

Office of the City Manager | Memorandum #2006-020

DATE: September 29, 2006
TO: Mayor and Councilmembers
FROM: Scott H. Neal, City Manager
RE: City Tax and Finance Information

The Eden Prairie Taxpayer's Alliance and their political action committee, the Eden Prairie Taxpayers For Change, have released information which I believe misrepresents the City's fiscal history and current financial position. Their information, while mathematically accurate, does not tell the whole story. I believe it is important for citizens to have full access to the City's fiscal history and for Councilmembers to have data from which you can draw answers to questions you receive from citizens.

In that spirit, I have prepared the following information about the City's fiscal position. I also plan to release this information to the media as well next week as well. I am currently working on additional statistical summaries as well. I will not characterize the information politically because that is not my role. I will, however, defend the City's fiscal position and behavior because I believe it has been exemplary during a period of rapid growth and municipal change.

Before I get to the numbers, I would like to say a few words about the data. First, the data is shown in two time periods. The first time period dates back to 1995. I used this time period because this is the time period used by the Taxpayer's Alliance. I also show the data from 2003-2006 because that time period best captures the fiscal actions of the current City Council. We have Excel spreadsheets with data going back to 1993. If after viewing this information you are interested in different views of the data, please let me know.

The data has solid sources. The tax and levy information comes from the League of Minnesota Cities based on annual reports filed by all Minnesota cities with the State Auditor's Office and the State Department of Revenue. The population data is sourced from the Metropolitan Council. Inflation data is based on the CPI for all urban consumers and sourced from www.inflationdata.com.

I show tax and levy information for Eden Prairie compared to the other member cities of the Municipal Legislative Commission because these cities are most comparable to us. I have also included several other metro and non-metro cities as additional comparisons and noted them in the graphics as "Non-MLC Cities".

The first graphic depicts the % change in the cities' Net Tax levy during the time period 1995-2006. The Taxpayer's Alliance says in their literature that the City's property tax levy has increased 100% since 1995. I believe, but I'm not completely sure, they are measuring the City's gross levy. The Net Levy is a better measure of tax burden because it reflects the final actual amount of property taxes a City is levying on its taxpayers. Using this measure of tax burden, Eden Prairie's tax burden has increase 91.97% since 1995 – almost doubling since 1995, but not quite.

The question not asked in the Taxpayer's Alliance literature, however, is an important one: Is it unusual for a City's property tax levy to have doubled since 1995? Based on the data I have gathered from MLC and Non-MLC cities, I would conclude that it is not unusual for a City's property tax levy to have doubled during this time period. The data speaks for itself:

% Change in Net Levy from 1995-2006

	1995 Pop	2006 Pop	1995 Net Levy	2006 Net Levy	1995-2006 Net Levy Δ
MLC Cities					
Lakeville	32,978	51,722	3,754,132	15,854,338	322.32%
Woodbury	28,627	54,091	4,779,709	18,926,399	295.97%
Maple Grove	43,542	58,420	6,714,832	20,506,861	205.40%
Apple Valley	39,188	48,988	5,561,184	16,444,321	195.70%
Plymouth	57,391	70,455	8,908,738	21,259,968	138.64%
Burnsville	54,525	61,262	9,565,873	20,530,456	114.62%
Maplewood	32,903	36,279	5,879,565	12,199,564	107.49%
Shoreview	25,957	25,964	3,325,654	6,764,108	103.39%
Eden Prairie	44,189	60,995	13,493,876	25,904,443	91.97%
Minnetonka	50,569	51,657	11,696,988	21,902,463	87.25%
Eagan	54,957	66,709	10,647,887	19,903,835	86.93%
Edina	46,841	47,448	11,036,412	19,641,649	77.97%
Bloomington	86,683	84,347	20,863,210	35,691,336	71.07%
Non-MLC Cities					
Rochester	76,865	97,191	13,897,800	35,160,730	152.99%
Brooklyn Park	58,471	71,048	7,760,273	19,222,264	147.70%
St. Louis Park	43,641	44,380	7,138,209	17,082,813	139.32%
Minneapolis	366,480	387,711	85,503,656	173,232,369	102.60%
Mankato	31,906	35,031	4,987,331	9,525,936	91.00%
St. Cloud	50,143	64,232	8,929,437	16,113,164	80.45%
Duluth	85,746	85,889	7,694,595	11,115,704	44.46%
St. Paul	271,660	287,385	52,515,354	54,707,935	4.18%

Source: League of Minnesota Cities 1995 and 2006 Property Tax Data Report

If one adjusts this same data for inflation during the 1995-2006 time period, it looks like this:

% Change in Net Levy 1995-2006 Adjusted for Inflation

	1995 Pop	2006 Pop	1995 Net Levy	2006 Net Levy *	1995-2006 Net Levy Δ^*
MLC Cities					
Lakeville	32,978	51,722	3,754,132	14,655,268	290.38%
Woodbury	28,627	54,091	4,779,709	17,399,760	264.03%
Maple Grove	43,542	58,420	6,714,832	18,362,144	173.46%
Apple Valley	39,188	48,988	5,561,184	14,668,079	163.76%
Plymouth	57,391	70,455	8,908,738	18,414,517	106.70%
Burnsville	54,525	61,262	9,565,873	17,475,116	82.68%
Maplewood	32,903	36,279	5,879,565	10,321,631	75.55%
Shoreview	25,957	25,964	3,325,654	5,701,894	71.45%
Eden Prairie	44,189	60,995	13,493,876	21,594,499	60.03%
Minnetonka	50,569	51,657	11,696,988	18,166,445	55.31%
Eagan	54,957	66,709	10,647,887	16,502,900	54.99%
Edina	46,841	47,448	11,036,412	16,116,619	46.03%
Bloomington	86,683	84,347	20,863,210	29,027,627	39.13%
Non-MLC Cities					
				0	
Rochester	76,865	97,191	13,897,800	30,721,773	121.05%
Brooklyn Park	58,471	71,048	7,760,273	16,743,633	115.76%
St. Louis Park	43,641	44,380	7,138,209	14,802,869	107.38%
Minneapolis	366,480	387,711	85,503,656	145,922,501	70.66%
Mankato	31,906	35,031	4,987,331	7,932,982	59.06%
St. Cloud	50,143	64,232	8,929,437	13,261,102	48.51%
Duluth	85,746	85,889	7,694,595	8,658,050	12.52%
St. Paul	271,660	287,385	52,515,354	37,934,531	-27.76%

Sources: League of Minnesota Cities 1995 and 2006 Property Tax Data Reports
 CPI inflation rate of 31.94% from 1995-2006 applied from inflationdata.com

Measurements of Tax Burden Per Capita

There are many ways to measure the increase in burden a City feels on City services from year to year. Cities often use “per capita” statistics to reflect a measure of burden upon municipal services. Increases in population do in fact increase the burden on many City services, such as police protection, fire suppression, building inspections, park maintenance, and street maintenance just to name a few. In the next two graphics, I have captured the Net Levy information from 1995-2006 and analyzed its per capita impact in both actual and inflation-adjusted formats.

% Change in Net Levy Per Capita from 1995-2006

	1995 Pop	2006 Pop	1995 Net Levy	2006 Net Levy	1995- 2006 Net Levy Δ	1995 Per Capita	2006 Per Capita	1995-2006 Per Capita Δ
MLC Cities								
Lakeville	32,978	51,722	3,754,132	15,854,338	322.32%	\$113.84	\$306.53	169.27%
Apple Valley	39,188	48,988	5,561,184	16,444,321	195.70%	\$141.91	\$335.68	136.54%
Maple Grove	43,542	58,420	6,714,832	20,506,861	205.40%	\$154.22	\$351.02	127.62%
Woodbury	28,627	54,091	4,779,709	18,926,399	295.97%	\$166.97	\$349.90	109.56%
Shoreview	25,957	25,964	3,325,654	6,764,108	103.39%	\$128.12	\$260.52	103.34%
Plymouth	57,391	70,455	8,908,738	21,259,968	138.64%	\$155.23	\$301.75	94.39%
Burnsville	54,525	61,262	9,565,873	20,530,456	114.62%	\$175.44	\$335.13	91.02%
Maplewood	32,903	36,279	5,879,565	12,199,564	107.49%	\$178.69	\$336.27	88.18%
Minnetonka	50,569	51,657	11,696,988	21,902,463	87.25%	\$231.31	\$424.00	83.30%
Bloomington	86,683	84,347	20,863,210	35,691,336	71.07%	\$240.68	\$423.15	75.81%
Edina	46,841	47,448	11,036,412	19,641,649	77.97%	\$235.61	\$413.96	75.69%
Eagan	54,957	66,709	10,647,887	19,903,835	86.93%	\$193.75	\$298.37	54.00%
Eden Prairie	44,189	60,995	13,493,876	25,904,443	91.97%	\$305.37	\$424.70	39.08%
Non-MLC Cities								
St. Louis Park	43,641	44,380	7,138,209	17,082,813	139.32%	\$163.57	\$384.92	135.33%
Brooklyn Park	58,471	71,048	7,760,273	19,222,264	147.70%	\$132.72	\$270.55	103.85%
Rochester	76,865	97,191	13,897,800	35,160,730	152.99%	\$180.81	\$361.77	100.08%
Minneapolis	366,480	387,711	85,503,656	173,232,369	102.60%	\$233.31	\$446.81	91.51%
Mankato	31,906	35,031	4,987,331	9,525,936	91.00%	\$156.31	\$271.93	73.96%
Duluth	85,746	85,889	7,694,595	11,115,704	44.46%	\$89.74	\$129.42	44.22%
St. Cloud	50,143	64,232	8,929,437	16,113,164	80.45%	\$178.08	\$250.86	40.87%
St. Paul	271,660	287,385	52,515,354	54,707,935	4.18%	\$193.31	\$190.36	-1.53%

Source: League of Minnesota Cities 1995 and 2006 Property Tax Data Reports

% Change In Net Levy Per Capita from 1995-2006 Adjusted for Inflation

	1995 Pop	2006 Pop	1995 Net Levy	2006 Net Levy *	1995-2006 Net Levy Δ*	2006 Per Capita*	1995-2006 Per Capita Δ*
MLC Cities							
Lakeville	32,978	51,722	3,754,132	14,655,268	290.38%	\$282.35	148.03%
Apple Valley	39,188	48,988	5,561,184	14,668,079	163.76%	\$298.42	110.29%
Maple Grove	43,542	58,420	6,714,832	18,362,144	173.46%	\$313.31	103.17%
Woodbury	28,627	54,091	4,779,709	17,399,760	264.03%	\$320.68	92.06%
Shoreview	25,957	25,964	3,325,654	5,701,894	71.45%	\$218.61	70.63%
Plymouth	57,391	70,455	8,908,738	18,414,517	106.70%	\$260.37	67.73%
Burnsville	54,525	61,262	9,565,873	17,475,116	82.68%	\$284.25	62.02%
Maplewood	32,903	36,279	5,879,565	10,321,631	75.55%	\$283.51	58.66%
Minnetonka	50,569	51,657	11,696,988	18,166,445	55.31%	\$350.67	51.61%
Edina	46,841	47,448	11,036,412	16,116,619	46.03%	\$338.67	43.74%
Bloomington	86,683	84,347	20,863,210	29,027,627	39.13%	\$343.15	42.57%
Eagan	54,957	66,709	10,647,887	16,502,900	54.99%	\$246.39	27.17%
Eden Prairie	44,189	60,995	13,493,876	21,594,499	60.03%	\$353.04	15.61%
Non-MLC Cities							
St. Louis Park	43,641	44,380	7,138,209	14,802,869	107.38%	\$332.55	103.31%
Brooklyn Park	58,471	71,048	7,760,273	16,743,633	115.76%	\$234.67	76.81%
Rochester	76,865	97,191	13,897,800	30,721,773	121.05%	\$315.10	74.27%
Minneapolis	366,480	387,711	85,503,656	145,922,501	70.66%	\$375.37	60.89%
Mankato	31,906	35,031	4,987,331	7,932,982	59.06%	\$225.46	44.23%
St. Cloud	50,143	64,232	8,929,437	13,261,102	48.51%	\$205.46	15.37%
Duluth	85,746	85,889	7,694,595	8,658,050	12.52%	\$99.81	11.22%
St. Paul	271,660	287,385	52,515,354	37,934,531	-27.76%	\$131.00	-32.23%

Sources: League of Minnesota Cities 1995 and 2006 Property Tax Data Reports
CPI inflation rate of 31.94% from 1995-2006 applied from inflationdata.com

The following graphics represent the same information for the time period 2003-2006.

% Change in Net Levy from 2003-2006 Adjusted for Inflation

	2003 Pop	2006 Pop	2003 Net Levy	2006 Net Levy *	2003-2006 Net Levy Δ*
MLC Cities					
Lakeville	45,500	51,722	10,346,442	14,908,673	44.09%
Plymouth	67,646	70,455	16,439,577	19,757,391	20.18%
Maple Grove	54,000	58,420	16,067,617	19,038,281	18.49%
Woodbury	49,170	54,091	14,933,840	17,561,446	17.59%
Apple Valley	47,761	48,988	13,698,293	15,192,297	10.91%
Shoreview	26,478	25,964	5,658,692	6,246,904	10.39%
Maplewood	35,600	36,279	10,234,590	11,264,122	10.06%
Minnetonka	51,440	51,657	18,433,271	20,217,662	9.68%
Bloomington	85,400	84,347	30,341,072	32,918,162	8.49%
Eagan	64,700	66,709	16,980,375	18,351,829	8.08%
Edina	47,570	47,448	17,236,228	18,066,258	4.82%
Burnsville	60,900	61,262	18,452,445	18,843,903	2.12%
Eden Prairie	57,000	60,995	23,745,535	23,734,101	-0.05%
Non-MLC Cities					
Mankato	33,362	35,031	6,389,467	8,941,939	39.95%
Brooklyn Park	68,600	71,048	13,176,029	18,017,975	36.75%
Rochester	91,264	97,191	24,934,543	32,881,713	31.87%
St. Louis Park	44,744	44,380	13,287,553	15,868,331	19.42%
Minneapolis	382,700	387,711	137,359,636	160,677,698	16.98%
St. Cloud	61,248	64,232	13,003,065	14,924,684	14.78%
Duluth	86,044	85,889	9,686,147	10,230,390	5.62%
St. Paul	288,000	287,385	50,743,391	50,069,989	-1.33%

Sources: League of Minnesota Cities 2003 and 2006 Property Tax Data Reports
 CPI inflation rate of 9.14% from 2003-2006 applied from inflationdata.com

% Change in Net Levy Per Capita from 2003-2006

	2003 Pop	2006 Pop	2003 Net Levy	2006 Net Levy	2003-2006 Net Levy Δ	2003 Per Capita	2006 Per Capita	2003-2006 Per Capita Δ
MLC Cities								
Lakeville	45,500	51,722	10,346,442	15,854,338	53.23%	\$227.39	\$306.53	34.80%
Plymouth	67,646	70,455	16,439,577	21,259,968	29.32%	\$243.02	\$301.75	24.17%
Shoreview	26,478	25,964	5,658,692	6,764,108	19.53%	\$213.71	\$260.52	21.90%
Bloomington	85,400	84,347	30,341,072	35,691,336	17.63%	\$355.28	\$423.15	19.10%
Minnetonka	51,440	51,657	18,433,271	21,902,463	18.82%	\$358.35	\$424.00	18.32%
Maple Grove	54,000	58,420	16,067,617	20,506,861	27.63%	\$297.55	\$351.02	17.97%
Apple Valley	47,761	48,988	13,698,293	16,444,321	20.05%	\$286.81	\$335.68	17.04%
Maplewood	35,600	36,279	10,234,590	12,199,564	19.20%	\$287.49	\$336.27	16.97%
Woodbury	49,170	54,091	14,933,840	18,926,399	26.73%	\$303.72	\$349.90	15.21%
Edina	47,570	47,448	17,236,228	19,641,649	13.96%	\$362.33	\$413.96	14.25%
Eagan	64,700	66,709	16,980,375	19,903,835	17.22%	\$262.45	\$298.37	13.69%
Burnsville	60,900	61,262	18,452,445	20,530,456	11.26%	\$303.00	\$335.13	10.60%
Eden Prairie	57,000	60,995	23,745,535	25,904,443	9.09%	\$416.59	\$424.70	1.95%
Non-MLC Cities								
Mankato	33,362	35,031	6,389,467	9,525,936	49.09%	\$191.52	\$271.93	41.99%
Brooklyn Park	68,600	71,048	13,176,029	19,222,264	45.89%	\$192.07	\$270.55	40.86%
Rochester	91,264	97,191	24,934,543	35,160,730	41.01%	\$273.21	\$361.77	32.41%
St. Louis Park	44,744	44,380	13,287,553	17,082,813	28.56%	\$296.97	\$384.92	29.62%
Minneapolis	382,700	387,711	137,359,636	173,232,369	26.12%	\$358.92	\$446.81	24.49%
St. Cloud	61,248	64,232	13,003,065	16,113,164	23.92%	\$212.30	\$250.86	18.16%
Duluth	86,044	85,889	9,686,147	11,115,704	14.76%	\$112.57	\$129.42	14.97%
St. Paul	288,000	287,385	50,743,391	54,707,935	7.81%	\$176.19	\$190.36	8.04%

Source: League of Minnesota Cities 2003 and 2006 Property Tax Data Reports

% Change in Net Levy Per Capita from 2003-2006 Adjusted for Inflation

	2003 Pop	2006 Pop	2003 Net Levy	2006 Net Levy *	2003-2006 Net Levy Δ*	2006 Per Capita*	2003-2006 Per Capita Δ*
MLC Cities							
Lakeville	45,500	51,722	10,346,442	14,908,673	44.09%	\$287.25	26.32%
Plymouth	67,646	70,455	16,439,577	19,757,391	20.18%	\$279.43	14.98%
Shoreview	26,478	25,964	5,658,692	6,246,904	10.39%	\$239.60	12.11%
Bloomington	85,400	84,347	30,341,072	32,918,162	8.49%	\$389.27	9.57%
Maple Grove	54,000	58,420	16,067,617	19,038,281	18.49%	\$324.89	9.19%
Minnetonka	51,440	51,657	18,433,271	20,217,662	9.68%	\$390.38	8.94%
Apple Valley	47,761	48,988	13,698,293	15,192,297	10.91%	\$309.12	7.78%
Maplewood	35,600	36,279	10,234,590	11,264,122	10.06%	\$309.49	7.65%
Woodbury	49,170	54,091	14,933,840	17,561,446	17.59%	\$323.66	6.57%
Edina	47,570	47,448	17,236,228	18,066,258	4.82%	\$379.76	4.81%
Eagan	64,700	66,709	16,980,375	18,351,829	8.08%	\$274.10	4.44%
Burnsville	60,900	61,262	18,452,445	18,843,903	2.12%	\$306.60	1.19%
Eden Prairie	57,000	60,995	23,745,535	23,734,101	-0.05%	\$388.12	-6.83%
Non-MLC Cities							
Mankato	33,362	35,031	6,389,467	8,941,939	39.95%	\$254.26	32.76%
Brooklyn Park	68,600	71,048	13,176,029	18,017,975	36.75%	\$252.60	31.52%
Rochester	91,264	97,191	24,934,543	32,881,713	31.87%	\$337.32	23.46%
St. Louis Park	44,744	44,380	13,287,553	15,868,331	19.42%	\$356.56	20.07%
Minneapolis	382,700	387,711	137,359,636	160,677,698	16.98%	\$413.43	15.19%
St. Cloud	61,248	64,232	13,003,065	14,924,684	14.78%	\$231.36	8.97%
Duluth	86,044	85,889	9,686,147	10,230,390	5.62%	\$118.11	4.92%
St. Paul	288,000	287,385	50,743,391	50,069,989	-1.33%	\$173.23	-1.68%

Sources: League of Minnesota Cities 2003 and 2006 Property Tax Data Reports
 CPI inflation rate of 9.14% from 2003-2006 applied from inflationdata.com

Summary

The data show the City's tax burden, whether measured absolutely or on a per capita basis, has remained flat during the time period from 2003-2006 when adjusted by the rate of inflation. The data from 1995-2006 shows the City's tax burden to have grown at or below the rate of comparable Twin Cities' suburbs during that time period. While one can still make the argument that the City of Eden Prairie is taxing too much and spending too much, I believe this set of data shows that our taxing and spending behavior, as a city government, has been reasonable when compared to other MLC cities and when compared to the rate of inflation.