



Nongovernmental Tax Exempt Parcel Street Light Operations & Street Maintenance Assessments

Transportation and Public Works Committee

Thursday, November 5, 2009

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Project Goals

1. Reconciliation of all the properties in the City that are subject to these assessments.
2. Modernize the methodology for the calculation of the respective assessments (influence area verses linear foot model)
3. Update 1978 rates to reflect current costs for services.

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Legal Authority

CHAPTER 154 -- H.F.No. 3201 - 85th Legislative Session

Sec. 29. Laws 1973, chapter 393, section 1, as amended by Laws 1974, chapter 153, section 1

Section 1. MINNEAPOLIS, CITY OF; STREET MAINTENANCE AND LIGHTING

Notwithstanding the provisions of any statute or the charter of the city of Minneapolis to the contrary, the city council of said city may provide that all or part of the costs of construction, operation, and maintenance of streets and street lighting within the city may hereafter be paid from the general revenues of the city of Minneapolis; **provided that the portion of the costs assessable against nongovernmental real property exempt from ad valorem taxation may be levied as a special assessment against the property.**

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Summary of Objections

General Objections

- This is a tax and these properties are tax exempt. Therefore, Minneapolis does not have the authority to levy this assessment.
- Hardship — the amount of this assessment creates a financial hardship.

Railroad Objections

- Railroads pay a tax on their operating property to the MN Department of Revenue, therefore railroad property is not tax exempt. Minneapolis does not have the authority to levy this assessment.
- Railroads do not receive benefit from street lighting and street maintenance.
- Railroads should not be forced to pay for a system that benefits their competitors.

Cemetery Objections

- While these cemeteries are assessable, the proposed assessment is a tax, therefore cemeteries are exempt.
- Cemeteries do not receive benefit from street lighting and street maintenance.
- Hardship — the amount of this assessment creates a financial hardship.

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Staff Response

- Legal authority and past practice give Minneapolis the authority to levy these assessments.
- The department recognizes the increase in assessments may be a burden on organizations.
- Property in Minneapolis receives benefit from street lighting and street maintenance.
- The Public Works Department and City Attorney's Office are continuing to analyze the BNSF/Union Pacific Union/Soo Line objections. We recommend levying the assessment.

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