body of any county or any city of the first, second or third class be authorized to provide, when enacting a revenue raising measure, that the measure will not become effective until a similar measure is enacted by another specified political subdivision.

4. Liquor Licensing

A number of suggestions were submitted to the Commission with respect to the licensing and sale of liquor in the State. Several of these suggestions follow.

The maximum off-sale liquor license fees in villages and cities of the second, third, and fourth class have remained unchanged since they were originally adopted in 1934. Since that time the price level has more than doubled, thus halving the value of the dollar. It was proposed that the maximum off-sale liquor license fees in villages and cities other than those of the first class should be doubled.

At present there is a flat fee of $100 for special club liquor licenses outside cities of the first class. This flat rate club license makes no provision for variations in the size of municipalities, the amount of business done by the club, or the amount of regulatory action required. It was proposed that the present flat fee applicable to special club liquor licenses outside cities of the first class should be changed to provide for a minimum fee of $100 and a maximum fee of $500.

The number of liquor licenses that may be issued by any municipality are limited, and the maximum fees charged for those licenses are also limited. These two limitations often result in a liquor license taking on a value far in excess of that represented by the license fee. It was proposed that some provision be made permitting the local governments to derive additional revenue from the added value taken on by some of the licenses.

It was proposed that resort owners be licensed to sell liquor during the tourist season to make Minnesota resorts more attractive to the tourist trade.

At present, municipalities of less than 10,000 population may provide for the sale of liquor in their municipalities through municipally owned liquor stores. This option is not available to municipalities with populations in excess of 10,000. It was proposed that municipalities with populations in excess of 10,000 which had not issued private licenses be authorized to determine by local option whether to dispense liquor through municipal liquor stores or through a system of private licensing.

The Commission finds that there is merit in the foregoing recommendations. However, there are some policy changes and problems relative to regulation and control involved in the recommendations that resort owners be licensed to sell liquor and that club liquor licenses be changed from a flat $100 fee to a variable fee of from $100 to $500. These problems may be mitigated by providing for State licensing of resorts and clubs and/or by establishing a uniform fee schedule for clubs with the fees ranged within the suggested limits according to membership or amount of business done.

The Commission recommends that:

a. Because of the policy changes involved and the problems of control and regulation posed by the licensing of resort owners and the increase in the special club liquor license fees, this Commission is making no recommendations for action in this area until these problems have been given further study.

b. The maximum off-sale liquor license fees in villages and cities of the second, third, and fourth class be increased as follows:

Municipal Population	Present Maximum	Recommended Maximum
10,001 to 50,000	$200	$400
5,001 to 10,000	150	300
5,000 and less	100	200

c. More of the municipalities give consideration to the adoption of a fee structure based in part on the gross amount of business done.

B. Property Taxes

1. Application of the State Property Mill Levy

One of the major problems in the field of property taxation is the unequal assessment levels which exist among different classes of property and among different assessment districts in the State. This problem becomes increasingly aggravated as the property levies are called upon to provide more and costlier services and as property values change with a shifting population and economy.

This problem is, in part, the result of the system of assessing property in the State. Under this system, we have a large number of assessing districts many of which have their independently elected local assessor. As the remuneration for the office of local assessor is usually very modest and the duties frequently onerous, the system does not ordinarily attract or retain well qualified, trained local assessors.

It also appears that the State mill levy may be retarding the achievement of assessment levels more nearly in line with the levels prescribed by statute. There is some evidence that the threat of being saddled with a greater share of the State's property tax levy may be discouraging some of the assessment districts from increasing their level of assessments as rapidly as they might otherwise be inclined to do.

The Commission recommends that in order to encourage a more uniform assessment of property throughout the State, and to provide a more equitable distribution of the State property levy that:

a. The existing laws dealing with the designation of assessment districts and the selection of assessors be amended to provide:

(1) that a local assessment district may voluntarily enter into agreement with the county in which it is located providing for the county assessor or supervisor of assessments to perform the assessment function of the local district, or

(2) that two or more local assessment districts may voluntarily enter into agreements among themselves providing for the joint appointment of a local assessor. Such agreements should provide for the retention of the local boards of review and for the re-establishment of the local assessor in any of the participating assessment districts on reasonable notice.

b. That the State property levy be assigned to the counties on the basis of equalized property valuations.

2. Property Classification

Minnesota's classification law provides for the classification for tax purposes of all property subject to the general property tax.

As new uses for property develop and as new kinds of property gain general acceptance, it is desirable that the classification applicable to such properties be reviewed to determine whether or not the classification assigned to such properties is consistent with the overall classification system.

During the course of the Commission's study, attention was invited to the classification presently applied to lakeshore property and to pleasure boats.

At present, lakeshore property is classified at 40% of its full and true value for tax purposes. It was contended that inasmuch as, (1) an ever increasing amount of lakeshore property in the state is used principally for recreational purposes by residents from all walks of life; and (2) the property is used only a fractional part of the year and its residents impose a relatively light demand on many of the local facilities and services; the present level of classification should be reduced.

The present statutes make no distinction for tax purposes between commercial watercraft and boats and canoes used solely for recreation. All such property is assessed at 40% of its full and true value. On the other hand, camping and sporting goods generally are assessed at 25% of their full and true values. It was suggested that the classification of boats and canoes used for recreation should be brought into line with the classification applicable to other camping and sporting goods.

The Commission recommends that the classification law be amended to provide that:

a. Non-commercial lakeshore property, which is occupied for more than six months of the year, shall be assessed at 33-1/3% of its full and true value rather than at 40% as presently provided.

b. Non-commercial boats and canoes used for recreational purposes shall be reclassified to provide that they be assessed at 25% of their full and true value.

3. Average Inventory

Present statutes require that all personal property be assessed as of May 1 of each year. Numerous establishments doing business within the State are subject to various seasonal influences and their inventory values may vary widely from season to season. Designating a specific date for assessment causes the impact of the property tax to fall unequally upon the various taxpayers within the State.

The Commission recommends that the Statutes be amended to provide that inventory valuations be determined on the basis of a 12 month average valuation rather than on the May 1 value and that the assessor be authorized to make such audits of the records from which the inventory is obtained as may be necessary for the proper performance of his duties.

4. Property Tax on Household Goods

In the course of the Commission's hearings throughout the State, one of the most frequently recurring suggestions offered by representatives of local governments was that the property tax on household goods should be removed. The reasons given for the elimination of this tax are: (1), it is costly to administer, (2), it does not produce much revenue, (3), it is poorly understood, (4), it is a constant source of irritation and bickering, and (5), the time spent on household goods assessments is all out of proportion to its yield.

The Commission has had a study made of the significance of the revenue received from the tax on household goods in 831 Minnesota municipalities. From this study it was learned that in 1957, 20% of the municipalities received no revenue from this source, and an additional 33% received less than two percent of their total property tax revenue from this tax. Over all, in 83% of the municipalities the tax on household personal property accounted for less than three percent of the total property tax revenue.

The majority of the counties and municipalities which participated in the questionnaire survey did not agree that the household property tax should be repealed and the revenue loss made up from other property taxes. Among the municipalities the greatest sentiment for the retention of this tax comes from the least populous groups. The municipalities with populations of 5,000 or more were overwhelmingly in favor of repeal.

There are many strong arguments presented favoring the repeal of the household personal property tax. On the other hand, there are areas in which household property constitutes a significant part of the local property tax base and its repeal would impair the financial structure of the local governmental units.

The Commission recommends that:

a. Legislation be enacted repealing the property tax levy on Class 2 household goods; or

b. If the constitutional involvements can be worked out, that legislation be enacted eliminating Class 2 household goods from the state property tax levy and that the retention of the tax on household goods on a county option basis be authorized. It is further recommended that such authorization provide that any county which elects to retain the tax on household goods may at its option retain or discontinue the $400 household goods exemption feature.

C. County and Local Governments

1. County Fee Structure

At the present time most of our counties compensate their county officers in three different ways. Some are paid a fixed salary, some are paid a salary supplemented by certain fees, and some receive their entire compensation in the form of fees. This has resulted in a wide variation in the total remuneration received by the different county officials within a county, and between the remuneration for comparable positions in different counties.

The Commission also notes that the fees charged for various county services are outmoded and are not based on current dollar values. A general updating of the county fee structure could result in an appreciable increase in revenue from this source. However, to the extent that the revenue increase would benefit a few individuals and create an even greater disparity in the remuneration received by the different county officials, it would appear that no good public purpose would be served by effecting an increase in such fees.

The Commission recommends that:

a. The system of compensating county officials in whole or in part by the retention of fees be discontinued and that all fees payable for services rendered by county officials be deposited in the County General Revenue Fund.

b. A coordinated salary schedule be established providing reasonable salary limitations for all county officials.

c. The fees charged for services rendered by county offices and officials be reviewed and revalued in terms of current dollar valuations and service costs.

2. Township Government

Minnesota ranks near the top, among the states, in terms of the total number of organized governmental units. While these numerous small units may have been satisfactory and necessary jurisdictions for providing the more simple public services of earlier years, many of them are neither necessary nor efficient operating units for providing the expanded services expected today.

This principle has been recognized with respect to our school districts, and progress is being made in school district enlargement. Since 1947, the number of school districts in the State has been reduced by 4,522. Even with this reduction, Minnesota with its 3,084 remaining districts still ranks near the top among the states in total number of school districts.

In total number of organized townships, Minnesota, with over 1,800, holds undisputed possession of first place among the states. As long ago as 1925 the Legislature passed an Act authorizing the county boards to dissolve the government of any township when they found the township had failed to elect officials or had failed to perform any of the functions of an organized civil township for ten years or more. The 1933 Legislature amended this Act by making the dissolution mandatory rather than permissive and provided that among the causes for mandatory dissolution was the drop in property valuations in the township to less than $50,000. The 1935 Legislature subsequently reduced the valuation level at which township dissolution would become mandatory from $50,000 to $40,000. In 1937, the Legislature repealed the mandatory feature of this Act and placed it on a permissive basis again.

Since 1937, the township government of 13 townships has been dissolved under the various provisions of this Act. Eight of these dissolutions were in Cook County.

Although the value of the dollar is less than half of what it was in 1935 when the Legislature provided for the mandatory dissolution of townships with less than $40,000 valuation, a survey of the Abstract of Tax Lists shows that there were 211 organized townships in the State with valuations of less than $40,000 in 1957. Ninety of these townships had less than $20,000 and 17 had less than $10,000 valuation.

It appears that a very substantial number of townships are continuing to function as organized governmental units with small populations and very little valuation. This Commission seriously questions whether any good public purpose is served by the continuation of many of these townships as organized units of local government.

The Commission strongly recommends that:

a. The County Boards of Commissioners review the status of the townships within their counties, which have valuations of less than $40,000, for the purpose of determining whether or not action should be initiated to dissolve the government of such townships; and

b. The Legislative Research Committee make an interim study of the townships of low valuation in the State, in order that the 1961 Legislature may be advised as to the necessity of amending the statutes to provide for mandatory dissolution of township governments under certain conditions.

3. Inheritance Tax

The inheritance tax is collected for the State by the county treasurer of the county in which the estate is probated. Eighty percent of the proceeds of this tax is credited to the State General Revenue Fund, and 20% is returned to the county in which the estate was probated. The full amount of the inheritance tax which is collected on property which is not subject to probate in Minnesota is paid into the State General Revenue Fund and is not shared with the counties. During the three year period 1956-1958 inheritance tax collections on probated property averaged $4,788,000 and collections on non-probated property averaged about six percent of this amount or $303,000. Although the amount involved is only 20% of $300,000 per year, the Commission fails to see any good reason for the counties not participating in the sharing of the proceeds of the inheritance tax of non-probate property on the same basis as they share in the tax on probate property.

The Commission recommends that consideration be given to the adoption of legislation providing for the distribution of 20% of the inheritance tax on non-probate property to the counties.

D. Other

1. Conservation Reserve Program Tax Delinquencies

The Commission's attention has been called to the fact that about two million acres of Minnesota cropland have been committed to the Conservation Reserve Program. In one of our counties the acreage that has been signed up amounts to over 40% of the total cropland in the county. In many instances, this land is owned by persons who are not residents of the county in which it is located. Much of this land is of low market value and it is probable that by being held out of production for ten years, the value of the land will depreciate further.

The taxes on this property are making a necessary contribution to the maintenance of our schools and other local governmental units.

Taxes on real property may accrue for a minimum of six years before the property is forfeited. It is feared that the accumulated taxes and penalties over a six year period may exceed the market value of some of the land in the Conservation Reserve Program after it has been out of cultivation for a number of years. This has led to a growing concern that during the latter years of the Conservation Reserve Program contracts, taxes on much of the low valued land in the program will not be paid, the property will be forfeited and the local governments will have suffered a substantial loss in tax revenue and tax base. It is still too early in the program to determine whether this is actually going to happen. However, in order to protect the local governments against this possibility it was suggested that steps be taken to provide that the taxes due on property in the Conservation Reserve Program constitute a lien against the program payments due the owner.

The Commission recommends that the Legislature request Congress to amend Title I of the Agricultural Act of 1956 to provide that taxes due and payable on land in the Conservation Reserve Program constitute a lien against any conservation reserve payments due the property owner.

PART IV—APPENDICES

APPENDIX A

1. **Act creating the Commission.**
2. **Financial Report.**

Chap. 914 H.F. 2076

AN ACT

CREATING AN INTERIM COMMISSION TO INVESTIGATE AND STUDY AND MAKE RECOMMENDATIONS CONCERNING THE TAX AND REVENUE PROBLEMS OF THE POLITICAL SUBDIVISIONS AND GOVERNMENTAL UNITS OF THE STATE OF MINNESOTA AND APPROPRIATING MONEY THEREFOR.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. There is hereby created a commission to consist of ten members, five members of the House of Representatives to be appointed by the Speaker, five members of the Senate to be appointed by the Committee on Committees.

Sec. 2. The commission shall make a detailed and comprehensive study and investigation of the tax and revenue problems of the political subdivisions and governmental units of the State of Minnesota. The commission shall hold hearings and investigate any and all problems submitted to it by political subdivisions and governmental units. In the light of the ever increasing cry for new and expanded services, the rising costs and the losses in present sources of revenue plaguing the political subdivisions and governmental units of the State of Minnesota it shall be the duty of the commission to help these bodies to find new sources of revenue and to broaden and equalize their tax base. The commission shall operate with two broad objectives in mind: the assisting of political subdivisions and governmental units in solving their tax and revenue problems and the recommendation of legislation to be enacted by the Legislature of the State of Minnesota.

Sec. 3. The commission may hold meetings and hearings at such times and places as it may designate to accomplish the purposes set forth in this act. It shall elect a chairman, vice chairman and such other officers from its membership as it deems necessary.

Sec. 4. Members of the commission shall be allowed and paid their actual traveling and other expenses necessarily incurred in the performance of their duties but shall receive no compensation. The commission may purchase stationery and supplies necessary to its successful functioning. The commission may also hire employees, both professional and non-professional, which shall include experts in the field of municipal taxation and municipal bonding, and do all things reasonably necessary in carrying out the purposes of this act.

Sec. 5. The commission shall report its findings, actions and recommendations to the legislature of the state of Minnesota not later than February 1, 1959.

Sec. 6. There is hereby appropriated out of money in the state treasury not otherwise appropriated the sum of $25,000 or so much thereof as may be necessary to pay expenses incurred by the commission. For the payment of such expenses the commission shall draw its warrants upon the state treasurer, which warrants shall be signed by the chairman and at least two members of the commission. The state auditor shall then approve and the state treasurer shall pay such warrants as and when presented. A general summary or statement of expenses incurred and paid by the commission shall be included with its report.

Sec. 7. This act shall take effect May 1, 1957, and the commission shall terminate its functions on or before February 1, 1959.

Approved April 29, 1957

COMMISSION ON LOCAL GOVERNMENTAL FISCAL PROBLEMS

Financial Report*

Appropriation			$25,000.00
Expenditures:			
Travel		$ 5,250.00	
Salaries:			
Executive Secretary	$8,450.00		
Stenographic	5,860.00		
Research Fees	348.13	14,658.13	
Office Supplies		434.00	
Office Equipment		1,191.45	
Telephone		90.00	
Postage		550.00	
Publications		137.56	
Duplicating		770.00	
Report Printing		1,163.45	24,244.59
Balance			$ 755.41

*Includes estimates of some items that have been budgeted but not paid.

APPENDIX B
TECHNICAL APPENDIX
THE MAIL QUESTIONNAIRE SURVEY

1. Purpose

The purpose of the mail questionnaire is two-fold. It is designed (a) to help identify problem areas by municipal characteristics and (b) to solicit the thinking of our municipal officials regarding the form and direction in which the Legislature should act in relieving these problems. As the same questions are answered by all of the participants, the responses can be compared and analyzed by various common factors.

2. Coverage

The survey was limited to the counties, cities and villages of the State. Consideration was given to selecting a sample of the school districts and township governments for inclusion but because of limitations this further expansion of the survey was not carried out.

3. Analysis

The analysis of the returns has of necessity been limited. The counties, which are relatively few in number, were analyzed as a single group. The municipalities, however, were divided into four population groups and their responses analyzed on that basis.

Further analysis, particularly of the municipal returns, would no doubt be helpful. Among the suggested areas for further inquiry are: differences based on the presence or absence of municipal liquor stores, a closer examination of the characteristics of municipalities which believe they cannot finance their necessary municipal functions locally, a more exhaustive search for common characteristics among municipalities favoring specific non-property taxes, etc.

Although the analysis presented in this report is not exhaustive it is believed that it presents a more complete picture of our local governments and their problems than has previously been available.

6/2/58

THE MUNICIPALITY QUESTIONNAIRE
STATE OF MINNESOTA
COMMISSION ON LOCAL GOVERNMENTAL FISCAL PROBLEMS
326 State Capitol
St. Paul 1, Minnesota

Telephone: Capital 2-3013, Ext. 231

1. Name of Municipality: ________
2. Area in square miles: ________
3. Estimated 1957 population: ________
4. Property taxes for municipal purposes:
   a. Amount of property taxes for all municipal purposes payable in 1957 (exclude education) $________
   b. Amount of property taxes reported in "a" which were delinquent as of Jan. 1, 1958 $________
5. Indicate your evaluation of the adequacy of the following facilities and services at the present time:

	% Adequate	% Inadequate	% No Response
a. Police protection	74	35	1
b. Fire protection	86	13	1
c. Streets and alleys	66	33	1
d. Sewers and sewage disposal	41	55	4
e. Water system	60	37	3
f. Municipal buildings	60	38	1
g. Available hospital facilities	46	49	5
h. Available clinical and health service	56	39	5
i. Recreation and parks	68	30	2
j. Library facilities	47	49	4

   k. Other: ________

6. Which of the following facilities do you expect to improve or expand through the issuance of general obligation bonds during the five year period — 1958 through 1962:

	% Yes	% No	Estimated Cost in Current Dollars	% No Response
a. Police protection	7	74	$	19
b. Fire protection	15	68		17
c. Streets and alleys	33	56		11
d. Sewers and sewage disposal	27	60		11
e. Water system	21	66		13
f. Municipal buildings	20	65		13
g. Hospital facilities	5	76		15
h. Clinical and health service	2	79		19
i. Recreation and parks	15	69		19
j. Library facilities	7	73		16
k. Other:				20

7. Revenue Requirements:

   a. What were your total revenue receipts for 1957: $________

   b. What percentage increase over 1957 do you anticipate will be required to meet your peak annual revenue requirements during the next five years: ______%

8. Property taxes — Indicate by check mark your belief regarding property tax utilization in your municipality:

	% Yes	% No	% No Opinion	% No Response
a. Too much dependence is placed on the property tax	39	37	17	5
b. As it is now administered the property tax could carry a greater portion of the tax load	9	73	15	3
c. The property tax could carry a greater portion of the tax load if it were more equitably administered	27	45	22	5
d. The household property tax should be eliminated and any loss in revenue made up from the other property taxes	44	42	11	3
e. The property tax is used to finance too many different programs	35	30	30	5
f. The mill rate and/or per capita limitations on the property tax are too low	12	65	18	4
g. The local assessor system should be eliminated and a uniform property tax assessment system should be set up and administered by the State	11	78	7	4
h. The local assessor system should be eliminated, and the property tax administered through a county assessor system	19	70	7	4
i. The property tax should be administered through a modified county assessor system whereby any municipality which employs a qualified full-time assessor would be independent of the county assessor system	26	49	20	5

9. Indicate your preference as to the **direction** in which the Legislature should act in order to strengthen the financial position of the local governments. (Check only one of the two alternatives listed.)

   a. More local taxing and revenue raising authority for the municipalities — 42% — No Response 10%

   OR

   b. Additional State taxes to provide more State aid to the municipalities — 43% — Other 5%

10. Assuming the appropriate enabling legislation for the municipalities, which of the following non-property taxes do you favor and which do you not favor as sources of additional local revenue?

TAX	% Favor	% Do Not Favor	% Other	% No Response
a. Admission and amusement tax	46	47	*	7
b. Gasoline and motor fuel tax	40	52	*	8
c. Business licenses based on gross receipts	23	68	*	9
d. Business licenses — flat rate	17	71	*	12
e. Additional tax on cigarettes and tobacco	32	62	*	6
f. Payroll tax — flat rate	8	83	1	8
g. Surtax on State Income Tax	19	72	2	7
h. Motor Vehicles (Wheelage) Tax	30	58	1	11
i. Tax on electric, gas and telephone bills	12	80	1	7
j. General retail sales tax	33	53	8	6
k. Gross receipts tax on power, water and telephone companies	35	54	2	9
l. Hotel and motel room tax	29	61	1	9
m. Per capita tax (Similar to the poll tax)	12	78	1	9
n. Real estate transfer tax (This is a tax on the transfer and conveyance of real estate)	28	62	1	9
o. Other:				

*Less than one-half of one percent.

11. List the taxes which you have indicated that you favor in question 10 in the order of your preference. For example — if your first choice is the Motor Vehicle Tax, enter "Motor Vehicle Tax" on line 1. If your second choice is the Admissions and Amusement Tax enter "Admissions and Amusement Tax" on line 2. List all of the taxes which you have indicated that you favor in question 10 in this manner.
In the appropriate column indicate your preference as to the method of administration for each of the taxes you have listed.

Choice		Locally levied and locally collected	Locally levied and collected by the State	State levied and collected for Re-distribution
1st		☐	☐	☐
2nd		☐	☐	☐
3rd		☐	☐	☐
4th		☐	☐	☐
5th		☐	☐	☐
6th		☐	☐	☐
7th		☐	☐	☐
8th		☐	☐	☐
9th		☐	☐	☐
10th		☐	☐	☐

12. Indicate which one of the three following statements is most applicable to your municipality:
   a. Sufficient revenues to do a reasonably good job in financing necessary municipal functions are obtainable locally from our present revenue sources — 52%
   b. Sufficient revenues to do a reasonably good job in financing necessary municipal functions are not obtainable from our present revenue sources, but would be obtainable locally if the Legislature would grant the municipality broader local taxing powers — 15%
   c. Sufficient revenues to do a reasonably good job in financing necessary municipal functions would not be obtainable locally even if the municipality were granted broader taxing powers — 20%

   Other 2%
   No Response 11%

13. Do you expect any changes or developments within the next five or six years which will substantially affect your community, i.e., construction of the interstate highway system, new business coming in, or old business leaving your community, etc. Yes_____ No_____
If your answer is yes, please explain:

If we have questions regarding this questionnaire, whom shall we contact?

Name_____
Title_____
Date_____

THE MAIL QUESTIONNAIRE SURVEY OF MINNESOTA MUNICIPALITIES

I. AREAS OF INQUIRY

The information and attitudes solicited in the municipality questionnaire come under the following subject headings:

A. Municipal Charecteristics.
B. Adequacy of Present Revenue Sources.
C. Directional Preference in Strengthening Municipal Governments.
D. Adequacy of Facilities.
E. Facility Expansion Plans.
F. Property Tax Assessment Alternatives.
G. Property Taxes.
H. Non-Property Taxes.

II. SURVEY COVERAGE

A. Mailing

The questionnaire was mailed about the middle of June to 834 of the 839 municipalities on record at that time. The three cities of the first class were omitted from the mailing by design as it was felt that their problems were of a special nature and would not lend themselves to mass interpretation and analysis and two of the smaller municipalities, Spooner in Lake of the Woods County and Sunfish Lake in Dakota County, were inadvertently omitted from the mailing list.

A packet of questionnaires was mailed to the City Manager or Village Clerk of each of the municipalities with the request that he distribute them to the Mayor and members of the Council for consideration and that a composite questionnaire representing the thinking of these municipal officials be returned. This was done in order to avoid having the returned questionnaire represent the thinking of just one individual.

B. Returns

The returns were cut off in the middle of September. At this time returns had been received from 482 or 58% of the municipalities. These 482 responding municipalities represented 72% of the 1950 municipal population in Minnesota excluding the three cities of the first class. The returns were well distributed both by size of municipality (see Table 1) and by geographic distribution (see Table 2).

Table 1
Questionnaires Mailed And Returned By Size Of Municipality (1950 Census)

Size	Number Mailed	Number Returned	Percent Returned
TOTAL	834	482	58
10,000 and over	21	20	95
5,000 – 9,999	35	25	71
2,500 – 4,999	43	30	70
1,000 – 2,499	142	79	56
500 – 999	150	98	65
250 – 499	200	116	58
Less than 250	243	114	47

Table 2
Questionnaire Mailed And Returned By Geographic Area

Area	Number Mailed	Number Returned	Percent Returned
Twin City Metropolitan Area (Anoka, Dakota, Hennepin, Ramsey and Washington Counties)	98	60	61
1st Congressional District	102	65	64
2nd Congressional District—less Dakota County	109	54	50
6th Congressional District—plus Chisago and Isanti	173	93	54
7th Congressional District	163	100	61
8th Congressional District	65	44	68
9th Congressional District	122	66	54

In spite of the fact that the questionnaire is long and some of the questions require considerable thought and may be somewhat controversial, the quality of the returned questionnaires is unusually good and reflects a lot of thought and application on the part of our municipal officials.

C. Coding

In order to facilitate analysis of the returns a numerical code was assigned to each response and the information punched into IBM cards. A quality code was assigned to each questionnaire at the time it was coded. An analysis of this code shows that 87% were coded as "good to excellent", 12% were coded "fair", and one percent were coded "poor".

D. Limitations

In interpreting the results, two major cautions should be observed:

(1) that this is not a public opinion poll but that the responses represent the thinking of our municipal officials, for the most part officials holding elective office; (2) the questions were given a municipal local setting and presumably the responses are addressed to the local municipal situation.

III. ANALYSIS

In order to bring out the differences in problems and attitudes between municipalities of different sizes the returned questionnaires were divided into four population groups according to the municipalities' estimated 1957 population. The population groups and number of returns in such groups are: group 1, 53 municipalities with 1957 populations of 5,000 or over, group 2, 117 municipalities with populations of from 1,000 to 5,000, group 3, 102 municipalities with populations of from 500 to 1,000 and group 4, 210 municipalities with estimated 1957 populations of less than 500.

A. Municipal Characteristics

Table 3

Population Change 1950-1957

	All Municipalities	Population: 5,000 & over	1,000 to 4,999	500 to 999	Less than 500
Total	100%	100%	100%	100%	100%
No change	12%	—	8%	14%	17%
Less than 10% increase	38%	25%	36%	49%	36%
10% to 25% increase	26%	41%	31%	21%	20%
25% increase and over	13%	30%	21%	6%	8%
Decrease	9%	2%	3%	7%	16%
No response	2%	2%	1%	3%	3%

During the seven year period from 1950 to 1957, 77% of the reporting municipalities experienced a growth in population and 21% either lost population or remained the same. That the rate of growth was directly related to size is pointed up by the fact that virtually all of the large municipalities increased in population, and 71% increased by 10% or more, while 33% of the municipalities of less than 500 population either lost population or remained the same. Only 28% of this group of municipalities had a population increase of 10% or more. The population growth factor is one of the most, if not the most, important factor in interpreting the responses to the questions relating to service adequacy and revenue needs.

Table 4

Population Density

	All Municipalities	Population: 5,000 & over	1,000 to 4,999	500 to 999	Less than 500
Total	100%	100%	100%	100%	100%
Less than 100 per sq. mile	11%	—	5%	7%	19%
100 to 500 per sq. mile	34%	9%	9%	29%	57%
500 to 1,000 per sq. mile	16%	13%	21%	30%	7%
1,000 to 2,000 per sq. mile	14%	25%	35%	5%	5%
2,000 and over per sq. mile	11%	51%	16%	3%	1%
No response	14%	2%	14%	26%	11%

As expected, the number of people per square mile of incorporated area varies directly with the size of the municipality. For example, 76% of the largest municipalities reported 1,000 or more people per square mile as compared with only six percent of the smallest municipalities and, conversely, 76% of the smallest municipalities reported fewer than 500 people per square mile as compared with only nine percent of the municipalities in the largest population group.

This characteristic is also a factor in determining the adequacy of service needs and revenue requirements as the cost of providing some of the services varies directly with the degree of population concentration.

Table 5

Property Tax Delinquency

	All Municipalities	Population: 5,000 & over	1,000 to 4,999	500 to 999	Less than 500
Total	100%	100%	100%	100%	100%
No delinquency	31%	11%	15%	27%	45%
Less than 2%	16%	40%	26%	11%	7%
2% to 5%	9%	17%	12%	10%	5%
5% and over	8%	8%	8%	9%	9%
No response	36%	24%	39%	43%	34%

Although 36% of the responding municipalities failed to answer this question, sufficient response was received to clearly indicate that the rate of tax delinquency increases with the size of the municipality. Of the responding municipalities with populations of less than 500, 68% had no tax delinquency, as compared with 14% of the municipalities with populations of 5,000 or more.

Table 6

Revenue Requirements

What percentage increase over 1957 do you anticipate will be required to meet your **peak annual** revenue requirements during the next five years:

	All Municipalities	Population: 5,000 & over	1,000 to 4,999	500 to 999	Less than 500
Total	100%	100%	100%	100%	100%
No increase	21%	6%	10%	18%	32%
Less than 10% increase	8%	11%	13%	8%	5%
10% to 20% increase	20%	30%	23%	23%	13%
20% to 30% increase	12%	21%	15%	16%	8%
30% increase and over	8%	9%	9%	9%	7%
No response	31%	23%	30%	26%	35%

The pattern of increased annual revenue requirements during the next five years is clear although the response rate to this question was relatively low. The pattern is that the increase in peak revenue requirements varies directly with municipality size. About 50% of the smallest group of municipalities anticipated no increase while 78% of the largest group of municipalities anticipated an increase of 10% or more. Half of this latter group expected an increase of more than 20%.

B. Adequacy Of Present Revenue Sources

Table 7

Indicate which one of the three following statements is most applicable to your county.	All Munici-palities	Population Group: 5000 and over	1000 to 4999	500 to 999	Less than 500
Total	100%	100%	100%	100%	100%
Sufficient revenues to do a reasonably good job in financing necessary local functions are obtainable locally from our present revenue sources.	52%	38%	54%	54%	55%
Sufficient revenues to do a reasonably good job in financing necessary local functions are not obtainable from our present revenue sources, but would be obtainable locally if the Legislature would grant the local government broader local taxing powers.	15%	32%	18%	18%	7%
Sufficient revenues to do a reasonably good job in financing necessary local functions would not be obtainable locally even if the local governments were granted broader taxing powers.	20%	19%	16%	21%	22%
Other	2%	2%	2%	2%	2%
No response	11%	9%	10%	6%	14%

About 75% to 80% of the municipalities in the various size classes felt that sufficient revenues to do a reasonably good job either were available under the present tax structure or would become so if the municipality were granted broader taxing authority. About 20% to 25% in each of the size classes apparently felt that in order to do a reasonably good job in financing municipal functions, additional financial aid must be obtained outside the local community. The greatest difference between the four size classes was with respect to the effect of additional local taxing authority. A substantially greater number of municipalities in the largest size group reported that sufficient revenues would be obtainable locally if they were granted broader taxing powers. It is observed that the effect of broader taxing authority varies directly with the size of the municipality.

C. Directional Preference In Strengthening Municipal Governments

Table 8

Indicate your preference as to the **direction** in which the Legislature should act in order to strengthen the financial position of the local governments.

(Check only one of the two alternatives listed.)

	Total	More Local Taxing and Revenue Raising Authority for the Municipalities	Additional State Taxes to Provide More State Aid to the Municipalities	Other	No Response
All Municipalities	100%	42%	43%	4%	11%
Population:					
5,000 and over	100%	47%	42%	2%	9%
1,000 – 4,999	100%	45%	40%	6%	9%
500 – 999	100%	43%	48%	3%	6%
Less than 500	100%	39%	42%	5%	14%

The municipalities are about evenly divided as to whether or not the Legislature should act to grant more local taxing authority or provide more State aid. What little difference exists among the various size classes indicates that the larger municipalities are somewhat more in favor of more local revenue raising authority. (Consistent with their response to the question relating to adequacy of present revenue sources.)

D. Adequacy of Facilities

Table 9

Indicate your evaluation of the adequacy of the following facilities and services at the present time:

	Total	Adequate	Inadequate	No Response
Police Protection				
All Municipalities	100%	74%	25%	1%
Population—5,000 and over	100%	66%	34%	–
1,000 – 4,999	100%	83%	14%	3%
500 – 999	100%	77%	23%	–
Less than 500	100%	69%	29%	2%
Fire Protection				
All Municipalities	100%	86%	13%	1%
Population—5,000 and over	100%	70%	30%	–
1,000 – 4,999	100%	92%	6%	2%
500 – 999	100%	95%	5%	–
Less than 500	100%	83%	17%	–
Streets & Alleys				
All Municipalities	100%	66%	33%	1%
Population—5,000 and over	100%	45%	55%	–
1,000 – 4,999	100%	59%	38%	3%
500 – 999	100%	66%	32%	2%
Less than 500	100%	75%	24%	1%
Sewers & Sewage Disposal				
All Municipalities	100%	42%	54%	4%
Population—5,000 and over	100%	40%	58%	2%
1,000 – 4,999	100%	49%	50%	1%
500 – 999	100%	43%	55%	2%
Less than 500	100%	42%	51%	7%
Water System				
All Municipalities	100%	60%	37%	3%
Population—5,000 and over	100%	45%	53%	2%
1,000 – 4,999	100%	65%	33%	2%
500 – 999	100%	74%	25%	1%
Less than 500	100%	54%	41%	5%
Municipal Buildings				
All Municipalities	100%	60%	38%	1%
Population—5,000 and over	100%	38%	62%	–
1,000 – 4,999	100%	58%	41%	1%
500 – 999	100%	63%	37%	–
Less than 500	100%	67%	29%	4%
Available Hospital Facilities				
All Municipalities	100%	46%	49%	5%
Population—5,000 and over	100%	60%	38%	2%
1,000 – 4,999	100%	51%	45%	4%
500 – 999	100%	49%	48%	3%
Less than 500	100%	39%	54%	7%
Available Clinical & Health Service				
All Municipalities	100%	56%	39%	5%
Population—5,000 and over	100%	72%	28%	–
1,000 – 4,999	100%	70%	27%	3%
500 – 999	100%	61%	36%	3%
Less than 500	100%	42%	50%	8%
Recreation & Parks				
All Municipalities	100%	68%	30%	2%
Population—5,000 and over	100%	55%	45%	–
1,000 – 4,999	100%	80%	19%	1%
500 – 999	100%	76%	22%	2%
Less than 500	100%	60%	37%	3%
Library Facilities				
All Municipalities	100%	47%	49%	4%
Population—5,000 and over	100%	55%	43%	2%
1,000 – 4,999	100%	66%	32%	2%
500 – 999	100%	52%	46%	2%
Less than 500	100%	31%	61%	8%

Sewers and sewage disposal is the least adequate of the facilities. There is not a greal deal of difference among the cities of the various size classes. Fire and police facilities are reported at a relatively high level of adequacy among cities of all size classes. Generally the largest size class reported the lowest degree of adequacy. The exceptions to this generaliz..tion are the hospital and clinical and health facilitie. which have the highest level of adequacy in the largest size class and the lowest level of adequacy in the smallest size class. As might be expected, library facilities are also rated at a very low level of adequacy among the municipalities with a population of less than 500.

E. Facility Expansion Plans

Table 10

Which of the following facilities do you expect to improve or expand through the issuance of general obligation bonds during the five year period — 1958 through 1962:

	Total	Yes	No	No Response
Police Protection				
All Municipalities	100%	7%	74%	19%
Population—5,000 and over	100%	9%	76%	15%
1,000 – 4,999	100%	5%	76%	19%
500 – 999	100%	5%	73%	22%
Less than 500	100%	9%	72%	19%
Fire Protection				
All Municipalities	100%	15%	68%	17%
Population—5,000 and over	100%	28%	57%	15%
1,000 – 4,999	100%	11%	72%	17%
500 – 999	100%	13%	64%	23%
Less than 500	100%	15%	70%	15%
Streets and Alleys				
All Municipalities	100%	33%	56%	11%
Population—5,000 and over	100%	51%	36%	13%
1,000 – 4,999	100%	35%	55%	10%
500 – 999	100%	34%	54%	12%
Less than 500	100%	27%	63%	10%
Sewers and Sewage Disposal				
All Municipalities	100%	27%	60%	13%
Population—5,000 and over	100%	47%	42%	11%
1,000 – 4,999	100%	37%	53%	10%
500 – 999	100%	32%	55%	13%
Less than 500	100%	14%	71%	15%
Water System				
All Municipalities	100%	21%	66%	13%
Population—5,000 and over	100%	36%	56%	8%
1,000 – 4,999	100%	29%	59%	12%
500 – 999	100%	23%	63%	14%
Less than 500	100%	12%	74%	14%
Municipal Buildings				
All Municipalities	100%	20%	65%	15%
Population—5,000 and over	100%	45%	42%	13%
1,000 – 4,999	100%	21%	63%	16%
500 – 999	100%	16%	68%	16%
Less than 500	100%	14%	71%	15%
Hospital Facilities				
All Municipalities	100%	5%	76%	19%
Population—5,000 and over	100%	9%	72%	19%
1,000 – 4,999	100%	11%	72%	17%
500 – 999	100%	4%	76%	20%
Less than 500	100%	1%	80%	19%
Clinical and Health Service				
All Municipalities	100%	3%	79%	18%
Population—5,000 and over	100%	0%	81%	19%
1,000 – 4,999	100%	4%	77%	19%
500 – 999	100%	3%	78%	19%
Less than 500	100%	1%	81%	18%

Recreation and Parks				
All Municipalities	100%	15%	69%	16%
Population—5,000 and over	100%	28%	53%	19%
1,000 – 4,999	100%	13%	73%	14%
500 – 999	100%	13%	68%	19%
Less than 500	100%	10%	75%	15%
Library Facilities				
All Municipalities	100%	7%	73%	20%
Population—5,000 and over	100%	23%	54%	22%
1,000 – 4,999	100%	6%	75%	19%
500 – 999	100%	6%	74%	20%
Less than 500	100%	3%	77%	20%

There are four facilities with respect to which at least 20% of the municipalities have expansion plans. Ranked in order of the number of municipalities, they are streets and alleys, sewers and sewage disposal, water system and municipal buildings. The expansion plans for these four facilities vary directly with the size of the municipalities, as indeed do the expansion plans for all the other facilities with the exception of hospital facilities and clinical and health service.

F. Property Tax Assessment Alternatives

Table 11

Summary of Attitudes toward Three Assessment Alternatives

	Total	Favor one or more	Favor none
All Municipalities	100%	49%	51%
Population—5,000 and over	100%	68%	32%
1,000 – 4,999	100%	55%	45%
500 – 999	100%	53%	47%
Less than 500	100%	39%	61%

Alternative 1

The local assessor system should be eliminated and a uniform property tax assessment system should be set up and administered by the state:

	Yes	No	No Opinion	No Response
All Municipalities	11%	78%	7%	4%
Population—5,000 and over	11%	80%	9%	0%
1,000 – 4,999	8%	83%	8%	3%
500 – 999	16%	77%	3%	4%
Less than 500	10%	78%	8%	4%

Alternative 2

The local assessor system should be eliminated and the property tax administered through a county assessor system:

	Yes	No	No Opinion	No Response
All Municipalities	19%	70%	7%	4%
Population—5,000 and over	19%	66%	9%	6%
1,000 – 4,999	21%	67%	9%	3%
500 – 999	25%	70%	3%	2%
Less than 500	14%	75%	7%	4%

Alternative 3

The property tax should be administered through a modified county assessor system whereby any municipality which employs a qualified full-time assessor would be independent of the county assessor system:

	Yes	No	No Opinion	No Response
All Municipalities	26%	49%	20%	5%
Population—5,000 and over	47%	30%	15%	8%
1,000 – 4,999	31%	48%	20%	1%
500 – 999	21%	55%	18%	6%
Less than 500	20%	50%	24%	6%

Forty-nine percent of the municipalities favored one or more of the three assessment alternatives listed in the questionnaire. The approval of a modification of the present assessment system varies directly with the size of the municipalities, and ranged from a high of 68% approval among the largest size class to 39% approval among the municipalities with populations of less than 500.

Popularity of the modified system increased as a greater degree of local control was incorporated into the suggestion. The suggestion that the property tax be administered by a modified county assessor system was favored by 61% of the largest cities which gave a definite yes or no answer to this question. This is the only instance in which the number of cities of a given size class which favored one of the assessment alternatives outnumbered the negatives.

G. Property Tax Utilization

Table 12

Indicate by check mark your belief regarding property tax utilization in your municipality:

	Yes	No	No Opinion	No Response
Too much dependence is placed on the property tax				
All Municipalities	39%	37%	19%	5%
Population—5,000 and over	53%	26%	15%	6%
1,000 – 4,999	51%	32%	13%	4%
500 – 999	35%	41%	21%	3%
Less than 500	31%	40%	22%	7%
The property tax is used to finance too many different programs				
All Municipalities	35%	30%	30%	5%
Population—5,000 and over	40%	17%	37%	6%
1,000 – 4,999	45%	30%	22%	3%
500 – 999	39%	32%	26%	3%
Less than 500	26%	33%	34%	7%

	Yes	No	No Opinion	No Response
As it is now administered the property tax could carry a greater portion of the tax load				
All Municipalities	9%	73%	15%	3%
Population—5,000 and over	2%	85%	9%	4%
1,000 – 4,999	9%	79%	10%	2%
500 – 999	11%	75%	12%	2%
Less than 500	10%	66%	20%	4%
The property tax could carry a greater portion of the tax load if it were more equitably administered				
All Municipalities	27%	46%	22%	5%
Population—5,000 and over	23%	58%	15%	4%
1,000 – 4,999	34%	52%	12%	2%
500 – 999	26%	46%	22%	6%
Less than 500	25%	39%	28%	8%
The mill rate and or per capita limitations on the property tax are too low				
All Municipalities	12%	66%	18%	4%
Population—5,000 and over	17%	58%	17%	8%
1,000 – 4,999	19%	64%	16%	1%
500 – 999	14%	65%	15%	6%
Less than 500	7%	67%	22%	4%
The household property tax should be eliminated and any loss in revenue made up from the other property taxes				
All Municipalities	44%	42%	11%	3%
Population—5,000 and over	75%	19%	4%	2%
1,000 – 4,999	48%	44%	6%	2%
500 – 999	43%	48%	9%	0%
Less than 500	33%	44%	18%	5%

The two largest size classes of municipalities indicated they felt that too much dependence is placed on the property tax and that it is used to finance too many different programs. The smaller municipalities divided about equally on these questions. A substantial number of municipalities of all sizes reported "no opinion". The large number of "no opinion" answers are probably attributable, at least in part, to reservations regarding possible alternative sources of revenue.

The proportion of the municipalities which felt that the property tax could not carry a greater portion of the tax load as presently administered ranged from 85% of the largest to 66% of the smallest size classes. The proportion of negative responses to the proposition that the property tax could carry a greater portion of the tax load if more equitably administered, although still large, was considerably smaller, indicating the existence of a substantial body of opinion that the property tax through improved administration, can play a more important role in municipal finances.

About two-thirds of all municipalities felt that the present mill rate and per capita limitations on the property tax were **not** too low. There was not a great deal of variation in the thinking expressed among the municipalities of the various size classes.

Among all municipalities the thinking was about equally divided as to whether or not the household personal property tax should be eliminated. Among the municipalities of the largest size class the sentiment was overwhelmingly in favor of eliminating this tax. About the same proportion of the municipalities in the three smaller size classes opposed elimination of this tax with a decreasing proportion favoring elimination as we progress from the largest to the smallest of these three groups.

H. Non-Property Taxes

Table 13

Assuming the appropriate enabling legislation for the municipalities, which of the following non-property taxes do you favor and which do you not favor as sources of additional local revenue?

	Favor	Do Not Favor	Other	No Response
Admission and amusement tax				
All Municipalities	46%	46%	1%	7%
Population—5,000 and over	36%	58%	2%	4%
1,000 – 4,999	37%	53%	1%	9%
500 – 999	51%	41%	0%	8%
Less than 500	51%	43%	0%	6%
Gasoline and motor fuel tax				
All Municipalities	40%	52%	0%	8%
Population—5,000 and over	32%	60%	0%	8%
1,000 – 4,999	39%	49%	1%	11%
500 – 999	44%	50%	0%	6%
Less than 500	40%	53%	0%	7%
Motor Vehicle (Wheelage) Tax				
All Municipalities	30%	58%	1%	11%
Population—5,000 and over	32%	53%	2%	13%
1,000 – 4,999	28%	57%	1%	14%
500 – 999	32%	58%	0%	10%
Less than 500	30%	60%	0%	10%
Gross receipts tax on power, water and telephone companies				
All Municipalities	36%	54%	1%	9%
Population—5,000 and over	53%	43%	2%	2%
1,000 – 4,999	33%	51%	1%	15%
500 – 999	39%	54%	1%	6%
Less than 500	32%	58%	0%	10%
Tax on electric, gas and telephone bills				
All Municipalities	12%	80%	1%	7%
Population—5,000 and over	22%	72%	0%	6%
1,000 – 4,999	7%	83%	1%	9%
500 – 999	9%	83%	0%	8%
Less than 500	12%	81%	0%	7%
General retail sales tax				
All Municipalities	33%	54%	7%	6%
Population—5,000 and over	32%	51%	11%	6%
1,000 – 4,999	36%	47%	11%	6%
500 – 999	37%	50%	7%	6%
Less than 500	30%	59%	4%	7%

Additional tax on cigarettes and tobacco				
All Municipalities	32%	62%	0%	6%
Population—5,000 and over	34%	64%	0%	2%
1,000 – 4,999	30%	60%	0%	10%
500 – 999	36%	58%	0%	6%
Less than 500	30%	65%	0%	5%
Hotel and motel room tax				
All Municipalities	29%	61%	1%	9%
Population—5,000 and over	43%	55%	0%	2%
1,000 – 4,999	18%	70%	1%	11%
500 – 999	29%	62%	0%	9%
Less than 500	32%	57%	1%	10%
Real estate transfer tax (This is a tax on the transfer and conveyance of real estate)				
All Municipalities	28%	62%	1%	9%
Population—5,000 and over	32%	60%	2%	6%
1,000 – 4,999	26%	65%	0%	9%
500 – 999	33%	59%	0%	8%
Less than 500	27%	62%	0%	11%
Business licenses based on gross receipts				
All Municipalities	23%	68%	0%	9%
Population—5,000 and over	26%	68%	2%	4%
1,000 – 4,999	16%	73%	0%	11%
500 – 999	23%	69%	0%	8%
Less than 500	26%	64%	0%	10%
Business Licenses — Flat Rate				
All Municipalities	17%	71%	0%	12%
Population—5,000 and over	26%	61%	0%	13%
1,000 – 4,999	15%	69%	1%	15%
500 – 999	16%	75%	0%	9%
Less than 500	17%	73%	0%	10%
Surtax on State Income Tax				
All Municipalities	20%	72%	1%	7%
Population—5,000 and over	22%	72%	0%	6%
1,000 – 4,999	21%	72%	1%	6%
500 – 999	23%	71%	0%	7%
Less than 500	18%	74%	0%	8%
Payroll tax — flat rate				
All Municipalities	8%	83%	1%	8%
Population—5,000 and over	6%	90%	0%	4%
1,000 – 4,999	7%	83%	1%	9%
500 – 999	8%	74%	0%	8%
Less than 500	10%	82%	0%	8%
Per capita tax (Similar to the poll tax)				
All Municipalities	12%	78%	1%	9%
Population—5,000 and over	11%	81%	0%	8%
1,000 – 4,999	12%	81%	0%	7%
500 – 999	16%	75%	0%	9%
Less than 500	11%	77%	1%	11%

The attitude toward the 14 non-property taxes listed on the questionnaire was generally very negative. Fifty percent or more of all the municipalities indicated they did not favor 13 of the 14 tax choices. The exception was the Admissions and Amusement Tax with respect to which the municipalities were equally divided, 46% favored and 46% did not favor.

A look at the results from the standpoint of the various size classes shows the only non-property tax favored by the municipalities of 5,000 or more population was the Gross Receipts Tax on power, water and telephone companies. Fifty-three percent of the large municipalities favored this tax, 43% did not favor it. The only other tax which as many as 40% of the larger municipalities favored was the Hotel and Motel Room Tax.

None of the tax choices were favored by as many as 40% of the municipalities with populations of from 1,000 to 4,999.

A majority of the municipalities in each of the two smallest size groups favored the Admissions and Amusement Tax, and 40% or more of each of these groups favored the Gasoline and Motor Fuel Tax as a source of additional revenue.

Two-thirds or more of the municipalities reported that they did not favor six of the tax choices. These six least favored of the 14 tax choices are:

Tax	Percent Do not Favor
Payroll tax — flat rate	83%
Tax on electric, gas and telephone bills	80%
Per Capita Tax	78%
Surtax on State Income Tax	72%
Business Licenses — flat rate	71%
Business Licenses — gross receipts	68%

There is no substantial difference between the proportions of the municipalities in the four size classes which did not favor these taxes.

8/4/58

THE COUNTY QUESTIONNAIRE

STATE OF MINNESOTA
COMMISSION ON LOCAL GOVERNMENTAL FISCAL PROBLEMS

326 State Capitol
St. Paul 1, Minnesota

1. Name of County: ______________

2. What percentage increase in general revenue over 1957 do you anticipate will be required to meet your County's **peak annual** revenue requirements during the next five years: ______%

3. Indicate your evaluation of the adequacy of the following facilities and services within your county at the present time:

	Adequate	Inadequate	Other
a. Police Protection	82%	15%	3%
b. Fire Protection	86%	11%	3%
c. County Roads and Bridges	30%	58%	11%
d. Township Roads and Bridges	30%	56%	14%
e. Ditches and Drainage Facilities	45%	43%	12%
f. County Administration Buildings	64%	30%	6%
g. Available Hospital Facilities	75%	17%	8%
h. Available Rest Home and Nursing Home Facilities	30%	60%	10%
i. Recreational Facilities	60%	30%	10%
j Library Facilities	70%	23%	7%

k. Other: ______________

4. Which of the following county facilities do you expect to improve or expand through the issuance of general obligation bonds during the five year period — 1958 through 1962:

	% Yes	% No	Estimated Cost in Current Dollars	% No Response
a. Police protection	—	88	$______	12
b. Fire protection	—	88	______	12
c. County roads and bridges	14	75	______	11
d. Ditches and drainage facilities	18	70	______	12
e. County administration buildings	12	76	______	12
f. Hospital facilities	10	77	______	13
g. Rest homes and nursing homes	22	69	______	9
h. Recreation facilities	1	84	______	14
i. Library facilities	3	84	______	13
j. Other: ______			______	

5. Indicate by check mark your agreement or disagreement with the following statements as they apply to your county:

	% Yes	% No	% Other
a. Savings could be realized by establishing, within the county, a coordinated system of purchasing supplies and equipment for the county, municipal and township governments	30	56	14
b. The coordination of existing police and fire protection services of the municipalities, townships and county would result in savings or substantial improvements in service within the county	34	44	22
c. The counties should have a full time chief administrative officer responsible for the proper administration of all or substantially all county functions under the direction of the Board of County Commissioners	8	84	8
d. Because of small population, low valuation, or for other reasons, some of the township governments should be dissolved and their governmental functions returned to the county	19	66	15

6. Property taxes — Indicate by check mark your belief regarding the total property tax utilization in your county by all levels of government.

	% Yes	% No	% No Opinion	% No Response
a. Too much dependence is placed on the property tax	53	22	22	3
b. As it is now administered the property tax could carry a greater portion of the tax load	1	90	5	4
c. The property tax could carry a greater portion of the tax load if it were more equitably administered	30	50	17	3
d. The household property tax should be eliminated and any loss in revenue made up from the other property taxes	35	47	16	2
e. The property tax is used to finance too many different programs	51	27	21	1
f. The mill rate and/or per capita limitations on the property tax are too low	17	62	17	4
g. The local assessor system should be eliminated and a uniform property tax assessment system should be set up and administered by the state	9	86	3	1
h. The local assessor system should be eliminated, and the property tax administered through a county assessor system	40	43	13	4
i. The property tax should be administered through a modified county assessor system whereby any municipality which employs a qualified full-time assessor would be independent of the county assessor system	9	77	12	2

7. Indicate your preference as to the **direction** in which the Legislature should act in order to strengthen the financial position of the local governments. (Check only one of the two alternatives listed.)

a. More local taxing and revenue raising authority for the local governments	50%	Other 13%
OR		
b. Additional State taxes to provide more State aid to the local governments	34%	No Response 3%

8. Assuming the appropriate enabling legislation, which of the following non-property taxes do you favor and which do you not favor as sources of additional local revenue?

TAX	% Favor	% Do Not Favor	% Other	% No Response
a. Admission and amusement tax	58	30	8	4
b. Gasoline and motor fuel tax	61	24	14	1
c. Business licenses based on gross receipts	41	40	10	9
d. Business licenses — flat rate	9	76	1	14
e. Additional tax on cigarettes and tobacco	31	52	13	4
f. Payroll tax — flat rate	14	73	9	4
g. Surtax on State Income Tax	25	57	14	4
h. Motor Vehicle (Wheelage Tax)	48	35	12	5
i. Tax on electric, gas and telephone bills	8	79	5	8
j. General retail sales tax	36	39	25	0
k. Gross receipts tax on power, water and telephone companies	39	46	10	5
l. Hotel and motel room tax	43	47	6	4
m. Per capita tax (Similar to the poll tax)	18	63	13	6
n. Real estate transfer tax (This is a tax on the transfer and conveyance of real estate)	37	48	10	5
o. Other:				

9. List the taxes which you have indicated that you favor in question 8 in the order of your preference. For example — if your first choice is the Motor Vehicle Tax, enter "Motor Vehicle Tax" on line 1. If your second choice is the Admissions and Amusement Tax, enter "Admissions and Amusement Tax" on line 2. List all of the taxes which you have indicated that you favor in question 8 in this manner. In the appropriate column indicate your preference as to the method of administration for each of the taxes you have listed.

Choice		Locally levied and locally collected	Locally levied and collected by the State	State levied and collected for re-distribution
1st		☐	☐	☐
2nd		☐	☐	☐
3rd		☐	☐	☐
4th		☐	☐	☐
5th		☐	☐	☐
6th		☐	☐	☐
7th		☐	☐	☐
8th		☐	☐	☐
9th		☐	☐	☐
10th		☐	☐	☐

10. Indicate which one of the three following statements is most applicable to your county:

a. Sufficient revenues to do a reasonably good job in financing necessary local functions are obtainable locally from our present revenue sources 47%

b. Sufficient revenues to do a reasonably good job in financing necessary local functions are not obtainable from our present revenue sources, but would be obtainable locally if the Legislature would grant the local government broader local taxing powers 25%

c. Sufficient revenues to do a reasonably good job in financing necessary local functions would not be obtainable locally even if the local governments were granted broader taxing powers 14%

Other 8%

No Response 6%

11. Do you expect any changes or developments within the next five or six years which will substantially affect your county, i.e., construction of the interstate highway systems, new business coming in, or old business leaving your county, etc. Yes________ No________
If your answer is yes, please explain:

____

____

____

____

. . . . . .

This questionnaire submitted by:

Name ____

Address ____

Date ____

THE MAIL QUESTIONNARE SURVEY OF MINNESOTA COUNTIES

I. AREAS OF INQUIRY

In order to provide a basis for maximum comparisons between county and municipal problems and attitudes, the county questionnaire was patterned after the previously designed municipality questionnaire. As current population estimates and area data are available for the counties, these items were omitted from the county questionnaire. The questions regarding the adequacy and expansion plans of specific facilities were revised to include facilities and services which were within the counties' area of jurisdiction. In addition, a special block of four questions dealing with administrative organization and intergovernmental cooperation was added to the county questionnaire.

The information and attitudes solicited in the county questionnaire came under the following subject headings:

A. Administrative and Organizational Consolidation.

B. Adequacy of Present Revenue Sources

C. Directional Preference in Strengthening County Governments

D. Adequacy of Facilities

E. Facility Expansion Plans

F. Property Tax Assessment Alternatives

G. Property Taxes

H. Non-Property Taxes

II. SURVEY COVERAGE

A. Mailing

The county questionnaire was mailed about the middle of August, two months after the municipal questionnaire was mailed. As a number of the questions in the two questionnaires were identical, the delay in mailing the county questionnaire until a number of municipality questionnaires had been returned provided a basis for evaluating the effectiveness of the questions. Whereas the municipality questionnaires were mailed to the clerks or managers of the municipalities with the request that they present it to their councils to answer on a concensus basis, the county questionnaire was sent to each county commissioner. The commissioner was requested to complete the questionnaire himself or to complete one jointly with some or all of his fellow commissioners. If the questionnaire represented the thinking of more than one commissioner, it was requested that the number whose thinking the completed questionnaire represented be designated. In all, 438 county commissioners in the State received the questionnaire. Each of the counties has five commissioners except Ramsey, which has six, and St. Louis, which has seven.

B. Returns

The returns were cut off after the first week in November. In those cases where several individual questionnaires were received from the same county, a composite return was prepared so only one questionnaire per county was used in the summary.

In making up the composite return, the response to each question was determined by the majority of the commissioners of that particular county. In those cases where the responses were equally divided, the response on the composite return was coded "no opinion" or "other".

One or more returns were received from 77, or 89% of the State's 87 counties. These returns represented the thinking of 203, or 53% of the commissioners of these counties.

The ten counties from which no responses were received are Chippewa, Cottonwood, Crow Wing, Dakota, Hennepin, Isanti, Le Sueur, Mahnomen, Traverse, and Wabasha.

C. Coding

The responses on the composite county questionnaires were assigned numerical codes and the information was punched into IBM cards to facilitate analysis of the data.

D. Limitations

In interpreting the results it should be borne in mind that many of the questions are subjective and the responses reflect the attitudes of our elected county commissioners. The questions were given a local setting and presumably the responses are addressed to the local county situation.

III. ANALYSIS

In making the analysis, the composite reports for the counties were taken as a unit rather than the individual reports of the county commissioners. Because of the small number of units involved (77), no attempt was made to subdivide the counties on the basis of geography, population, or other characteristics.

A. County Characteristics

Table 1

Population Change 1950-1957*

	Participating Counties
Total	100%
No change	1%
Less than 10% increase	38%
10% to 25% increase	31%
25% increase and over	4%
Decrease	26%

*Source: 1957 Estimates from Minnesota Department of Health.

In determining the population change that occurred in the counties from 1950 to 1957, the Minnesota Department of Health county population estimates for 1957 were compared with the county's 1950 census. During this seven year period, the population of the State increased by about 10%. Obviously, this increase in population was not uniform throughout the State. The counties in the survey fall into three rather distinct groups. Twenty-six percent had a decrease in population, 38% increased by less than 10%, and 35% experienced population increases of 10% or more.

The counties which lost population are rural and situated beyond the reach of the metropolitan influence. They do not have a large hub city within their boundaries. Most of these counties are located in northwestern and north central Minnesota.

The counties which gained less than 10% in population are principally the rural counties of west central and southern Minnesota. These counties are located in the better farming areas of the state and many of them have cities of the second and third class.

The group of counties which had population increases of 10% or more are counties which are influenced by the Twin City metropolitan area or which are affected by the taconite and other substantial industrial developments in the State.

Table 2
Revenue Requirements

What percent increase in general revenue over 1957 do you anticipate will be required to meet your County's **peak** annual revenue requirement during the next five years?

Total	100%
No increase	3%
Less than 10% increase	18%
10% to 20% increase	40%
20% to 30% increase	22%
30% increase and over	3%
No response	14%

Eighty-six percent of the counties participating in the survey submitted estimates of the percentage increase in general revenue over 1957 which would be required to meet their peak annual revenue requirements during the five year period from 1958 to 1962. The greatest proportion, 47%, estimated a 10% to 20% increase. Twenty-nine percent estimated increases of 20% or more and 21% increases of less than 10%. Three percent said they anticipated no increase in general revenue requirements.

A comparison of two groups of counties representing those with the smallest anticipated revenue increases and those with the largest anticipated revenue increases shows that the counties anticipating the smallest increase feel that their present revenue sources are more nearly adequate and also that they are planning on financing more facility and service improvements through the issuance of general obligation bonds. There was no appreciable difference in the number of facilities and services rated as adequate by the two groups. It may be that the group of counties which anticipated the highest general revenue increases were planning on financing more of their facility and service improvements out of general revenue funds. If this is the case it probably influenced their evaluation of the adequacy of their present revenue sources.

Table 3
Administrative and Organizational Consolidation

Indicate by check mark your agreement or disagreement with the following statements as they apply to your county:

	Total	Percent Yes	No	Other
a. Savings could be realized by establishing, within the county, a coordinated system of purchasing supplies and equipment for the county, municipal and township governments	100	30	56	14
b. The coordination of existing police and fire protection services of the municipalities, townships and county would result in savings or substantial improvements in service within the county	100	34	44	22
c. The counties should have a full time chief administrative officer responsible for the proper administration of all or substantially all county functions under the direction of the Board of County Commissioners	100	8	84	8
d. Because of small population, low evaluation, or for other reasons, some of the township governments should be dissolved and their governmental functions returned to the county	100	19	66	15

The suggestions for coordinated purchasing, and police and fire protection services at the county level were favored by about one-third of the counties. Most of these counties favored both proposals. Although very few failed to answer these two questions, there were quite a number of counties with reservations and divided opinions.

There was virtually no support for the suggestion that the counties should have a full time administrative officer. The little support given was scattered and formed no discernible pattern.

The suggestion that the governments of certain townships with small populations and low valuation should be dissolved applies principally to the northern counties. These counties were divided about 50-50 on this proposition. Most of the opposition to the proposal came from counties that would not be affected by the proposal.

B. Adequacy Of Present Revenue Sources

Table 4

Indicate which one of the three following statements is most applicable to your county:

	Percent
Sufficient revenues to do a reasonably good job in financing necessary local functions are obtainable locally from our present revenue sources	47
Sufficient revenues to do a reasonably good job in financing necessary local functions are not obtainable from our present revenue sources, but would be obtainable locally if the Legislature would grant the local government broader local taxing powers	25
Sufficient revenues to do a reasonably good job in financing necessary local functions would not be obtainable locally even if the local governments were granted broader taxing powers	14
Other	8
No Response	6

Responses to the question relative to the adequacy of present revenue sources indicate that sufficient revenues to do a reasonably good job in financing necessary county functions are available from the present revenue sources in 36 of the responding counties. An additional 19 indicated that sufficient revenue would be available locally if the counties were granted broader taxing powers. These two categories account for 55 or 72% of the 77 participating counties.

Eleven of the counties indicated that they would not be able to secure sufficient revenues locally to do a reasonably good job even if they were granted broader local taxing authority. Presumably the commissioners of these counties felt that the financing of necessary functions in their particular counties was dependent upon grants in aid from the State. Ten of these 11 counties are located north of a curved line extending from Crookston through St. Cloud to Duluth.

The commissioners of 11 of the counties either failed to answer the question or were so divided in their responses that there was no clear indication as to which of the three alternatives was most applicable to their county.

C. Direction Preference In Strengthening Local Governments

Table 5

Indicate your preference as to the **direction** in which the Legislature should act in order to strengthen the financial position of the local governments. (Check only one of the two alternatives listed.)

	Percent
More local taxing and revenue raising authority for the local governments	50
Additional State taxes to provide more State aid to the local governments	34
Other	13
No Response	2

In response to the question as to the direction in which the Legislature should act in order to strengthen the financial position of the local governments, one-half of the counties indicated a preference for more local taxing and revenue raising authority, and one-third of them preferred to move in the direction of more State aids. The counties which preferred more local taxing authority also indicated that their local revenue sources were adequate to finance local functions or would become so if they were granted broader local taxing powers. Most of the counties which indicated that sufficient revenues would not be obtainable locally even with broader local taxing powers, preferred the Legislature to move in the direction of increased State aids.

D. Adequacy Of Facilities

Table 6

Indicate your evaluation of the adequacy of the following facilities and services within your county at the present time:

		Percent		
	Total	Adequate	Inadequate	Other
Police protection	100	82	15	3
Fire protection	100	86	11	3
County roads and bridges	100	30	58	11
Township roads and bridges	100	30	56	14
Ditches and drainage facilities	100	45	43	12
County administration buildings	100	64	30	6
Available hospital facilities	100	75	17	8
Available rest home and nursing home facilities	100	30	60	10
Recreational facilities	100	60	30	10
Library facilities	100	70	23	7

Police and fire protection are apparently the most adequate facilities as over 80% of the counties reported these facilities to be adequate. Other facilities with a high degree of adequacy are hospital, library, administration building and recreational facilities. From 60% to 75% of the counties reported these facilities to be adequate. The counties were about evenly divided as to the adequacy of ditches and drainage facilities—45% reported this facility as adequate and 43% as inadequate. The least adequate facilities were the county roads and bridges, township roads and bridges and the available rest home and nursing home facilities. Each of these three facilities were reported as adequate by only 30% of the counties. There was a relatively high degree of correlation between the adequacy of county roads and bridges and township roads and bridges within the counties as 70% of the counties which reported adequate county roads also reported adequate township roads.

E. Facility Expansion Plans

Table 7

Which of the following county facilities do you expect to improve or expand through the issuance of general obligation bonds during the five year period—1959 through 1962?

	Percent			
	Total	Yes	No	No Response
Police protection	100	0	88	12
Fire protection	100	0	88	12
County roads and bridges	100	14	75	11
Ditches and drainage facilities	100	18	70	12
County administration buildings	100	12	76	12
Hospital facilities	100	10	77	13
Rest homes and nursing homes	100	22	69	9
Recreation facilities	100	1	84	14
Library facilities	100	3	84	13

The counties are planning on improving the facilities which are least adequate through the issuance of general obligation bonds. Twenty-two percent plan to expand their rest homes and nursing homes, 18% their ditches and drainage facilities and 14% their roads and bridges. Hospital facilities and administration buildings are to be improved or expanded by 10% and 12% respectively. None of the counties plan a bond levy for the expansion of police and fire protection and only one percent plan to improve their recreational facilities and three percent their library facilities through bonding.

F. Property Tax Assessment Alternatives

Table 8

Summary of Attitudes toward Three Assessment Alternatives

	Percent				
	Total	Yes	No	No Opinion	No Response
The local assessor system should be eliminated and a uniform property tax assessment system should be set up and administered by the State	100	9	86	3	1
The local assessor system should be eliminated and the property tax administered through a county assessor system	100	40	43	13	4
The property tax should be administered through a modified county assessor system whereby any municipality which employs a full-time assessor would be independent of the county assessor system	100	9	77	12	2

Forty-eight percent of the counties favored one or more of the assessment alternatives, 34% gave a negative response to all three of the alternatives, and 16% responded with a combination of negatives and "no opinions". This indicates that they were open-minded as to the advisability of going to a strong county or modified county assessor system. All of the counties in this latter group gave a negative answer to a state-administered assessment system.

None of the three suggested assessment alternatives received the outright endorsement of the county officials. The most popular of the suggested systems was the strong county assessor system which was approved by 40% of the counties; 43% indicated they did not approve of this system. An additional four percent of the counties which favored a state assessment system checked "no opinion" on the strong county assessor system. So in all a total of 44% approved a system at least as strongly centralized as the strong county assessor system.

The modified county assessor system, under which any municipality employing a full-time qualified assessor would be independent of the county assessor system, did not find much support among the county commissioners, only nine percent approved of this system. This is the same percentage as favored a centralized state system of assessment administration.

G. Property Tax Utilization

Table 9

Indicate by check mark your belief regarding the total property tax utilization in your county by all levels of government:

	Percent				
	Total	Yes	No	No Opinion	No Response
Too much dependence is placed on the property tax	100	53	22	22	3
The property tax is used to finance too many different programs	100	51	27	21	1
As it is now administered the property tax could carry a greater portion of the tax load	100	1	90	5	4
The property tax could carry a greater portion of the tax load if it were more equitably administered	100	30	50	17	3
The mill rate and or per capita limitations on the property tax are too low	100	17	62	17	4
The household property tax should be eliminated and any loss in revenue made up from the other property taxes	100	35	47	16	2

Somewhat more than 50% of the responding counties indicated that they felt that too much dependence is placed on the property tax and that it is used to finance too many different programs. About two-thirds of the counties which gave a definite "yes" or "no" answer to these two propositions answered in the affirmative. There were a substantial number which were not very positive in their views as more than 20% responded with a "no opinion" answer to both propositions.

The counties were almost unanimously of the opinion that the property tax could not carry a greater portion of the tax load as presently administered. There was a substantial shift of opinion relative to the carrying capacity of the property tax if it were "more equitably" administered. Nevertheless, even with a more equitable system of administration, 50% of the counties believed that the property tax could not carry a greater portion of the tax load. The number of counties which favored one of the assessment alternatives exceeds the number which thought that the property tax could carry a greater portion of the tax load with a more equitable assessment system. Apparently these counties felt that a modification of the assessment system is necessary if the property tax is to continue to carry as great a proportion of the tax load as it now carries.

There was little support for the view that the mill rate or per capita limitations on the property tax are too low. The counties which thought the limitations were not too low outnumbered those which thought they were too low by four to one. This view seems entirely consistent with the views expressed relative to the inability of the property tax to carry a greater portion of the tax load.

Thirty-five percent of the counties thought that the personal property tax on household goods should be eliminated and the revenue loss made up from other property taxes, 47% said "no" to this suggestion. The extent to which the counties, which said "no" to this proposition are opposed to the repeal of the tax on household goods as a matter of principle, or are opposed because the proposal as offered would shift a greater tax burden onto other taxable property, is not entirely clear. Notes were appended to a number of the questionnaires with negative responses to the effect that any revenue loss resulting from the repeal of the tax on household goods should be made up from non-property taxes rather than from other property taxes. This is in keeping with the expressed view that property taxes should not be increased particularly in the absence of a more equitable system of property tax administration.

H. Non-Property Taxes

Table 10

Assuming the appropriate enabling legislation, which of the following non-property taxes do you favor and which do you not favor as sources of additional local revenue?

	Percent				
	Total	Favor	Do Not Favor	Other	No Response
Admissions and amusement tax	100	58	30	8	4
Gasoline and motor fuel tax	100	61	24	14	1
Motor vehicle (Wheelage Tax)	100	48	35	12	5
Gross receipts tax on power, water and telephone companies	100	39	46	10	5
Tax on electric, gas and telephone bills	100	8	79	5	8
General retail sales tax	100	36	39	25	0
Additional tax on cigarettes and tobacco	100	31	52	13	4
Hotel and motel room tax	100	43	47	6	4
Real estate transfer tax (This is a tax on the transfer and conveyance of real estate)	100	37	48	10	5
Business licenses based on gross receipts	100	41	40	10	9
Business licenses — flat rate	100	9	76	1	14
Surtax on State Income Tax	100	25	57	14	4
Payroll tax — flat rate	100	14	73	9	4
Per capita tax (Similar to the poll tax)	100	18	63	13	6

Ninety-six percent of the responding counties favored one or more of the 14 suggested non-property taxes but only two of the taxes were approved by 50% or more of the counties. These two were the additional tax on gasoline and the admission and amusement tax. The wheelage tax and the gross receipts business licenses, although favored by fewer than 50% of the counties were favored by more than half of the counties which gave a clear "yes" or "no" answer to the question.

A look at the negative side of the picture shows that six of the taxes were not favored by 50% or more of the counties. These six taxes with the percentage of counties which did not favor them given in parenthesis are:

Tax on electric, gas and telephone bills	(79%)
Business Licenses — flat rate	(76%)
Payroll tax — flat rate	(73%)
Per Capita Tax	(63%)
Surtax on State Income Tax	(57%)
Additional tax on cigarettes and tobacco	(52%)

The two least favored taxes were the tax on electric, gas and telephone bills, and the flat rate —business licenses. The flat rate payroll tax and the per capita tax also found little favor among the counties.

The General Retail Sales Tax has the distinction of representing the only question on the questionnaire which elicted a response from all of the responding counties. Although none of the counties are in the "no response" category, 25% of them responded in a manner which was neither a clear "favor" nor "do not favor" response. The "other" category includes those counties in which the responses were evenly divided between "favor" and "do not favor", those which favored only some form of limited sales taxation, and those which were favorable only if it were a replacement tax. The phrase "General Retail Sales Tax" was used deliberately in the questionnaire to convey the idea of a broad based sales tax. Actually it is somewhat contradictory in that it suggests two different forms of sales taxation, namely the "retail sales tax" and the "general sales tax". Judging from the fact that all of the counties did respond to this question it would appear that communications were not seriously impaired by reason of this loose terminology.

Table 1

Minnesota Governmental Units by Counties

County	Munici-palities[1]	Town-ships[2]	School Districts[3]
Aitkin	6	39	23
Anoka	12	8	6
Becker	7	36	26
Beltrami	8	40	19
Benton	4	12	50
Big Stone	8	14	21
Blue Earth	11	23	37
Brown	7	16	72
Carlton	10	25	12
Carver	13	12	36
Cass	14	50	14
Chippewa	5	16	46
Chisago	10	11	9
Clay	11	30	14
Clearwater	5	20	23
Cook	1	0	1
Cottonwood	6	18	18
Crow Wing	18	31	52
Dakota	17	19	36
Dodge	6	12	6
Douglas	11	20	52
Faribault	11	20	10
Fillmore	14	23	45
Freeborn	14	20	14
Goodhue	9	23	16
Grant	7	16	11
Hennepin	41	6	46
Houston	7	17	52
Hubbard	4	28	18
Isanti	3	13	32
Itasca	17	41	4
Jackson	6	20	45
Kanabec	4	15	23
Kandiyohi	12	23	73
Kittson	9	28	8
Koochiching	8	0	3
Lac Qui Parle	7	22	60
Lake	3	4	1
Lake of the Woods	3	0	7
Le Sueur	9	14	46
Lincoln	5	15	11
Lyon	11	20	19
McLeod	9	14	39
Mahnomen	3	14	9
Marshall	11	48	31
Martin	10	20	32
Meeker	8	17	74
Mille Lacs	8	17	37
Morrison	16	32	64
Mower	13	20	19
Murray	9	20	23
Nicollet	5	13	22
Nobles	11	20	32
Norman	8	24	10
Olmstead	5	18	54
Otter Tail	20	62	172
Pennington	3	21	21
Pine	13	34	46
Pipestone	9	12	9
Polk	15	59	75
Pope	9	20	62
Ramsey	16	1	5
Red Lake	4	13	18
Redwood	16	26	37
Renville	10	27	14
Rice	6	14	72
Rock	7	12	21
Roseau	6	34	14
St. Louis	27	74	24
Scott	8	13	33
Sherburne	5	11	12
Sibley	7	17	7
Stearns	29	37	181
Steele	4	13	72
Stevens	5	16	33
Swift	8	21	76
Todd	10	28	116
Traverse	4	15	7
Wabasha	10	17	45
Wadena	6	15	32
Waseca	4	12	15
Washington	17	17	5
Watonwan	8	12	18
Wilkin	9	22	45
Winona	11	20	93
Wright	15	20	95
Yellow Medicine	9	21	46
Total	840	1,8[illegible]4	3,084

[1]Municipalities in more than one county are assigned to the county with the majority of the population.

[2]Source: Abstract of tax lists—1957; 1950 U. S. Census of Population, Minnesota, Number of Inhabitants.

[3]Source: Sixth Report of the State Advisory Commission on School Reorganization.

Table 2

Minnesota Per Capita Personal Income for Selected Years from 1940 to 1957 in Actual and Constant Dollars with Percentage Change

Year	B.L.S. Cost of Living Index[1]	In Actual Dollars	Percent Change	In Constant Dollars[2]	Percent Change
1940	48.9	$ 526.00		$1,076.00	
1945	68.0	1,100.00	109.1%	1,618.00	50.4%
1947	83.0	1,256.00	14.2%	1,513.00	—6.5%
1949	88.2	1,298.00	3.3%	1,472.00	—2.7%
1951	96.2	1,533.00	18.1%	1,594.00	8.3%
1953	99.0	1,646.00	7.4%	1,663.00	4.3%
1954	100.0	1,649.00	0.2%	1,649.00	—0.8%
1955	101.2	1,710.00	3.7%	1,690.00	2.5%
1956	104.2	1,767.00	3.3%	1,696.00	0.4%
1957	108.2	1,850.00	4.7%	1,710.00	0.8%

[1] 1954=100.0
[2] The 1954 dollar is considered the constant dollar.

Table 3-a

Amount and Distribution of Property Tax Levies in Minnesota* 1948-1957

(Thousands of Dollars)

Year	Total Amount	%	State Amount	%	County Amount	%	Municipality Amount	%	Township Amount	%	School District Amount	%
1948	$182,564	100	$ 8,868	4.9	$53,267	29.2	$53,077	29.1	$10,155	5.6	$57,196	31.3
1949	201,344	100	11,719	5.8	59,224	29.4	56,721	28.2	10,367	5.1	63,282	31.4
1950	210,444	100	12,051	5.7	61,317	29.1	58,256	27.7	10,418	5.0	68,402	32.5
1951	230,419	100	11,729	5.1	70,061	30.4	63,154	27.4	11,784	5.1	73,691	32.0
1952	246,030	100	11,210	4.6	75,149	30.5	67,266	27.3	12,552	5.1	79,852	32.5
1953	268,452	100	15,900	5.9	76,142	28.4	74,533	27.8	13,056	4.9	88,821	33.0
1954	281,674	100	14,812	5.3	77,946	27.7	78,686	27.9	13,033	4.6	97,197	34.5
1955	303,962	100	15,027	4.9	84,773	27.9	83,019	27.3	12,968	4.3	108,176	35.6
1956	332,730	100	15,553	4.7	87,606	26.3	92,176	27.7	12,661	3.8	124,733	37.5
1957	372,158	100	19,956	5.4	97,974	26.3	101,081	27.2	12,550	3.4	140,598	37.8

*Source: State Auditor, Abstract of Real and Personal Property Taxes.

Table 3-b

Amount and Distribution of Valuations of Taxable Property in Minnesota* 1948-1957

(Thousands of Dollars)

Year	All Property Amount	%	Rural Land and Structures Amount	%	Urban Land and Structures Amount	%	Personal Property Amount	%	Mill Rate
1948	$1,508,550	100	$573,594	38.0	$ 619,182	41.0	$315,775	20.9	118.24
1949	1,550,230	100	571,619	36.9	642,773	41.5	335,838	21.7	126.71
1950	1,617,350	100	599,289	37.1	674,154	41.5	343,906	21.7	126.77
1951	1,682,607	100	590,718	35.1	710,025	42.2	381,864	23.7	133.40
1952	1,788,475	100	613,659	34.3	776,793	43.4	398,023	22.3	133.73
1953	1,811,036	100	603,604	33.3	809,181	44.7	398,251	22.0	143.52
1954	1,881,126	100	476,243	25.3	1,001,858	53.3	403,024	21.4	144.60
1955	1,918,517	100	478,143	24.9	1,030,895	53.7	409,479	21.3	152.55
1956	1,998,709	100	475,695	23.8	1,113,829	55.7	409,185	20.5	160.02
1957	2,041,277	100	478,135	23.4	1,140,768	55.9	422,374	20.7	175.23

*Source: State Auditor, Abstract of Real and Personal Property Taxes.

Table 3-c

Trends in Minnesota Property Tax Levies
By Type of Government*
1948-1957

(Thousands of Dollars)

Year	Total		State		County		Municipality		Township		School District	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1948	$182,564	100	$ 8,868	100	$53,267	100	$53,077	100	$10,155	100	$57,196	100
1949.	201,344	110	11,719	132	59,224	111	56,721	107	10,367	102	63,292	111
1950	210,444	115	12,051	136	61,317	115	58,256	110	10,418	103	68,402	120
1951	230,419	126	11,729	132	70,061	132	63,154	119	11,784	116	73,691	129
1952	246,030	135	11,210	126	75,149	141	67,266	127	12,552	124	79,852	140
1953	268,452	147	15,900	179	76,142	143	74,533	140	13,056	131	88,821	155
1954	281,674	154	14,812	167	77,946	146	78,686	148	13,033	128	97,197	170
1955	303,962	167	15,027	170	84,773	159	83,019	156	12,968	128	108,176	189
1956	332,730	182	15,553	175	87,606	165	92,176	174	12,661	125	124,733	218
1957	372,158	204	19,956	225	97,974	184	101,081	190	12,550	124	140,598	246

*Source: State Auditor, Abstract of Real and Personal Property Taxes.

Table 3-d

Trends in the Valuation of Taxable Property in Minnesota
By Type of Property*
1948-1957

(Thousands of Dollars)

Year	Total		Rural Land and Structures		Urban Land and Structures		Personal Property		Mill Rate	
	Amount	%	Amount	%	Amount	%	Amount	%	Mills	%
1948	$1,508,550	100.0	$573,594	100.0	$ 619,182	100.0	$315,775	100.0	118.24	100.0
1949	1,550,230	102.8	571,619	99.7	642,773	103.8	335,838	106.4	126.71	107.2
1950	1,617,350	107.2	599,289	104.5	674,154	108.9	343,906	108.9	126.77	107.2
1951	1,682,607	111.5	590,718	103.0	710,025	114.7	318,864	120.9	133.40	112.8
1952	1,788,475	118.6	613,659	107.0	776,793	125.5	398,023	126.0	133.73	113.1
1953	1,811,036	120.1	603,604	105.2	809,181	130.7	398,251	126.1	143.52	121.4
1954	1,881,126	124.7	476,243	83.0	1,001,858	161.8	403,024	127.6	144.60	122.3
1955	1,918,517	127.2	478,143	83.4	1,030,895	166.5	409,479	129.7	152.55	129.0
1956	1,998,709	132.5	475,695	82.9	1,113,829	179.9	409,185	129.6	160.02	135.3
1957	2,041,277	135.3	478,135	83.4	1,140,768	184.2	422,374	133.8	175.23	148.2

*Source: State Auditor, Abstract of Real and Personal Property Taxes.

Table 3-e

Trends in Bonded Debt By Political Subdivisions*
1948-1957

(Thousands of Dollars)

Year	Total[1]		State		County		Municipality		Township		School District	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1948	$237,552	100	$ 54,041	100	$ 8,410	100	$117,048	100	$3,618	100	$53,869	100
1949	336,261	142	137,006	254	10,335	123	120,236	103	3,580	99	59,370	110
1950	353,695	149	132,193	245	10,340	123	128,838	110	3,384	94	73,798	137
1951	389,632	164	127,295	236	11,322	135	136,168	116	3,834	106	96,208	179
1952	423,316	178	120,857	224	12,362	147	139,148	119	3,760	104	127,476	237
1953	462,038	194	109,712	203	15,758	187	148,380	127	3,522	97	164,577	306
1954	507,443	214	95,145	176	17,528	208	165,710	142	3,090	85	206,442	383
1955	565,291	238	81,757	151	20,060	239	186,478	159	2,840	79	249,734	464
1956	638,329	269	85,219	158	21,567	256	211,402	181	2,493	69	291,171	541
1957	758,594	319	115,180	213	23,079	274	241,046	206	2,612	72	347,194	645

*Source: State Auditor, Abstract of Real and Personal Property Taxes.

[1]This total is the sum of the bonded debt of the subdivisions shown, plus certain other governmental units.

Table 3-f

Distribution of Bonded Indebtedness of Minnesota Political Subdivisions*
1948-1957

(Thousands of Dollars)

Year	Total Local Government		County		Municipality		Township		School District	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1948	$182,945	100	$ 8,410	4.6	$117,048	64.0	$3,618	2.0	$53,869	29.4
1949	193,521	100	10,335	5.3	120,236	62.1	3,580	1.9	59,370	30.7
1950	216,360	100	10,340	4.8	128,838	59.5	3,384	1.7	73,798	34.1
1951	247,532	100	11,322	4.6	136,168	55.0	3,834	1.5	96,208	38.9
1952	282,746	100	12,362	4.4	139,148	49.2	3,760	1.3	127,476	45.1
1953	332,237	100	15,758	4.7	148,380	44.7	3,522	1.1	164,577	49.5
1954	392,770	100	17,528	4.5	165,710	42.2	3,090	0.8	206,442	52.6
1955	459,112	100	20,060	4.4	186,478	40.6	2,840	0.6	249,734	54.4
1956	526,633	100	21,567	4.1	211,402	40.1	2,493	0.5	291,171	55.3
1957	613,931	100	23,079	3.8	241,046	39.3	2,612	0.4	347,194	56.6

*Source: State Auditor, Abstract of Real and Personal Property Taxes.

Table 4

Average Levies on Residential Real Estate at Market Value in 831 Minnesota Municipalities*
1956

Purpose	Residential Property Mill Levy at Market Value	Percent of Municipalities
Total Mill Levy	20 mills and over	11
	17.50-19.99 mills	14
	15.00-17.49 mills	23
	12.50-14.99 mills	20
	10.00-12.49 mills	14
	Less than 10 mills	18
State Levy	.5 mills and over	3
	.400-.499 mills	10
	.300-.399 mills	40
	.200-.299 mills	33
	Less than .2 mills	14
School Levy	15 mills and over	1
	12.50-14.99 mills	3
	10.00-12.49 mills	9
	7.50-9.99 mills	25
	5.00-7.49 mills	28
	2.50-4.99 mills	19
	Less than 2.5 mills	15
County Levy	10 mills and over	1
	7.50-9.99 mills	6
	5.00-7.49 mills	24
	2.50-4.99 mills	58
	Less than 2.5 mills	11
Municipal Levy	7.5 mills and over	3
	5.00-7.49 mills	16
	2.50-4.99 mills	44
	Less than 2.5 mills	37

*Source: Data developed from the Abstract of Tax Lists—1956.

Table E-1

Household Property Tax Revenues as a Percentage of Total Property Tax Revenues in 831 Minnesota Municipalities—1956*

Percent of Total Property Tax Revenue	No. of Municipalities	Percent of Total
No Revenue	164	19.7
Less than 1%	54	6.5
1%-2%	220	26.5
2%-3%	251	30.2
3%-4%	103	12.4
4%-5%	27	3.3
5%-6%	6	.7
6%-7%	3	.4
7%-8%	0	0
8%-9%	0	0
9%-10%	1	.1
10% & over	2	.2
Total	831	100.0

*Source: Data derived from the Abstract of Personal Property Assessments—1956.

Table E-2

Per Capita Household Personal Property Tax Revenues in 831 Minnesota Municipalities—1956*

Levy in Dollars	Number of Municipalities	Percent of Total Number
None	164	20
0.01-0.49	45	5
0.50-0.99	146	18
1.00-1.49	168	21
1.50-1.99	140	17
2.00-2.49	93	11
2.50-2.99	45	5
3.00-3.49	11	1
3.50 & over	19	2
TOTAL	831	100

*Source: Data derived from the Abstract of Personal Property Assessments—1956.

Table 6-a

Property Taxes Levied by Minnesota Cities and Villages*
1948-1956

(Thousands of Dollars)

Source	1948	1949	1950	1951	1952	1953	1954	1955	1956
Total Property Tax Levies	53,077	56,721	58,256	63,154	67,266	74,533	78,6[illegible]6	83,019	92,176
Revenue	25,271	27,360	28,351	32,896	34,825	40,333	41,806	43,948	49,545
Road and Bridge	2,121	2,340	2,404	2,510	2,684	2,867	2,889	3,726	3,694
Welfare	1,925	2,733	2,938	3,055	3,155	3,214	3,512	3,953	3,763
State Loan[1]	189	208	149	173	159	121	130	134	126
Other than State Loan[2]	13,512	13,438	12,711	11,370	11,420	11,273	12,058	11,888	14,498
Local Assessment	3,631	4,279	4,637	5,173	5,898	7,439	8,499	9,751	11,013

*Source: Abstract of Tax Lists.

[1]Includes principal and interest on State loans.

[2]Includes bonds and interest other than State loans.

Table 6-b

Revenue of Minnesota Cities and Villages, by Sources*
1947-1955

(Thousands of Dollars)

Source	1947	1948	1949	1950	1951	1952	1953	1954	1955
Total Revenues	65,850	77,832	84,010	89,845	95,042	98,359	105,362	112,971	122,129
Taxes	38,929	44,496	48,557	51,737	55,189	57,765	60,184	66,171	69,719
Special Assessments	3,781	4,628	5,728	7,480	6,999	8,368	9,148	11,192	13,625
Licenses and Permits	3,310	3,910	4,023	4,368	4,289	4,791	5,079	5,484	6,095
Fines and Forfeits	1,238	1,294	1,312	1,505	1,659	2,039	2,272	2,484	2,579
Use of Money and Property	865	905	932	1,025	1,034	567	709	620	661
Other Agencies[1]	4,052	8,196	8,310	8,126	9,157	6,817	6,612	6,409	7,478
Departmental Fees	6,402	7,729	7,952	8,510	9,532	10,117	11,861	12,123	12,644
Receipts from Utilities	6,161	6,451	6,931	6,725	6,858	7,494	8,586	7,966	8,882
All Other Receipts	1,112	259	215	370	325	401	911	521	446

*Source: Report of the Public Examiner.

[1]Includes shared taxes, grants-in-aid, donations, etc.

Table 6-c

Expenditures of Minnesota Cities and Villages, By Types*
1947-1955

(Thousands of Dollars)

Source	1947	1948	1949	1950	1951	1952	1953	1954	1955
Total Expenditures	62,324	75,852	77,516	82,104	93,700	101,259	106,840	116,379	135,291
General Government	5,504	6,688	6,880	7,501	7,893	8,674	9,327	10,607	11,502
Public Safety	13,636	16,512	17,089	18,585	20,488	21,961	22,875	24,483	26,983
Highways	14,359	16,490	17,453	19,806	22,798	27,813	28,768	28,344	32,895
Sanitation and Waste Removal	7,746	11,019	10,993	11,034	13,424	14,328	15,137	18,552	25,[illegible]50
Conservation of Health	904	1,051	1,318	1,166	1,331	1,378	1,463	1,448	1,810
Charities	2,272	2,654	3,650	3,577	4,024	3,887	3,746	4,358	4,587
Correction	414	383	412	429	441	577	642	496	510
Libraries	2,004	2,223	2,770	2,897	3,101	3,368	3,779	3,971	4,036
Recreation	5,719	7,150	6,887	7,409	7,891	7,515	8,344	9,288	10,431
Utilities	2,530	3,341	2,286	2,436	5,018	4,409	5,096	5,972	8,311
Unallocated[1]	4,724	6,214	4,981	4,956	5,324	5,080	5,369	6,314	5,822
Interest	2,510	2,127	2,078	2,307	1,967	2,068	2,295	2,547	2,853

*Source: Report of the Public Examiner.

[1]Unallocated expenditures include airports, markets, wharves, etc.

Table 7-a

Municipal Motor Vehicle Tax*
Cities of over 100,000 population

City	Population	Per Capita Yield	Rate
New York	7,892,000	$1.17	5.00-10.00 Weight
Chicago	3,789,000	4.50	15.00-30.00 Horsepower
Washington, D. C.	861,000	6.11	22.00-32.00 Weight
St. Louis	857,000	1.37	2.50-12.50 Horsepower
Kansas City	490,000	1.63	2.50-12.50 Horsepower
Memphis	448,000	1.75	5.00 Vehicle
Norfolk	297,000	1.57	10.00 Vehicle
Omaha	265,000	1.48	4.00 Vehicle
Richmond	230,000	2.29	6.50 Vehicle
Nashville	178,000	0.71	N. A.
Chattanooga	131,000	2.05	2.50 Vehicle
Mobile	129,000	1.21	N. A.
Knoxville	125,000	2.39	N. A.
Peoria	112,000	1.70	4.00-7.50 Horsepower
Little Rock	107,000	1.40	5.00 Vehicle
Montgomery	107,000	1.26	N. A.

*Source: Municipal Nonproperty taxes, Municipal Finance Officers Association. In most instances the yield is for fiscal 1955 although when 1955 data was not available yields from earlier years were used.

Table 7-b

Municipal Liquor and Alcoholic Beverage Tax*
Cities of over 100,000 population

City	Population	Per Capita Yield	Rate
Baltimore	950,000	$0.96	$ .50 gallon
Washington, D. C.	861,000	4.94	1.25 gallon
New Orleans	617,000	0.68	.40
Atlanta	492,000	2.81	.48 case
Memphis	448,000	2.27	15%
Birmingham	326,000	1.09	4% (plus share of beer tax)
Nashville	178,000	3.40	N. A.
Chattanooga	131,000	1.51	N. A.
Mobile	129,000	3.00	N. A.
Knoxville	125,000	3.33	15%
Savannah	120,000	1.76	variable
Montgomery	107,000	1.94	5%

*Source: Municipal Nonproperty taxes, Municipal Finance Officers Association. In most instances the yield is for fiscal 1955 although when 1955 data was not available yields from earlier years were used.

Table 7-c

Municipal Income Taxes*
Cities of over 100,000 population

City	Population	Per Capita Yield	Rate	Yield at 1% Rate
Philadelphia	2,072,000	$23.57	1.25	$18.86
Washington, D. C.	861,000	6.73	Variable	
St. Louis	857,000	9.76	0.50	19.52
Pittsburgh	677,000	13.32	1.00*	13.32
Cincinnati	504,000	13.03	1.00	13.03
Louisville	404,000	17.95	1.00	17.95
Columbus	376,000	12.09	0.50	24.18
Toledo	310,000	23.55	1.00	23.55
Dayton	244,000	18.41	0.50	36.82
Erie	131,000	8.61	1.00	8.61
Scranton	126,000	5.14	0.50	10.28

*Source: Municipal Nonproperty taxes, Municipal Finance Officers Association. In most instances the yield is for fiscal 1955 although when 1955 data was not available yields from earlier years were used.

Table 7-d

Municipal Sales Tax*
Cities of over 100,000 population

City	Population	Per Capita Yield	Rate %	Yield at 1% Rate
New York	7,892,000	29.51	3.00	9.84
Chicago	3,789,000	5.94	0.50	11.88
Los Angeles	2,105,000	11.69	1.00	11.69
Washington, D. C.	861,000	20.73	2.00	10.37
San Francisco	805,000	6.37	0.50	12.74
New Orleans	617,000	9.80	1.00	9.80
Buffalo	580,000	7.54	1.00	7.54
San Diego	466,000	8.25	1.00	8.25
Denver	416,000	9.99	1.00	9.99
Oakland	385,000	10.86	1.00	10.86
Rochester	332,000	18.90	2.00	9.45
Long Beach	313,000	14.67	1.00	14.67
Syracuse	221,000	17.25	2.00	8.63
Phoenix	155,000	11.68	0.50	23.36
Baton Rouge	126,000	8.06	1.00	8.06
Glendale	115,000	11.46	1.00	11.46
Peoria	112,000	8.40	0.50	16.80
Pasadena	110,000	7.94	0.50	15.88
Fresno	108,000	16.93	1.00	16.93

*Source: Municipal Nonproperty Taxes, Municipal Finance Officers Association. In most instances the yield is for fiscal 1955 although when 1955 data was not available yields from earlier years were used.

Table 8-a

Public School Financing
1953-1954*

Source of Revenue

State	Federal %	Federal Rank	State %	State Rank	County %	County Rank	Local %	Local Rank
United States	2.6		41.4		5.8		50.2	
Alabama	3.3	24	75.5	4	11.8	18	9.4	42
Arizona	9.1	4	27.1	33	11.1	19	52.7	25
Arkansas	6.1	9	52.5	14	1.3	29	40.1	31
California	2.0	31	52.7	13	0.9	31	44.4	29
Colorado	9.8	3	17.1	42	7.6	23	65.5	13
Connecticut	1.5	37	26.8	35	0.0		71.7	9
Delaware	1.3	39	85.6	1	0.0		13.1	40
Florida	4.0	16	50.7	16	23.0	9	22.3	38
Georgia	2.3	29	74.7	5	13.0	16	10.0	41
Idaho	3.5	21	25.0	37	18.1	12	53.4	22
Illinois	0.8	44	20.3	40	0.0		78.9	5
Indiana	1.3	40	33.2	24	0.0		65.5	14
Iowa	1.4	38	11.0	46	0.8	32	86.8	2
Kansas	3.5	22	21.4	39	17.9	13	57.2	19
Kentucky	4.7	14	42.4	19	0.0		52.9	23
Louisiana	3.6	19	66.1	6	25.7	5	4.6	46
Maine	3.1	25	25.8	36	0.0		71.1	10
Maryland	8.9	5	31.2	28	36.7	1	23.2	36
Massachusetts	1.3	41	24.9	38	0.0		73.8	8
Michigan	0.8	45	53.9	12	0.1	34	45.2	27
MINNESOTA	0.8	46	29.5	31	4.2	25	65.5	15
Mississippi	6.1	10	51.7	15	12.1	17	30.1	34
Missouri	2.4	28	31.5	27	5.4	24	60.7	18
Montana	3.8	17	27.0	34	28.7	3	40.5	30
Nebraska	4.1	15	6.3	48	10.2	20	79.4	4
Nevada	18.1	1	39.4	22	23.6	8	18.9	39
New Hampshire	3.6	20	8.7	47	0.0		87.7	1
New Jersey	1.0	42	16.6	43	0.8	33	81.6	3
New Mexico	1.6	35	84.2	2	9.1	21	5.1	45

New York	0.8	47	41.2	21	1.3	30	56.7	20
North Carolina	1.9	33	79.9	3	14.5	15	3.7	47
North Dakota	1.6	36	29.6	30	24.1	6	44.7	28
Ohio	0.9	43	32.2	26	0.0		66.9	12
Oklahoma	3.8	18	32.3	25	17.6	14	46.3	26
Oregon	1.9	34	29.9	29	3.7	27	64.5	16
Pennsylvania	0.7	48	43.4	17	0.0		55.9	21
Rhode Island	6.5	8	16.6	44	0.0		76.9	6
South Carolina	7.8	6	64.6	8	18.4	11	9.2	43
South Dakota	3.4	23	11.6	45	23.9	7	61.1	17
Tennessee	3.1	26	65.0	7	23.0	10	8.9	44
Texas	4.9	12	56.9	11	0.1	35	38.1	32
Utah	4.9	13	42.2	20	0.0		52.9	24
Vermont	2.5	27	28.5	32	0.0		69.0	11
Virginia	6.6	7	43.3	18	27.1	4	23.0	37
Washington	5.6	11	63.4	10	4.0	26	27.0	35
West Virginia	2.0	32	64.1	9	33.9	2	0.0	48
Wisconsin	2.2	30	19.3	41	2.9	28	75.6	7
Wyoming	18.0	2	36.5	23	8.0	22	37.5	33

*Source: Public School Finance Programs of the U. S., U. S. Office of Education.
Dated: 1-22-58

Table 8b

Minnesota Public School Financing*

	Total		Federal[1]		State		County		Local	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1958	$350,257,702	100	$4,473,774	1.3	$98,362,997	28.1	$8,899,337	2.5	$238,194,495	68.0
1957	306,965,896	100	4,268,952	1.4	84,672,220	27.6	9,573,322	3.1	208,113,935	67.9
1956	285,917,763	100	3,830,238	1.3	79,105,082	27.6	8,545,023	3.0	194,437,420	67.9
1955	255,194,297	100	3,072,788	1.2	73,234,339	28.6	8,141,687	3.2	170,745,483	66.7
1954	228,780,515	100	2,531,819	1.1	66,130,192	28.9	8,360,080	3.7	151,758,424	66.3
1953	213,772,696	100	2,297,741	1.1	57,501,527	26.9	8,974,051	4.2	144,999,377	67.8
1952	175,383,944	100	1,820,207	1.0	54,398,231	31.0	7,732,207	4.4	111,433,299	63.6
1951	149,857,308	100	1,981,395	1.3	46,882,693	31.3	7,476,117	5.0	93,517,103	62.4
1950	132,798,753	100	1,933,581	1.5	42,299,693	31.8	5,547,412	4.2	83,018,067	62.5
1949	114,506,394	100	1,516,170	1.3	36,903,657	32.2	3,150,906	2.8	72,935,661	63.7
1948	99,618,514	100	1,374,062	1.4	32,594,342	32.7	4,084,360	4.1	61,565,750	61.8

*Source: From Minnesota Department of Education.
[1]Federal grants do not include funds for War Production Training or Veterans' Training.

Table 9

Organized Townships With Less Than $40,000 Taxable Valuation

1957

County	Township	Taxable Valuation	Township Mill Rate	Township Tax Levy	Population (1950)
Aitkin	Ball Bluff	$27,265	30.0	$ 818	330
	Balsam	6,560	41.0	269	65
	Beaver	9,463	39.0	369	102
	Clark	21,234	41.0	871	228
	Cornish	8,336	36.0	300	70
	Fleming	34,311	25.0	858	216
	Haugen	18,727	21.0	393	169
	Hill Lake	33,468	32.0	1,071	272
	Idun	21,695	77.0	1,671	213
	Jevne	20,590	36.0	741	244
	Lee	13,506	38.0	513	87
	Libby	12,510	38.0	475	111
	Logan	37,644	26.0	979	341
	Macville	18,466	23.0	425	321
	Malmo	36,015	37.5	1,351	289
	McGregor	9,044	41.0	371	111
	Pliny	16,201	26.0	421	208
	Rice River	25,264	40.0	1,011	220
	Salo	14,399	41.0	590	239
	Seavey	17,416	19.0	331	133
	Spalding	23,622	36.0	850	311
	Turner	13,824	36.5	505	87
	Verdon	8,763	41.0	359	89
	Wagner	34,266	36.0	1,234	311
	Waukenabo	25,245	35.0	894	291
	Wealthwood	33,432	25.0	836	162
	White Pine	8,928	13.0	116	82
	Williams	15,697	38.1	598	152
	Workman	37,205	26.9	1,001	207
Becker	Grand Park	36,130	33.8	1,221	129
Beltrami	Battle	16,442	22.3	367	98
	Birch	10,951	9.7	106	64
	Durand	19,439	31.1	605	247
	Hamre	19,097	16.7	319	114
	Jones	35,583	23.5	836	228
	Kelliher	21,111	34.2	722	150
	Lee	19,544	21.4	418	106
	Maple Ridge	27,271	23.0	627	166
	Minrie	8,615	16.9	146	61
	Moose Lake	27,265	26.5	723	117
	Obrien	22,832	30.6	699	78
	Port Hope	39,847	24.9	992	222
	Quiring	15,847	22.5	357	103
	Shotley (2)	23,610	36.0	850	147
	Spruce Grove	23,794	16.0	381	132
	Steenerson	14,346	10.0	143	88
	Sugar Bush	14,185	25.0	355	104
	Summit	38,147	56.5	2,255	245
	Woodrow	23,657	26.5	627	185
Carlton	Automba	25,265	41.0	1,036	260
	Beseman	24,065	31.0	746	188
	Clear Creek	15,722	38.0	597	N.A.
	Corona	18,136	38.0	689	N.A.
	Holyoke (2)	17,339	26.0	451	247
	Lakeview	26,338	34.8	917	212
	Progress	13,722	38.0	521	N.A.
	Red Clover	25,715	38.0	977	N.A.
	Sayer	24,773	38.0	941	N.A.
	Skelton	39,908	43.0	1,716	340
	Split Rock	36,376	36.0	1,310	298

County	Township	Taxable Valuation	Township Mill Rate	Township Tax Levy	Population (1950)
Cass	Ansel	37,742	35.28	1,332	222
	Barclay	34,999	19.62	687	346
	Beulah	8,462	56.00	474	48
	Blind Lake	12,888	23.50	303	103
	Boy Lake (2)	29,456	26.00	766	152
	Boy River	14,094	56.00	790	128
	Bull Moose	14,544	37.50	545	119
	Bungo	27,904	41.00	1,144	210
	Deerfield	10,446	56.00	585	109
	Fairview (2)	39,071	11.24	439	197
	Gould (2)	22,743	22.99	523	171
	Home Brook	36,822	21.00	773	247
	Inquadona	14,736	29.76	439	98
	Leech Lake	33,862	18.00	610	193
	Lima	8,734	45.50	397	105
	Loon Lake	22,762	34.00	774	220
	McKinley	38,183	39.03	1,490	219
	Moose Lake	27,745	27.70	769	151
	Pine Lake	31,244	19.00	594	180
	Remer	11,851	26.54	315	147
	Rogers	17,878	46.00	822	85
	Salem	9,300	46.80	435	98
	Slater	14,962	49.86	746	125
	Smoky Hollow	7,905	46.00	364	64
	Torry	19,418	14.65	284	102
	Trelipe (2)	23,194	36.00	835	141
	Wahnena (2)	15,248	47.00	717	146
	Wilkinson	26,286	27.60	725	334
Clearwater	Clover	14,542	40.37	587	126
	Hangaard	15,195	49.46	752	18
	La Prairie	25,630	53.88	1,381	389
	Rice	23,147	28.01	648	192
Crow Wing	Center (2)	34,460	41.05	1,415	230
	Dean Lake	29,396	30.95	910	108
	Gail Lake	12,505	45.99	575	98
	Jenkins	36,677	29.90	1,097	365
	Little Pine	31,669	62.06	1,965	114
	Perry Lake (2)	31,180	24.01	749	225
	Timothy	36,030	28.76	1,036	177
Hubbard	Clay	32,120	16.00	514	53
	Fern	39,309	24.45	961	165
	Hendrickson	30,581	19.87	608	163
	Lake Alice	38,290	13.84	530	107
	Lake Hattie	34,611	19.06	660	111
	Schoolcraft	19,425	11.30	220	86
	Steamboat River	23,666	16.00	379	N.A.
	Thorpe	18,803	23.62	444	44
Itasca	Alvwood	11,044	60.50	668	121
	Ardenhurst	20,885	59.80	1,249	208
	Bearville	20,447	52.50	1,073	132
	Bigfork	30,446	44.30	1,349	367
	Bowstring	36,927	13.80	510	174
	Carpenter	38,685	18.58	1,393	321
	Good Hope	19,464	31.40	611	211
	Gratten	8,726	50.00	436	65
	Kinghurst	13,057	60.20	786	134
	Lake Jessie	26,345	42.40	1,117	270
	Liberty (2)	14,343	47.70	684	74
	Max	25,109	46.10	1,158	218
	Moose Park	12,321	65.90	812	126
	Nore	11,592	84.40	978	95
	Octeneagen	20,150	34.00	685	190
	Pomroy	9,143	41.00	375	63

County	Township	Taxable Valuation	Township Mill Rate	Township Tax Levy	Population (1950)
	Sand Lake	27,100	21.00	569	127
	Spang	16,541	57.60	953	189
	Stokes	30,175	70.10	2,115	176
	Third River	8,535	59.90	511	63
	Wabana	37,718	54.20	2,044	124
	Wirt	15,968	55.80	891	170
Kanabec	Ford	29,826	31.12	928	172
	Hay Brook	21,408	35.01	750	115
Kittson	Cannon	29,364	27.40	805	78
	Caribou (2)	29,200	36.00	1,051	113
	McKinley (2)	20,715	36.00	746	88
	Percy	26,415	27.51	727	97
Mahnomen	Clover	30,550	14.10	431	211
	Oakland	37,978	18.12	688	282
Marshall	Como	22,291	31.19	695	106
	East Park	33,686	21.78	734	79
	East Valley	33,278	19.54	650	106
	Eckvoll	35,269	15.18	535	124
	Huntly	19,274	36.00	694	120
	Linsell	18,750	38.67	725	89
	Moose River	21,823	25.90	565	128
	Thief Lake	32,306	19.57	632	123
	Whiteford	35,852	12.16	436	95
Mille Lacs	Bradbury	26,344	36.00	948	200
	Lewis	21,[illegible]	13.00	280	52
	Mudgett	19,910	37.00	737	147
Morrison	Motley	29,066	14.79	430	111
	Mt. Morris	38,501	32.70	1,259	121
Pine	Arna (2)	17,114	41.00	702	190
	Bruno	25,092	14.94	375	167
	Crosby (3)	28,762	39.04	1,123	125
	Danforth	19,803	39.04	416	101
	Fleming	14,199	10.00	142	100
	Munch (2)	36,734	45.52	1,672	196
	New Dosey (3)	19,085	31.72	605	182
	Nickerson	10,479	41.00	430	117
	Ogema (2)	37,846	16.86	638	272
	Park	14,946	26.09	390	119
	Wilma	14,660	21.23	311	71
Roseau	Beaver	31,927	31.00	990	169
	Blooming Valley (2)	8,656	28.00	242	41
	Palmville	37,717	22.19	837	120
	Poplar Grove	39,269	41.27	1,620	179
	Reine	37,805	28.76	1,087	191
St. Louis	Alango	13,894	30.90	429	381
	Alborn	27,347	46.00	1,258	286
	Alden	23,622	34.32	811	125
	Angora	14,737	21.20	312	269
	Ault	23,558	63.00	1,484	105
	Bassett	12,662	74.00	937	116
	Cedar Valley	24,937	42.70	1,165	2[illegible]6
	Cherry	32,940	16.23	535	483
	Colvin	21,548	43.80	9[illegible]4	306
	Culver	15,664	19.00	298	461
	Ellsbury	13,808	46.00	635	53
	Elmer	20,207	26.00	525	226
	Embarrass	25,351	49.00	1,243	517
	Fairbanks	14,689	63.00	925	166
	Field	25,707	19.72	507	381
	Fine Lakes	30,246	33.30	1,007	200
	Halden	38,728	32.70	1,266	267
	Industrial	35,112	25.61	899	413

County	Township	Taxable Valuation	Township Mill Rate	Township Tax Levy	Population (1950)
	Kelsey	14,883	31.00	461	240
	Kugler	11,216	40.50	454	120
	Lavell	23,888	41.10	982	375
	Leiding	32,735	31.00	1,015	480
	Linden Grove	12,111	29.30	355	183
	McDavitt	24,251	41.20	999	343
	Morcom	9,541	41.30	394	181
	Ness	12,626	43.00	543	123
	New Independence	17,662	42.00	742	195
	Normanna	30,710	63.30	1,944	192
	Northland	17,622	41.00	723	102
	Owens	26,508	26.60	705	461
	Payne	7,760	34.00	264	75
	Pike	22,375	31.10	696	328
	Portage	16,751	45.00	754	207
	Prairie Lake	10,434	38.00	396	97
	Sandy	14,521	18.00	261	235
	Stony Brook	16,808	37.00	622	172
	Sturgeon	14,240	35.00	498	181
	Toivola	22,673	57.00	1,292	312
	Van Buren	23,895	58.80	1,405	293
	Vermillion Lake	26,721	19.90	532	285
	Waasa	18,536	56.00	1,038	255
	Willow Valley	13,097	18.30	240	181
Wadena	Bullard	37,024	21.61	800	166
	Huntersville	33,212	24.12	801	199

NOTE: Whenever a number appears in parenthesis ( ) following the name of a township, this indicates the number of congressional townships in the organized town. All other organized towns are presumed to have but one congressional township.

PREPARED BY: Minnesota Department of Taxation, Research and Planning Division, August 21, 1958 (CDS:jp)

SOURCE: Abstract of Tax Lists — 1957. 1950 U. S. Census of Population #P-A23, Minnesota — Number of Inhabitants.