

TRUTH IN TAXATION

PURPOSE OF THIS MEETING IS TO
PRESENT THE CITY'S PROPOSED
2026 BUDGET AND TO RECEIVE
PUBLIC INPUT AND COMMENTS

Where Do Cities Get their Money?

City Revenue Sources:

- Charges for Services
- Property Taxes
- Intergovernmental
- Licenses & Permits
- Grants
- Franchise Fees
- Recreation Fees
- Rent, Fees, & Donations
- Other - Fines, interest, misc.
- Special Assessments & Fund Balance

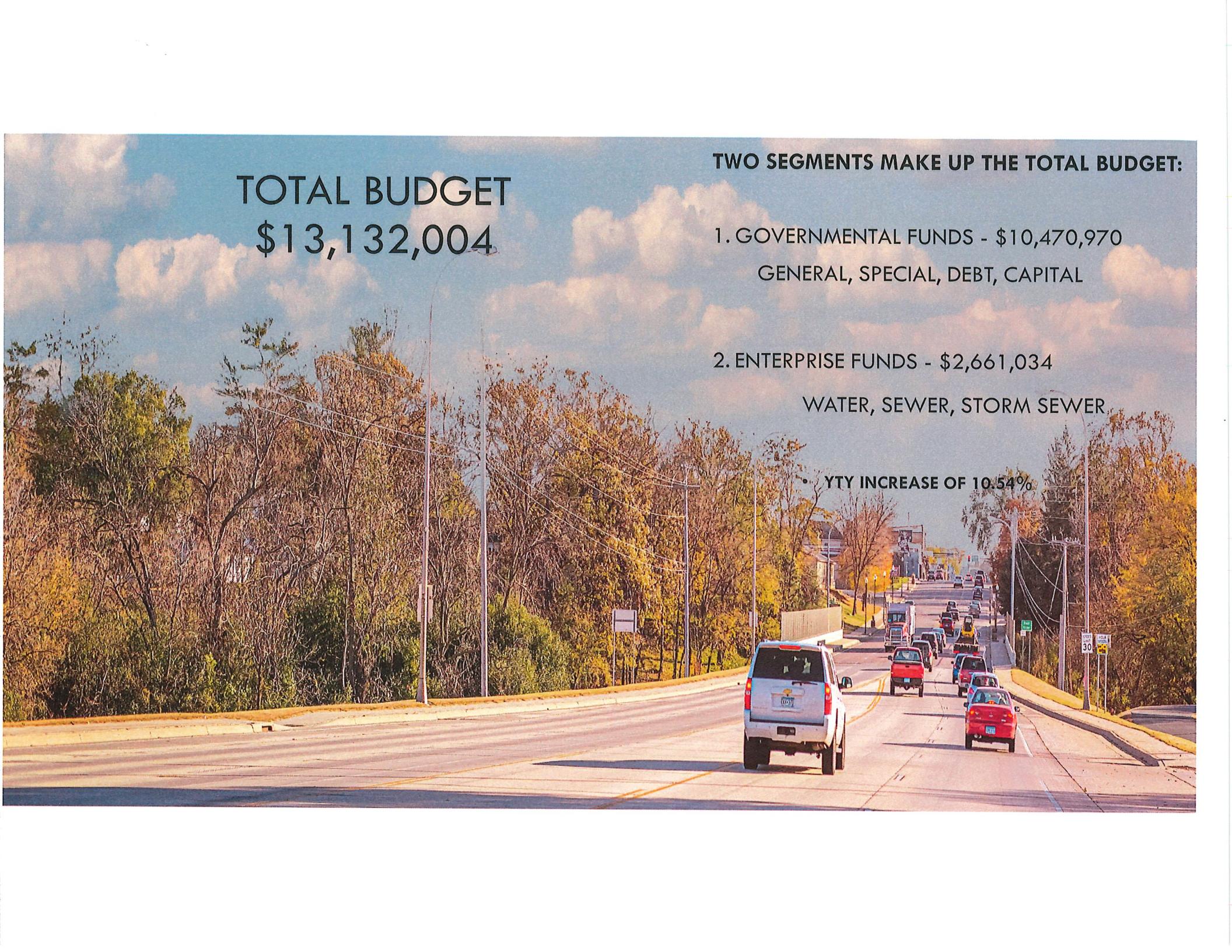
City Expenditures/City Services:

- Parks & Recreation
- Fire & EMS
- Library
- Law Enforcement
- Community Development
- Streets & Sidewalks
- General Government
- Capital Improvement Projects
- Water
- Sewer
- Storm Sewer



WHY PROPERTY TAXES VARY YEAR TO YEAR

- THE MARKET VALUE OF A PROPERTY MAY CHANGE
- THE MARKET VALUE OF OTHER PROPERTIES IN YOUR TAXING DISTRICT MAY CHANGE, SHIFTING TAXES FROM ONE PROPERTY TO ANOTHER
- THE PROPERTY TAX LEVIED BY THE CITY, COUNTY, SCHOOL DISTRICT OR A SPECIAL DISTRICT MAY CHANGE
- SPECIAL ASSESSMENTS MAY BE ADDED TO YOUR PROPERTY TAX BILL
- VOTERS MAY HAVE APPROVED A REFERENDUM
- AID AND REVENUE FROM THE STATE AND FEDERAL GOVERNMENT MAY HAVE CHANGED (LGA)
- STATE LEGISLATURE MAY HAVE CHANGED THE PORTION OF THE TAX BASE PAID BY DIFFERENT TYPES OF PROPERTIES
- OTHER STATE LAW CHANGES MAY ADJUST THE TAX BASE
- INFLATION
- INFRASTRUCTURE
- PUBLIC SAFETY
- COUNCIL INITIATIVES AND CITIZEN IDEAS



TOTAL BUDGET
\$13,132,004

TWO SEGMENTS MAKE UP THE TOTAL BUDGET:

1. GOVERNMENTAL FUNDS - \$10,470,970
GENERAL, SPECIAL, DEBT, CAPITAL

2. ENTERPRISE FUNDS - \$2,661,034
WATER, SEWER, STORM SEWER

• YTY INCREASE OF 10.54%

GENERAL GOVERNMENT TOTAL BUDGET FOR REVENUE

1 INTERGOVERNMENTAL

(STATE AID, COUNTY, LIBRARY)

\$ 1,569,827

2 PROPERTY TAXES

(REFERENDUMS, LEVIES)

\$ 5,769,996

3 OTHER TAXES

(TIF, SPECIAL ASSESSMENTS)

\$ 574,494

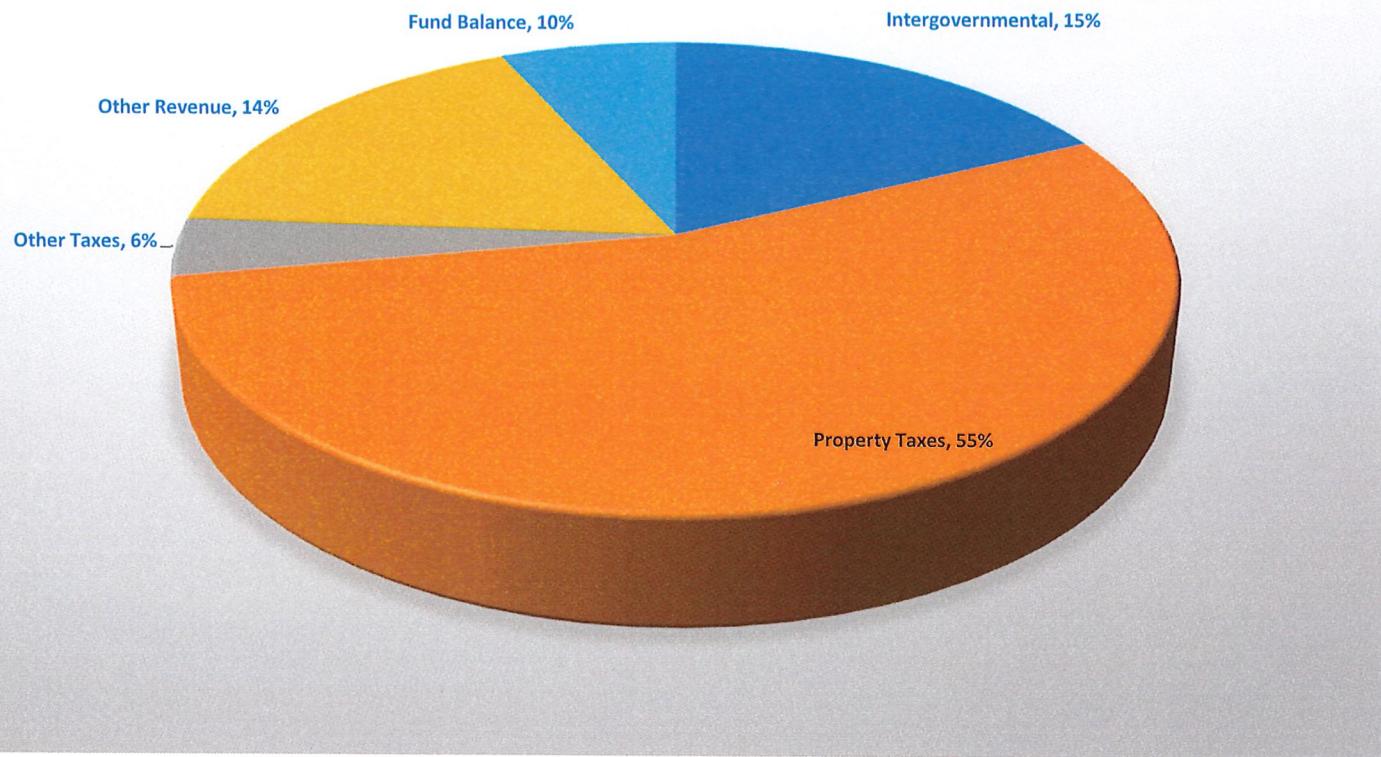
4 OTHER REVENUES

(RENT, FEES, LICENSES,
DONATIONS, FINES, INTEREST)

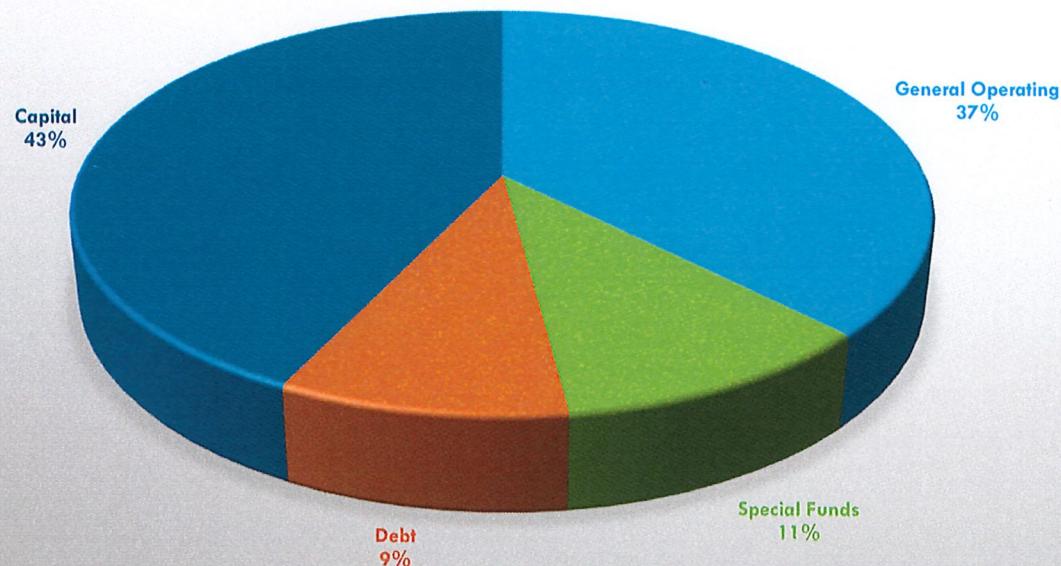
\$ 1,492,550

5 FUND BALANCE

\$ 1,064,104



GENERAL GOVERNMENT TOTAL BUDGET FOR EXPENDITURES



General Operating (wages,
utilities, supplies, benefits)

\$3,921,185

General Government, Streets, Parks &
Grounds, Pool, Law Enforcement, Solid Waste,
Street Lighting

Special Funds

\$1,099,478

Library, Economic Development, Fire, Civic
Center, Revolving Loan

Debt

\$960,195

CIP & Utility Bonds

Capital

\$4,490,113

Capital Building & Equipment, TIF Districts, Fire
Dept. Capital Equipment

EXPENDITURES – GENERAL & SPECIAL FUNDS

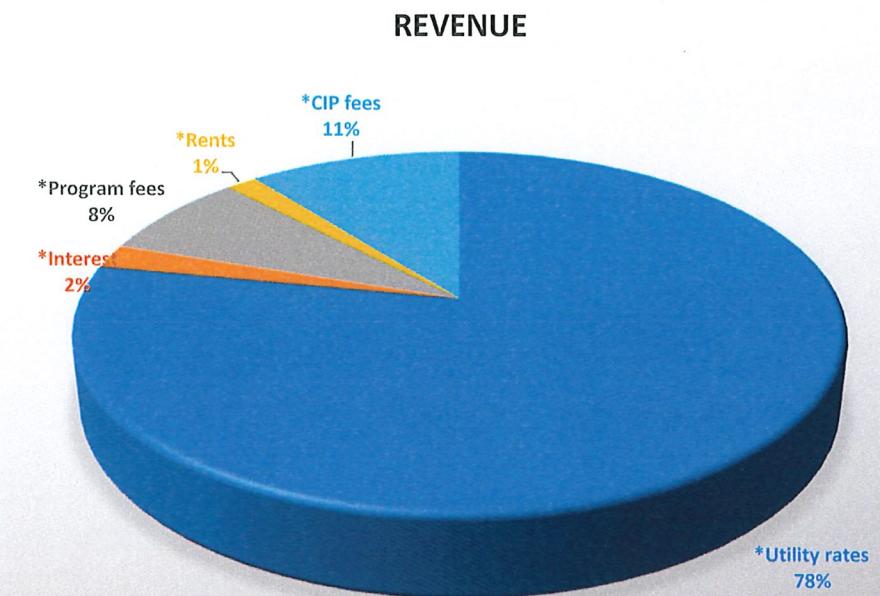
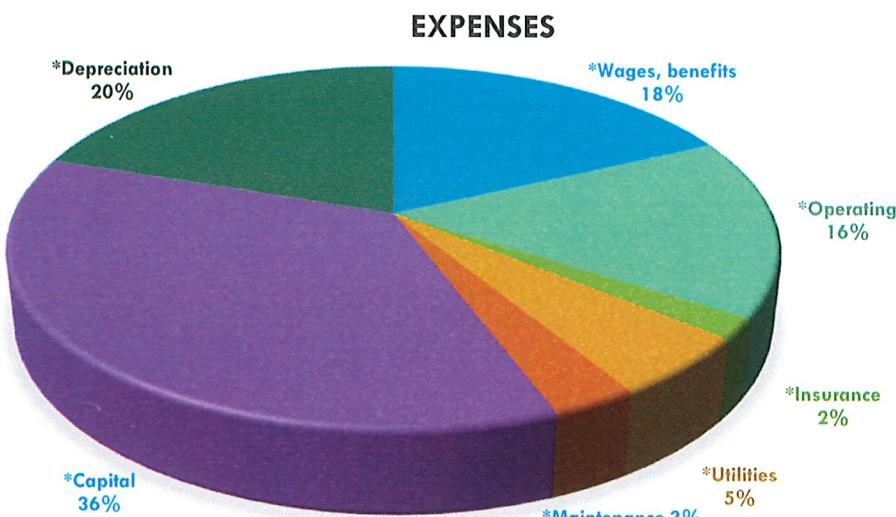
		Special Funds	
General Government	\$ 1,145,913	Library	\$532,321
		Economic	\$198,062
		Fire Dept	\$308,648
		Civic Center	\$50,691
		Revolving Loan	\$9,756
Administration, Mayor & Council, Clerk, Finance, Planning/Zoning, Insurance (Liability & General)			\$1,099,478
Law Enforcement	\$ 963,087		
Emergency Services	\$ 3,750		
Parks	\$ 462,780		
Historical Society	\$ 8,140		
Solid Waste (dump)	\$ 29,811		
Streets	\$ 765,557		
Swimming	\$ 382,947		
Summer Rec	\$ 7,000		
Signal Lights	\$ 3,600		
Street Lighting	\$ 135,000		
Unallocated	\$ 13,600		

Expenditures include:
 Wages, Insurance, Supplies, Utilities,
 Maintenance, Contractual Services, Tools,
 Equipment...

ENTERPRISE FUNDS

- GENERAL GOVERNMENT FUND OPERATIONS ARE FUNDED BY TAX DOLLARS AND THE PROPERTY TAX SYSTEM IS DETERMINED BY THE STATE LEGISLATURE.
- ENTERPRISE OPERATIONS ARE SIMILAR TO A FOR-PROFIT COMMERCIAL BUSINESS.
- ENTERPRISE OPERATIONS COLLECT FEES THAT ARE ESTABLISHED BY THE CITY THROUGH A RATE STRUCTURE AND CANNOT USE PROPERTY TAXES.
- ESTABLISHED FEES MUST:
- COVER ALL OPERATING COSTS
- PAY FOR CAPITAL IMPROVEMENTS AND EXPANSION
- FUND RESERVES
- BE EQUITABLE AND AFFORDABLE

ENTERPRISE FUNDS



TAX CAPACITY RATE FORMULA

- $A/B = C$
- A = CITY CERTIFIED LEVY
- B = TAX CAPACITY MARKET VALUE
- C = CITY TAX CAPACITY RATE
- CURRENT FORMULA:

$\$5,496,187 / \$7,926,217 = 69.34\%$

2026 City Certified Levy

- CERTIFIED LEVY \$ 5,496,187
- DOES NOT INCLUDE POOL (\$139,229) OR FIRE HALL (\$114,580) REFERENDUM
- LEVY INCREASE OF \$700,252 FROM 2025
- YTY THIS IS 13.8% TOTAL LEVY INCREASE WITH A 7.83% TAX BASE INCREASE

ASSESSED MARKET VALUE

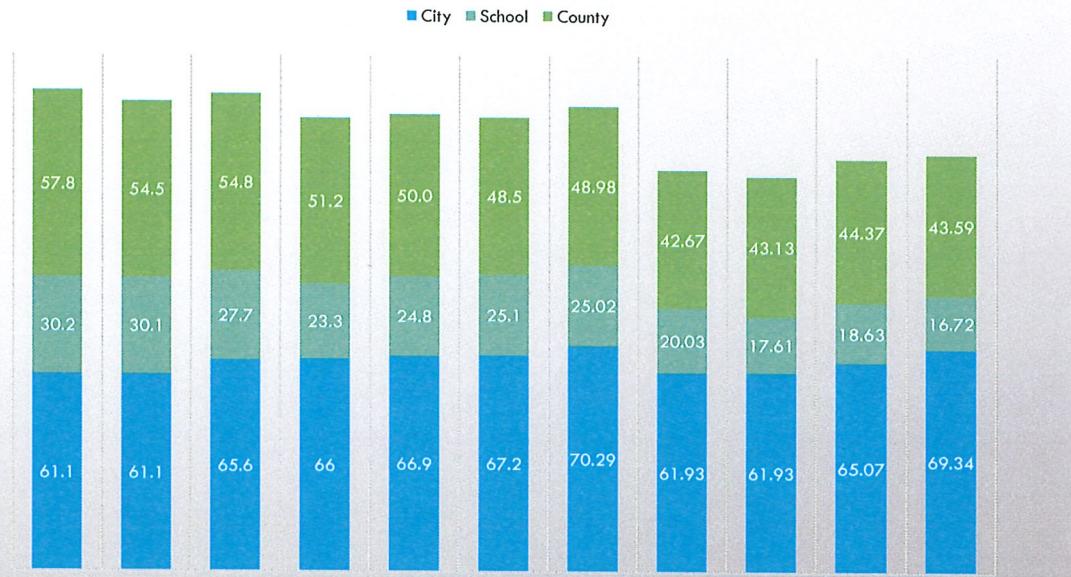
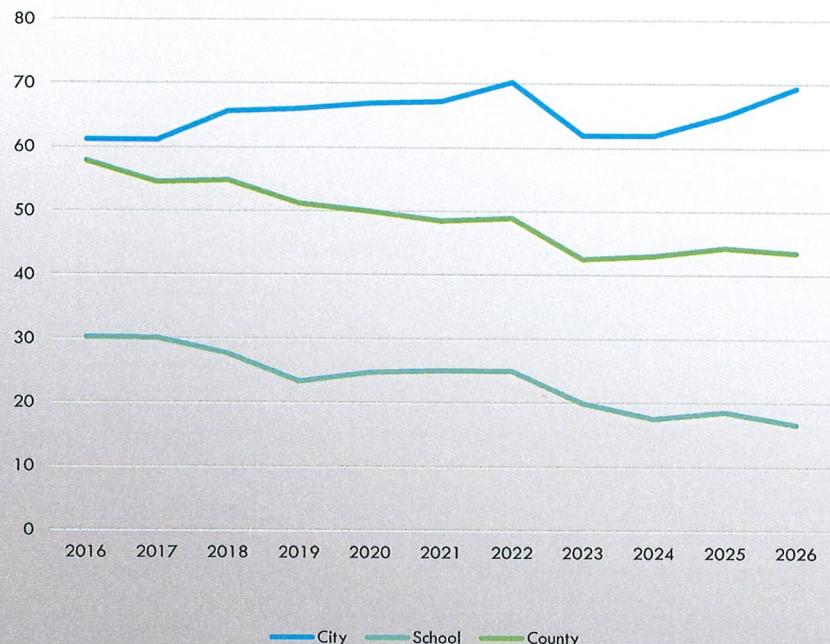
Market Value	2025	2026
YTY	\$ 694,107,300	\$750,833,200
	INCREASE OF \$ 32,183500	INCREASE OF \$56,725,900
	4.86 % INCREASE YTY	8.17% INCREASE YTY
	NEW CONSTRUCTION	NEW CONSTRUCTION
	\$ 10,264,740 (31.89%)	\$14,646,800 25.82%
	RE-VALUATIONS	RE-VALUATIONS
	\$ 21,918,760 (68.11%)	\$42,079,100 74.18%

TAX CAPACITY RATE

- TOTAL TAX CAPACITY RATE FOR GENERAL OPERATING

	<u>2026</u>	<u>2025</u>
• CITY RATE	69.34%	65.07%
• COUNTY RATE	43.59%	44.37%
• SCHOOL RATE	16.42%	18.45%
• PLUS REFERENDUM (BASED ON MARKET VALUE)		
• SCHOOL	0.15993%	0.18449%
• POOL & FIRE HALL	0.03462%	0.03700%
• COMPLETION: POOL 2026, FIRE HALL 2033		

PROPERTY TAX HISTORY (TAX CAPACITY RATE) 2016 - 2026



HISTORICAL DATA 2016 - 2026

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Tax Capacity Rate	61.115	65.433	65.646	66.016	66.92	67.23	70.29	61.93	61.93	65.07	69.34
+ or - change	2.50	4.32	0.21	0.37	0.90	0.31	3.06	-8.36	0.00	3.14	4.27
Levy plus pool & fire hall referendum	\$2,552,587	\$2,894,905	\$3,058,065	\$3,298,321	\$ 3,468,629	3,619,013	4,014,293	4,321,234	4,695,650	\$ 5,052,799	\$ 5,749,996
% of change	4.86%	13.41%	5.64%	7.86%	5.16%	4.34%	10.92%	7.65%	8.66%	7.61%	13.80%
General Government Budget	\$4,737,194	\$5,365,828	\$5,626,127	\$6,055,720	\$ 6,107,791	\$ 6,219,170	\$ 6,737,292	\$ 7,559,168	\$ 9,018,825	\$ 9,336,317	\$ 10,470,970
% of Change	4.53%	13.27%	4.85%	7.64%	0.86%	1.82%	8.33%	12.20%	19.31%	3.52%	12.15%

COMPARATIVE LEVY DATA

LEVY DATA PER CAPITA

Population	City	City Levy Payable	
		2026	Per Capita
6961	Byron	\$6,638,568	\$953.68
2739	Caledonia	\$1,565,646	\$571.61
4196	Cannon Falls	\$3,972,000	\$946.62
7301	Kasson	\$4,783,681	\$655.21
5252	Lake City	\$5,267,106	\$1,002.88
3930	Pine Island	\$4,218,893	\$1,073.51
3516	Plainview	\$3,095,900	\$880.52
6729	Stewartville	\$5,496,187	\$816.79
4037	St. Charles*	\$2,642,643	\$654.61
2500	Wabasha	\$3,063,734	\$1,225.49

TAX CAPACITY RATE

2026	2025	2024	2023	2022	2021	2020	2019	2018
60.08	60.56	60.56	67.04	67.04	68.45	69.50	66.09	64.37
59.66	52.88	52.29	53.92	58.44	56.53	56.41	54.40	52.98
	53.26	54.23	55.37	64.43	67.20	74.26	64.24	63.88
57.34	58.09	66.23	59.08	68.74	71.10	75.08	79.90	78.70
59.75	61.92	59.67	52.29	64.05	65.20	68.83	67.48	68.41
83.00	81.76	80.97	81.32	86.73	84.90	84.67	64.70	78.66
81.05	78.89	75.34	76.41	85.50	88.65	92.10	99.70	98.64
69.34	65.07	61.93	61.93	70.30	67.20	66.92	66.02	65.65
59.51	54.19	50.16	48.02	47.12	41.14	41.30	43.90	45.39
76.00	71.30	72.37	74.65	76.22	73.75	72.31	69.60	68.43

2025 WATER & SEWER RATES

City	Gallons	Water	Sewer	Total Water/Sewer	St Light	Other	Debt	Storm	Total Other Charges	Total Charges
Byron	5000	\$ 27.45	\$ 56.45	\$ 83.90	\$ -	\$ 0.81		\$ 7.00	\$ 7.81	\$ 91.71
Caledonia	5000	\$ 31.45	\$ 69.20	\$ 100.65	\$ 3.00			\$ 2.50	\$ 5.50	\$ 106.15
Cannon Falls	5000	\$ 28.91	\$ 70.56	\$ 99.47	\$ -	\$ 5.38		\$ 2.96	\$ 8.34	\$ 107.81
Chatfield	5000	\$ 39.00	\$ 81.26	\$ 120.26	\$ -	\$ 0.81			\$ 0.81	\$ 121.07
Dodge Center	5000	\$ 32.40	\$ 44.65	\$ 77.05	\$ -		\$ 35.25	\$ 1.25	\$ 36.50	\$ 113.55
Elgin	5000	\$ 46.01	\$ 41.19	\$ 87.20	\$ -	\$ 5.25	\$ -	\$ 6.00	\$ 11.25	\$ 98.45
Eyota	5000	\$ 29.66	\$ 56.04	\$ 85.70	\$ -	\$ 0.81	\$ -	\$ 6.00	\$ 6.81	\$ 92.51
Hayfield	5000	\$ 28.75	\$ 39.75	\$ 68.50		\$ 29.00			\$ 29.00	\$ 97.50
Kasson	5000	\$ 35.75	\$ 70.75	\$ 106.50	\$ -			\$ 16.25	\$ 16.25	\$ 122.75
Kenyon	5000	\$ 41.35	\$ 66.42	\$ 107.77	\$ 10.00			\$ 13.00	\$ 23.00	\$ 130.77
Lake City	5000	\$ 24.56	\$ 54.27	\$ 78.83	\$ -			\$ 5.30	\$ 5.30	\$ 84.13
Lewiston	5000	\$ 40.95	\$ 92.71	\$ 133.66					\$ -	\$ 133.66
Mantorville	5000	\$ 45.99	\$ 82.81	\$ 128.80		\$ 0.81		\$ 4.00	\$ 4.81	\$ 133.61
Mazeppa	5000	\$ 37.62	\$ 75.98	\$ 113.60				\$ 1.00	\$ 1.00	\$ 114.60
Pine Island	5000	\$ 29.04	\$ 52.02	\$ 81.06		\$ 1.81		\$ 1.00	\$ 2.81	\$ 83.87
Plainview	5000	\$ 27.28	\$ 53.87	\$ 81.15		\$ 15.65		\$ 0.25	\$ 15.90	\$ 97.05
Spring Valley	5000	\$ 63.25	\$ 61.48	\$ 124.73				\$ 5.00	\$ 5.00	\$ 129.73
St. Charles	5000	\$ 41.79	\$ 57.93	\$ 99.72		\$ 0.50		\$ 8.77	\$ 9.27	\$ 108.99
Stewartville	5000	\$ 23.75	\$ 35.80	\$ 59.55	\$ 5.00	\$ 13.90		\$ 5.20	\$ 24.10	\$ 83.65
Wabasha	5000	\$ 23.11	\$ 64.55	\$ 87.66	\$ 3.00	\$ 0.81			\$ 3.81	\$ 91.47
City Avg	5000	\$ 34.90	\$ 61.38	\$ 96.29					\$ 10.86	\$ 107.15

PROPERTY TAX SYSTEM

- STARTS WITH THE LOCAL ASSESSOR.
- ENDS WITH TAX SETTLEMENTS.
- THE CITY HAS NO AUTHORITY TO DETERMINE WHAT PROPERTY IS TAXABLE, NOR IN WHAT PROPORTIONS OR AMOUNTS.
- FOR MANY CITIES IN MINNESOTA PROPERTY TAX IS THE MAIN SOURCE OF REVENUE.

Property Tax Changes

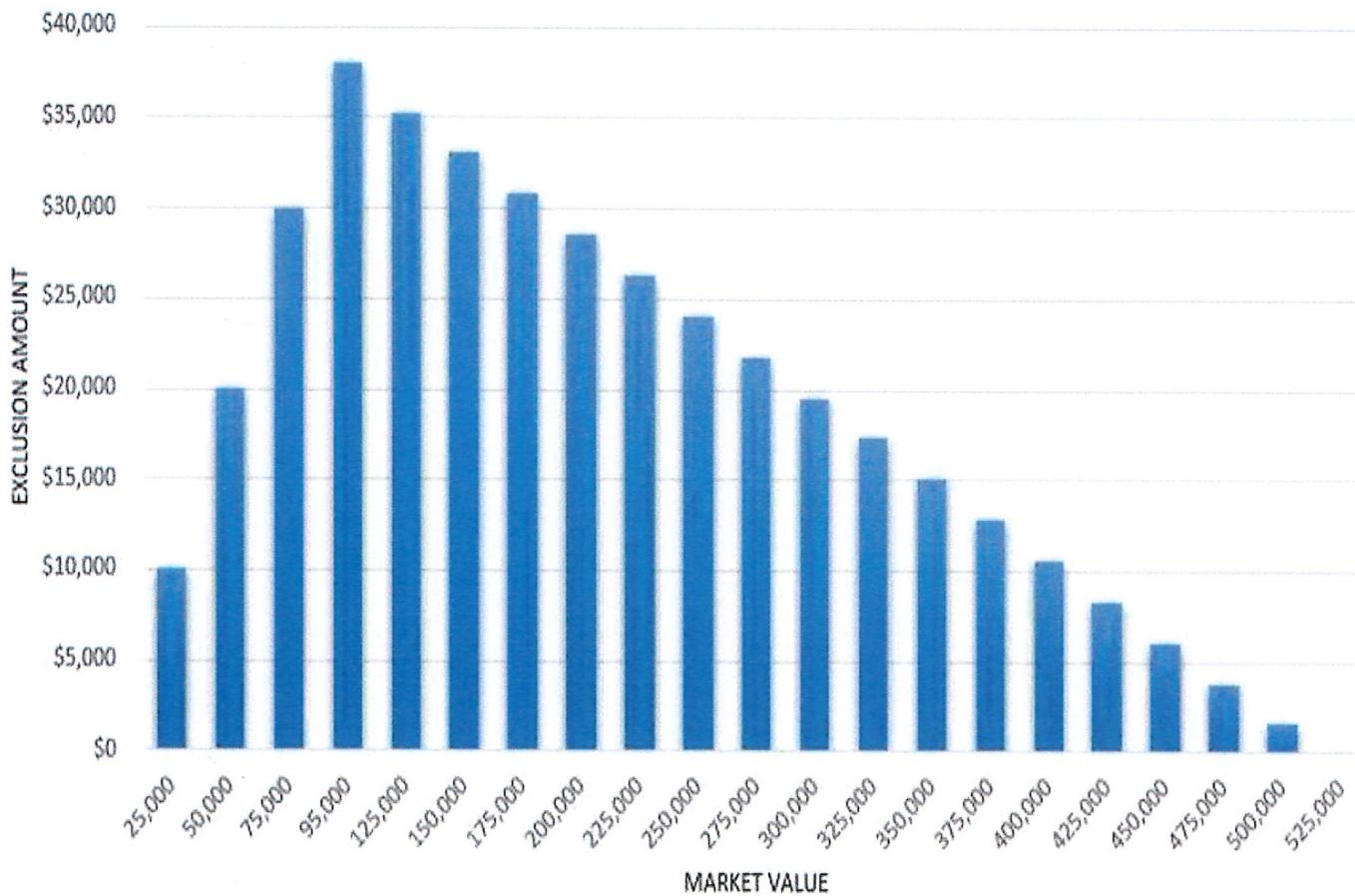
Why Property Taxes Go Up

- Decrease in tax base/lower values
- Higher levies by city, county, school
- No new construction
- Higher than average increase in individual property value compared to other properties in the same jurisdiction
- A shift in values between property classes

Why Property Taxes Go Down

- Increase in tax base/higher values
- Levy decreases or modest levy increases by city, county, school
- New construction – growth in new value
- Decrease or lower than average increase in individual property value
- A shift in values between property classes

Homestead Market Value Exclusion



Legislative Changes effecting 2025:

The value excluded depends on a property's market value. The calculation is:

For homesteads valued at \$95,000 or less, the exclusion is 40% of market value (maximum of \$38,000).

For homesteads valued between \$95,000 and \$517,200, the exclusion is \$38,000 minus 9% of the value over \$95,000.

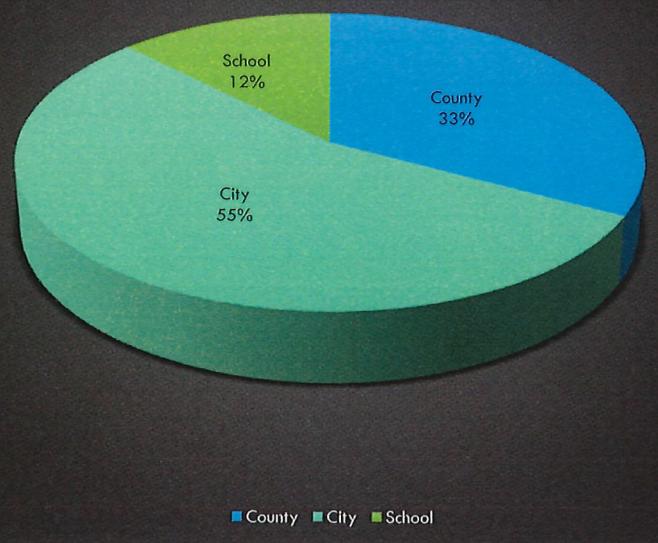
For homesteads valued at or over \$517,200, there is no exclusion.

This exclusion, which had remained unchanged since 2012, was revised for 2025.

RESIDENTIAL PROPERTY TAX EXAMPLE

	2025	2026	Change	Increase in Market Value	Change (Increase/Decrease)	Percentage Change
Assessed Value	\$ 336,500	\$ 336,500	\$ 0	\$ 342,800	\$ 6,300	2%
Market Value Exclusion	\$ (16,265)	\$ (16,265)	\$ 0	\$ (15,698)	\$ 567	-3%
Taxable Market Value after State Homestead Exclusion	\$ 320,235	\$ 320,235	\$ 0	\$ 327,102	\$ 6,867	2%
City Levy - General Operating	\$ 2,084	\$ 2,221	\$ 137	\$ 2,268	\$ 184	8%
County Levy	\$ 1,421	\$ 1,396	\$ (25)	\$ 1,426	\$ 5	0%
School Levy	\$ 591	\$ 530	\$ (60)	\$ 542	\$ (49)	-9%
School Referendum (based on original assessed value)	\$ 6	\$ 5	\$ (1)	\$ 5	\$ (1)	-14%
Pool & Fire Hall Referendums (Voter Approved - based on original assessed value)	\$ 125	\$ 116	\$ (8)	\$ 119	\$ (6)	-5%
TOTAL TAX	\$ 4,226	\$ 4,268	\$ 43	\$ 4,360	\$ 134	3%
City Portion	\$ 2,208	\$ 2,337	\$ 129	\$ 2,387	\$ 179	8%

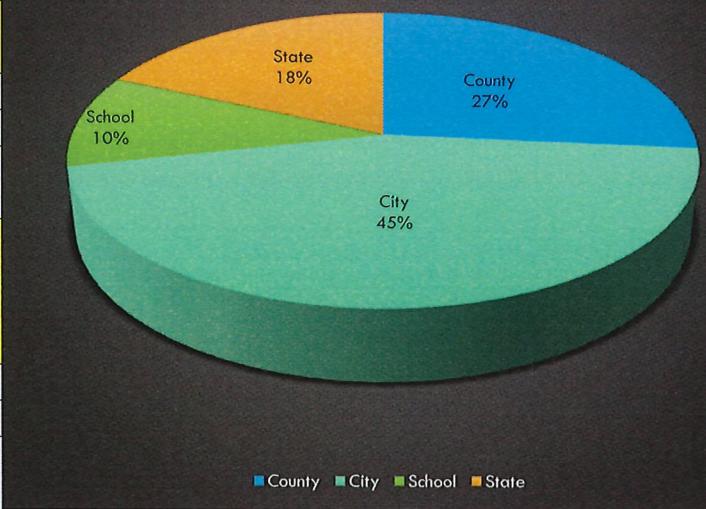
Residential Property Tax Dollar Allocation



COMMERCIAL PROPERTY TAX EXAMPLE

	2025	2026	Change	Increase in Market Value	Change (Increase/Decrease)
Assessed Value	\$ 1,000,000	\$ 1,000,000	\$ -	\$ 1,150,000	\$ 150,000
State Tax	\$ 5,583	\$ 5,583	\$ -	\$ 6,453	\$ 870
City Levy - General Operating	\$ 12,526	\$ 13,348	\$ 822	\$ 15,429	\$ 2,902
County Levy	\$ 8,208	\$ 8,065	\$ (144)	\$ 9,274	\$ 1,066
School Levy	\$ 3,413	\$ 3,064	\$ (349)	\$ 3,523	\$ 110
School Referendum (based on original assessed value)	\$ 34	\$ 30	\$ (5)	\$ 34	\$ (0)
Pool & Fire Hall Referendums (Voter Approved - based on original assessed value)	\$ 370	\$ 346	\$ (24)	\$ 398	\$ 28
TOTAL TAX	\$ 30,134	\$ 30,435	\$ 301	\$ 35,111	\$ 4,976
City Portion	\$ 12,896	\$ 13,694	\$ 798	\$ 15,827	\$ 2,930

Commercial/Industrial Property Tax Dollar Allocation



THANK YOU FOR COMING!
QUESTIONS?

