

ITEM 6

MANAGER'S REPORT NO. 31

COUNCIL MEETING April 28/75

Re: Municipal Financing

The following article appeared in the April 16, 1975 issue of the "Municipal Finance Officers Association Newsletter":

"\$8 BILLION IN THE HOLE

Cities could run from \$5 to \$8 billion short in funds this year despite increases of 10% to 25% in property taxes and reductions in basic city services, according to a recent U.S. Conference of Mayors survey of fiscal conditions in 50 cities. The mayors, governors, academicians and businessmen have been running the gamut of concerns these past few weeks in requesting Congress act in the following areas: (1) increased federal aid for additional public service jobs to stave off rising unemployment; (2) stimulation of the depressed housing industry; (3) a firm commitment by Congress to reenact general revenue sharing; and (4) relaxation of the matching formulas required by law for utilization of the various categorical grant programs (most notably the previously impounded highway trust funds).

Central to each official's testimony was the complaint that the proposed Federal budget would force states either to raise taxes or sharply curtail essential services. The mayors indicate in their report that in many areas capital improvements are being deferred or eliminated, and in some areas tax rates and assessments have already stretched to legal limits, and cities must search for other revenue sources."

It appears that we are not alone in our problem of trying to find different means of revenue sharing and to balance budgets!

This is for the information of Council.