

A photograph of a stone wall with the word 'STEWARTVILLE' carved into it. In the foreground, there are yellow flowers and green foliage. The background shows more trees and foliage.

# TRUTH IN TAXATION

PURPOSE OF THIS MEETING IS TO  
PRESENT THE CITY'S PROPOSED  
2024 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**  
**\$11,478,205**

**TWO SEGMENTS MAKE UP THE TOTAL BUDGET:**

**1. GOVERNMENTAL FUNDS - \$9,018,825**  
**GENERAL, SPECIAL, DEBT, CAPITAL**

**2. ENTERPRISE FUNDS - \$2,459,380**  
**WATER, SEWER, STORM SEWER**

- **YTY INCREASE OF 13.17%**



# GENERAL GOVERNMENT TOTAL BUDGET FOR REVENUE

## 1 INTERGOVERNMENTAL

(STATE AID, COUNTY, LIBRARY)

\$ 1,984,209

## 2 PROPERTY TAXES

(REFERENDUMS, LEVIES)

\$ 4,717,650

## 3 OTHER TAXES

(TIF, SPECIAL ASSESSMENTS)

\$ 262,244

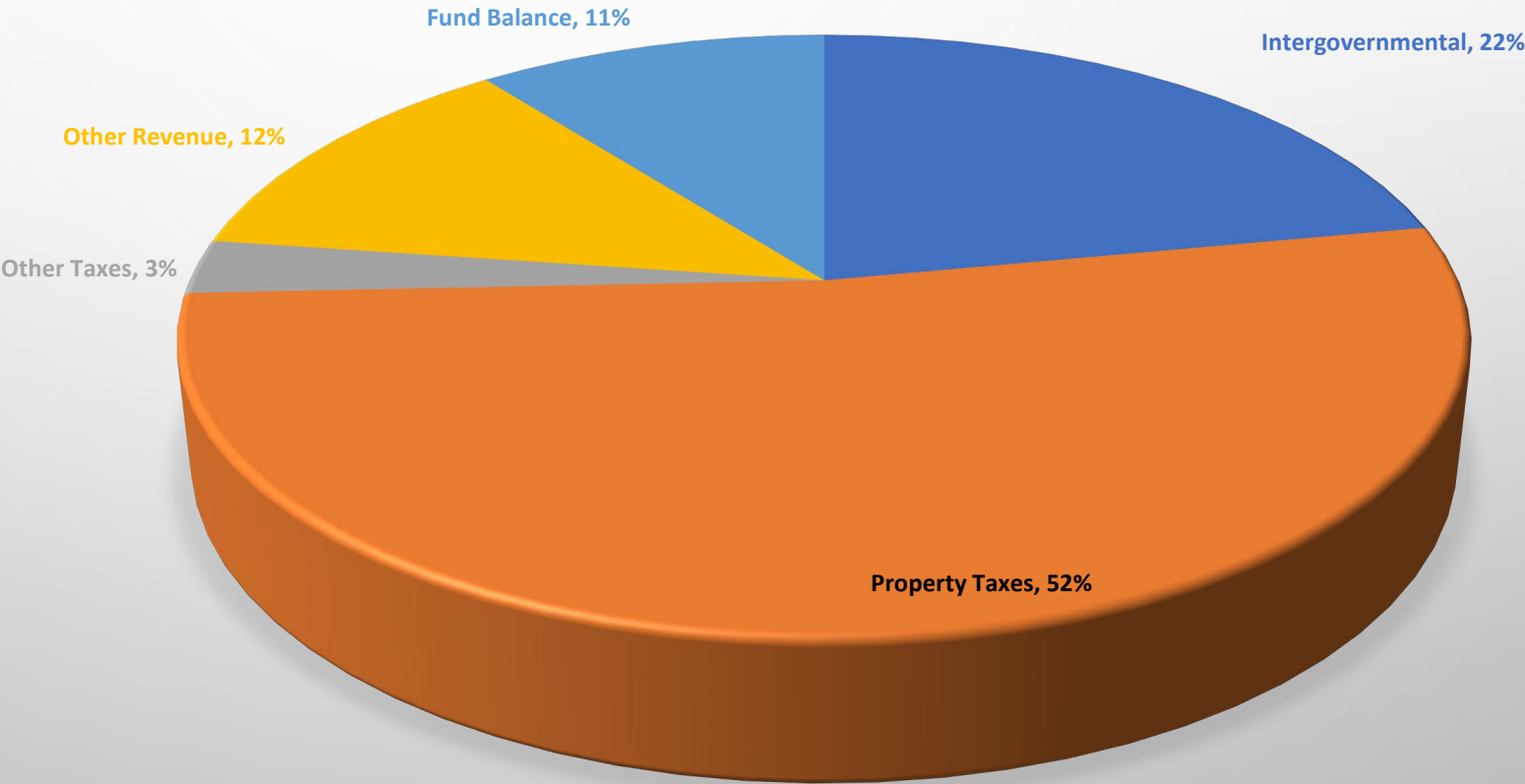
## 4 OTHER REVENUES

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

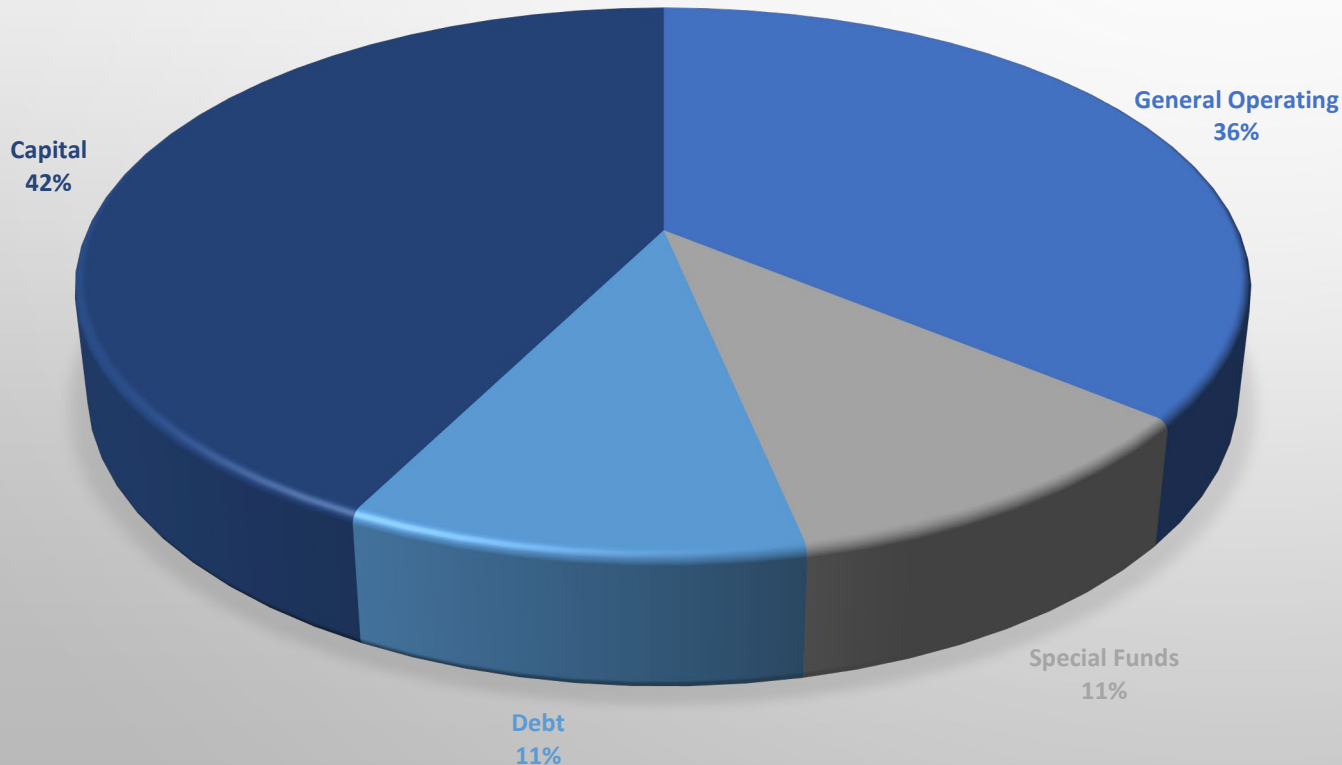
\$ 1,108,252

## 5 FUND BALANCE

\$ 946,470



# GENERAL GOVERNMENT TOTAL BUDGET FOR EXPENDITURES



General Operating (wages,  
utilities, supplies, benefits)

**\$3,246,233**

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

Special Funds

**\$969,084**

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

Debt

**\$964,742**

CIP & Utility Bonds

Capital

**\$3,838,767**

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

# EXPENDITURES – GENERAL & SPECIAL FUNDS

General Funds		
General Government	\$ 914,945	
Administration, Mayor & Council, Clerk, Finance, Planning/Zoning, Insurance (Liability & General)		
Law Enforcement	\$ 879,085	
Emergency Services	\$ 3,750	
Parks	\$ 410,050	
Historical Society	\$ 8,140	
Solid Waste (dump)	\$ 7,188	
Animal Control	\$ 200	
Streets	\$ 528,988	
Swimming	\$ 350,387	
Summer Rec	\$ 7,000	
Signal Lights	\$ 3,300	
Street Lighting	\$ 125,200	
Unallocated	\$8,000.00	

Special Funds		
Library		\$437,788
Economic		\$181,429
Fire Dept		\$273,913
Civic Center		\$57,284
Revolving Loan		\$18,669

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

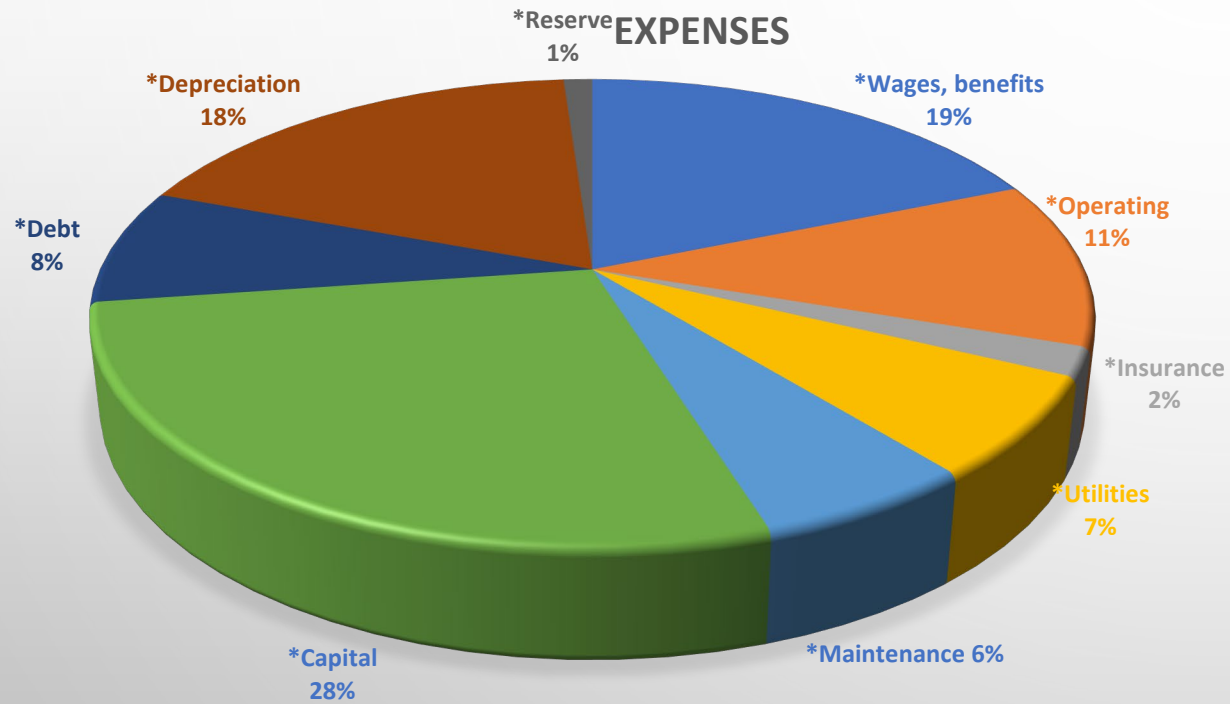
# ENTERPRISE FUNDS

- 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
- INFORMATION FROM EHLERS ADVISOR (SEPT 2007)

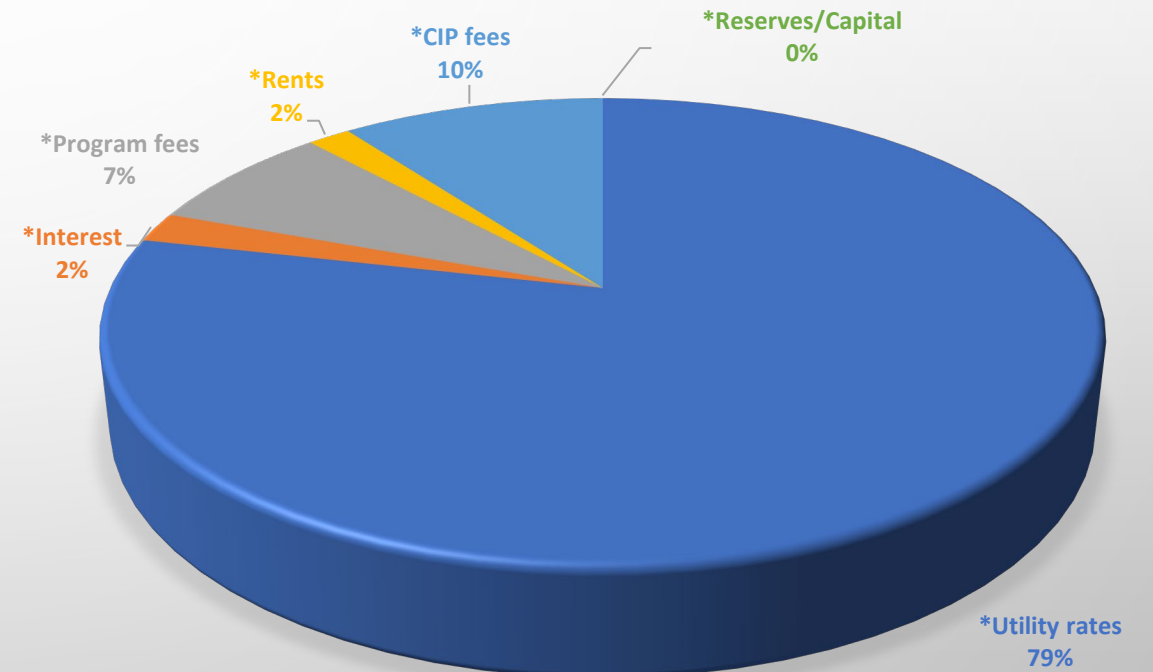


# ENTERPRISE FUNDS

## EXPENSES



## REVENUE



# TAX CAPACITY RATE FORMULA

- $A/B = C$

- A = CITY CERTIFIED LEVY

- B = TAX CAPACITY MARKET VALUE

- C = CITY TAX CAPACITY RATE

- CURRENT FORMULA:

$$\$4,441,100 / \$7,170,820 = 61.93\%$$

## 2024 City Certified Levy

- CERTIFIED LEVY \$ 4,441,100

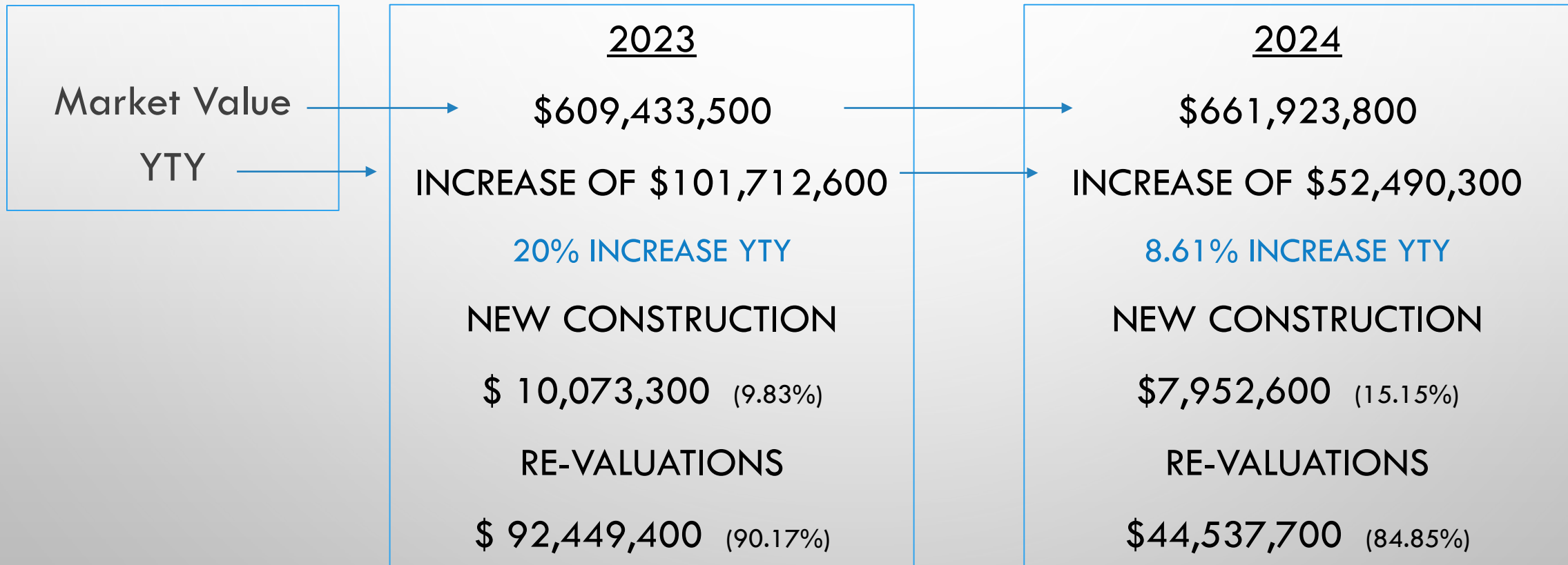
- DOES NOT INCLUDE POOL (\$139,334) OR  
FIRE HALL (\$115,216) REFERENDUM

- LEVY INCREASE OF \$376,384 FROM 2023

- YTY THIS IS 8.67% TOTAL LEVY INCREASE  
WITH A 9.25% TAX BASE INCREASE



# ASSESSED MARKET VALUE



# TAX CAPACITY RATE

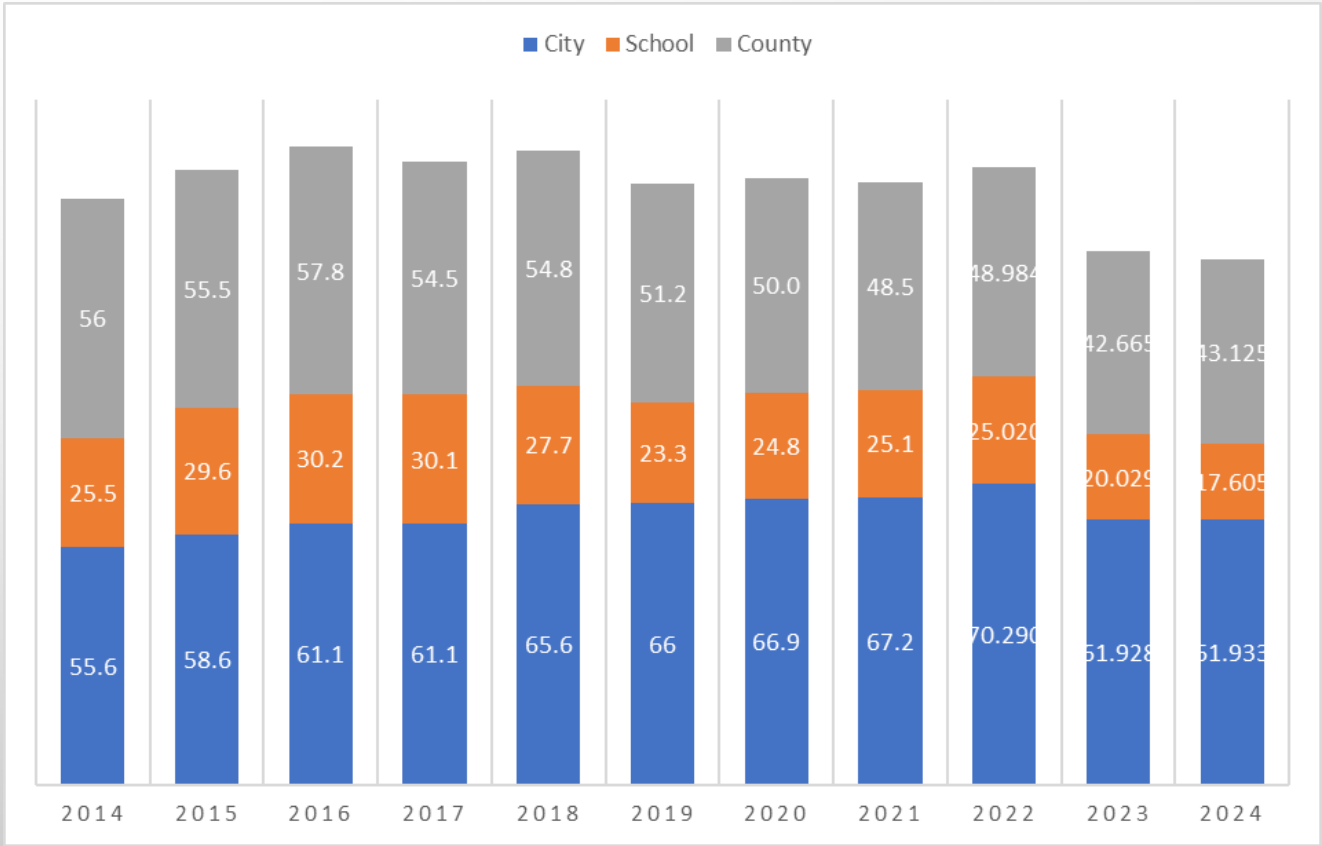
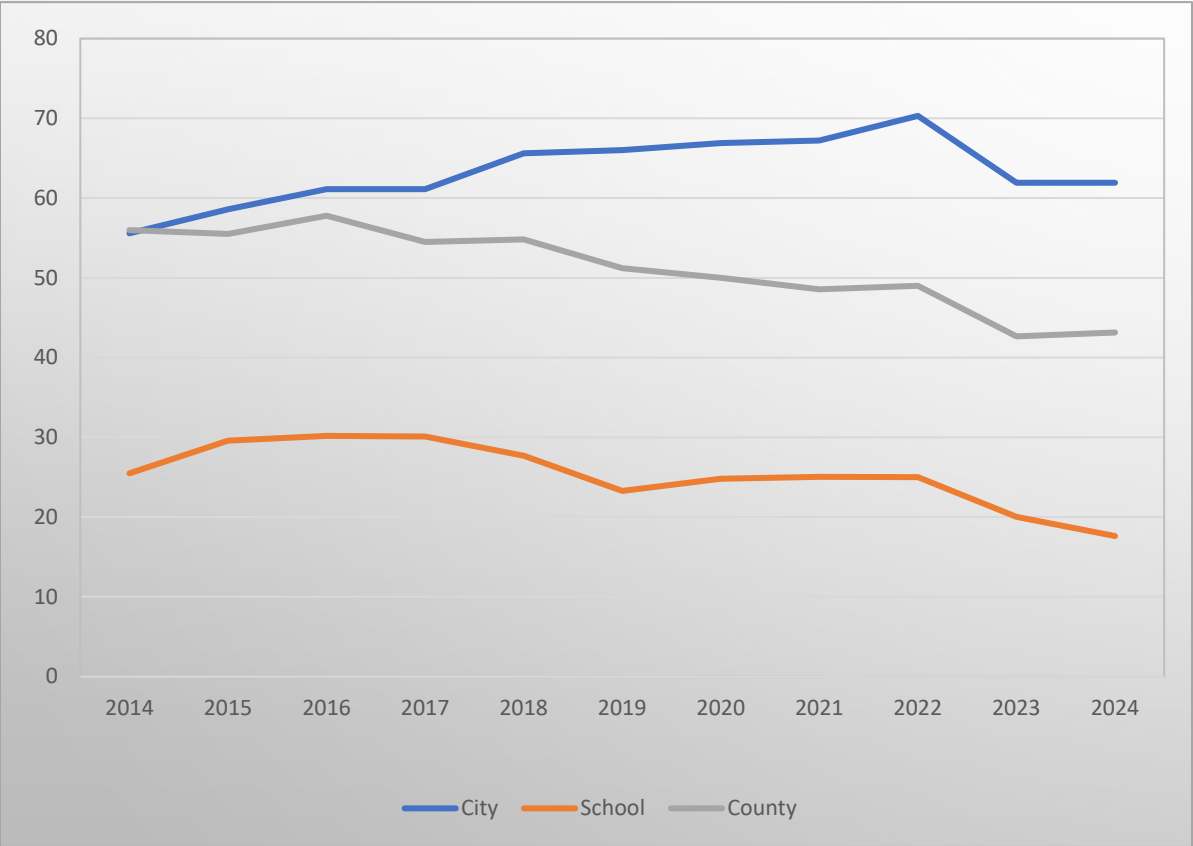
- TOTAL TAX CAPACITY RATE FOR GENERAL OPERATING

	<u>2024</u>	<u>2023</u>
• CITY RATE	61.93%	61.93%
• COUNTY RATE	43.13%	42.67%
• SCHOOL RATE	17.42%	20.03%
• PLUS REFERENDUM (BASED ON MARKET VALUE)		
• SCHOOL	0.18856%	0.18802%
• POOL & FIRE HALL	0.03843%	0.04202%

- COMPLETION: POOL 2026, FIRE HALL 2033



# PROPERTY TAX HISTORY (TAX CAPACITY RATE) 2014 - 2024



# HISTORICAL DATA 2015 - 2024

	<u>2015</u>	<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>
Tax Capacity Rate	58.614	61.115	65.433	65.646	66.016	66.92	67.23	70.29	61.93	61.93
+ or – change	2.82	2.50	4.32	0.21	0.37	0.90	0.31	3.06	-8.36	0.00
Levy plus pool & fire hall referendum	\$2,434,233	\$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
% of change	8.61%	4.86%	13.41%	5.64%	7.86%	5.16%	4.34%	10.92%	7.65%	8.66%
General Government Budget	\$4,531,988	\$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
% of Change	10.36%	4.53%	13.27%	4.85%	7.64%	0.86%	1.82%	8.33%	12.20%	19.31%
							150,384	395,280	306,941	374,416

This has the grant \$ for the Capital Library project & the trust and allocated reserves \$1,200,304



# COMPARATIVE LEVY DATA

LEVY DATA PER CAPITA				TAX CAPACITY RATE							
Population	City	City Levy Payable 2024	Per Capita	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
6883	Byron	\$5,809,477	\$844.03	60.56	67.04	67.04	68.45	69.50	66.09	64.37	67.80
2895	Caledonia	\$1,248,123	\$431.13	52.29	53.92	58.44	56.53	56.41	54.40	52.98	56.42
3050	Chatfield	\$2,588,325	\$848.63	87.32	90.00	101.69	104.88	112.00	98.56	95.56	92.04
2834	Dodge Center	\$2,297,606	\$810.73	77.39	79.75	93.66	99.99	100.04	100.22	99.00	100.59
2015	Eyota	\$972,495	\$482.63	45.40	49.98	56.70	57.60	59.95	57.88	50.92	57.66
6921	Kasson	\$4,206,893	\$607.84	66.23	59.08	68.74	71.10	75.08	79.90	78.70	84.96
3769	Pine Island	\$3,871,067	\$1,027.08	80.22	81.32	86.73	84.90	84.67	64.70	78.66	78.62
2474	Spring Valley	\$1,822,419	\$736.63	88.50	81.85	99.49	109.23	103.41	114.18	113.00	101.59
<b>6903</b>	<b>Stewartville</b>	<b>\$4,441,100</b>	<b>\$643.36</b>	<b>61.93</b>	<b>61.93</b>	<b>70.30</b>	<b>67.20</b>	<b>66.92</b>	<b>66.02</b>	<b>65.65</b>	<b>65.43</b>
2501	Wabasha	\$2,546,091	\$1,018.03	72.37	74.65	76.22	73.75	72.31	69.60	68.43	74.65

# 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

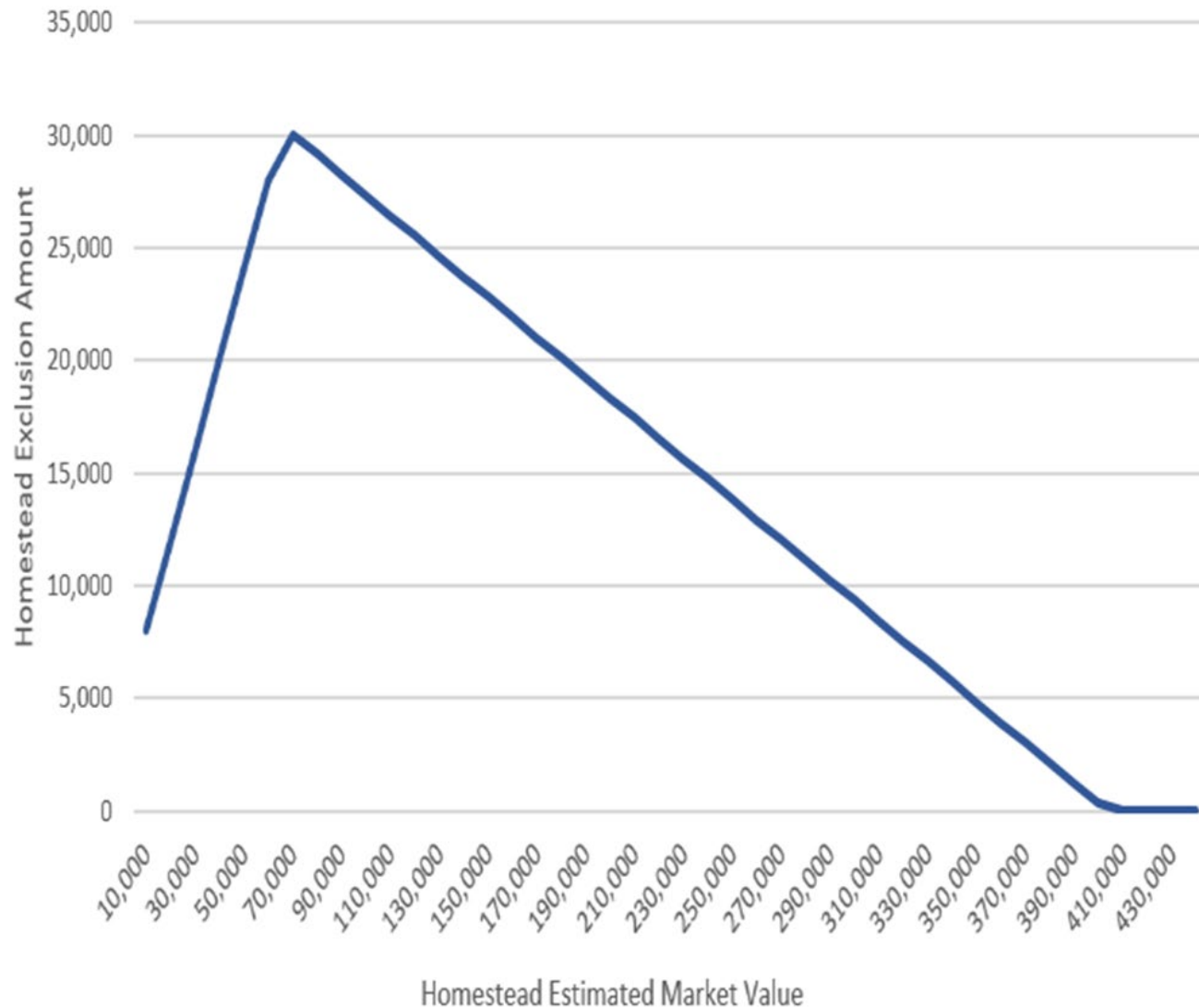
- Decrease in tax base/lower values
- Higher levies by city, county, school
- No new construction
- Higher than average increase in individual property value compared to other properties in the same jurisdiction
- A shift in values between property classes

### 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



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

For homesteads valued at \$76,000 or less, the exclusion is 40% of market value (maximum of \$30,400).

For homesteads valued between \$76,000 and \$413,800, the exclusion is \$30,400 minus 9% of the value over \$76,000.

For homesteads valued at or over \$413,800, there is no exclusion.

This exclusion has remained the same since 2012.

### **Legislative Changes effecting 2025:**

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

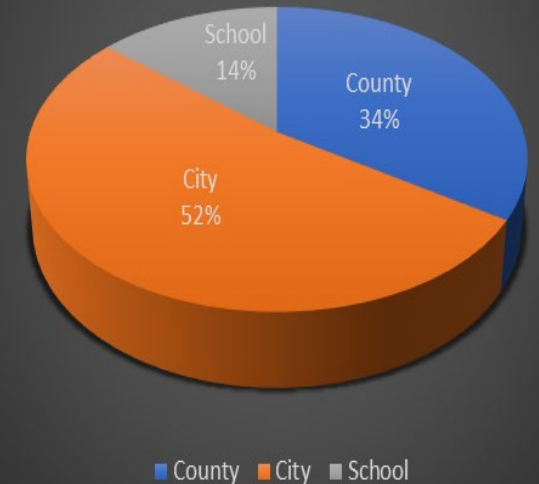
For homesteads valued between \$95,000 and \$517,200, the exclusion is \$38,000 minus 9% of the value over \$95,000.

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

# RESIDENTIAL PROPERTY TAX EXAMPLE

	2023	2024	Change	Increase in Market Value	Change (Increase/ Decrease)	Percentage Change
Assessed Value	\$ 315,300	\$ 315,300	\$0	\$ 351,700	\$ 36,400	12%
Market Value Exclusion	\$ (8,863)	\$ (8,863)	\$0	\$ (5,587)	\$ 3,276	-37%
Taxable Market Value after State Homestead Exclusion	\$ 306,437	\$ 306,437	\$0	\$ 346,113	\$ 39,676	13%
City Levy - General Operating	\$ 1,898	\$ 1,898	\$ 0	\$ 2,144	\$ 246	13%
County Levy	\$ 1,307	\$ 1,322	\$ 14	\$ 1,493	\$ 185	14%
School Levy	\$ 614	\$ 534	\$ (80)	\$ 603	\$ (11)	-2%
School Referendum (based on original assessed value)	\$ 6	\$ 6	\$ 0	\$ 7	\$ 1	13%
Pool & Fire Hall Referendums (Voter Approved - based on original assessed value)	\$ 129	\$ 118	\$ (11)	\$ 133	\$ 4	4%
<b>TOTAL TAX</b>	<b>\$ 3,953</b>	<b>\$ 3,877</b>	<b>\$ (77)</b>	<b>\$ 4,379</b>	<b>\$ 425</b>	<b>11%</b>
<b>City Portion</b>	<b>\$2,026</b>	<b>\$ 2,016</b>	<b>(\$11)</b>	<b>\$ 2,277</b>	<b>\$ 250</b>	<b>12%</b>

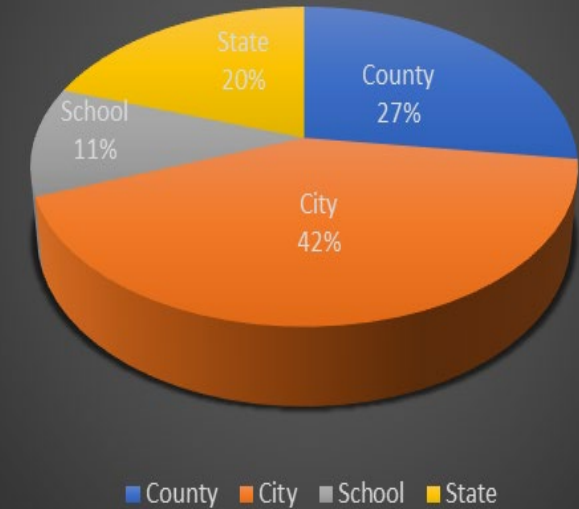
Residential Property Tax Dollar Allocation



# COMMERCIAL PROPERTY TAX EXAMPLE

	2023	2024	Change	Increase in Market Value	Change (Increase/ Decrease)
Assessed Value	\$ 1,000,000	\$ 1,000,000	\$ -	\$ 1,150,000	\$ 150,000
State Tax	\$ 7,123	\$ 5,775	\$ (1,348)	\$ 6,675	\$ (448)
City Levy - General Operating	\$ 11,921	\$ 11,922	\$ 1	\$ 13,780	\$ 1,859
County Levy	\$ 7,893	\$ 7,978	\$ 85	\$ 9,175	\$ 1,282
School Levy	\$ 3,705	\$ 3,222	\$ (483)	\$ 3,705	\$ (0)
School Referendum (based on original assessed value)	\$ 35	\$ 35	\$ 0	\$ 40	\$ 5
Pool & Fire Hall Referendums (Voter Approved - based on original assessed value)	\$ 420	\$ 384	\$ (36)	\$ 442	\$ 22
<b>TOTAL TAX</b>	<b>\$ 31,097</b>	<b>\$ 29,316</b>	<b>\$ (1,781)</b>	<b>\$ 33,817</b>	<b>\$ 2,720</b>
<b>City Portion</b>	<b>\$ 12,341</b>	<b>\$ 12,306</b>	<b>\$ (35)</b>	<b>\$ 14,222</b>	<b>\$ 1,881</b>

Commercial/Industrial Property Tax  
Dollar Allocation





THANK YOU FOR COMING!  
QUESTIONS?

