

Transparency Proposal Talking Points

“What does greater transparency in government spending have to do with your property taxes?”

Background

- For 25 years, NAIOP Minnesota has aggressively defended its business tenants and investor clients against constantly increasing business property taxes.
- However, the gains which have been achieved at the state level have frequently been eroded by spending levies at the local level, which have resulted in the need for increasing property tax revenues.
- Local financial and budget reports are complex and sometimes overwhelming. They often make it difficult for taxpayers to have a clear understanding of the real cost drivers behind local government spending.

Transparency Proposal

- NAIOP supports establishing a new level of clarity and simplicity in how local governments present budget information to their citizens through the adoption of standardized reporting by object code.
- Standardized reporting by object code would:
 - Help taxpayers understand, government-wide, *what* their property tax dollars are buying, not just *how* their money is spent
 - Allow citizens and the media to make comparisons between similar communities across the state and identify best practices
 - Make it easier for taxpayers to correctly assess responsibility for underlying spending decisions and what influences those decisions
 - Isolate the key cost drivers, the need for additional revenue and the challenges facing local government officials in the budgeting process
 - Provide multi-year data giving citizens the ability to evaluate trends and growth rates
- Most local governments generally report spending on a “functional” basis – for example, providing information about spending on parks, libraries, police, fire or roads.
- Understanding spending by function is useful but needs to be supplemented by standardized object code-based spending data – for example, providing specific information about spending on salaries and wages, health benefits, office supplies, professional services and the like. Adding object code spending data shows citizens not just where public dollars are used, but also what they are used to buy.