

A photograph of a stone wall with the word "STEWARTVILLE" carved into it. In the foreground, there are several clusters of bright yellow flowers with dark centers. The background shows some green foliage and a clear sky.

# TRUTH IN TAXATION

PURPOSE OF THIS MEETING IS TO  
PRESENT THE CITY'S PROPOSED  
2025 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**  
**\$11,879,814**

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

**1. GOVERNMENTAL FUNDS - \$9,336,317**  
**GENERAL, SPECIAL, DEBT, CAPITAL**

**2. ENTERPRISE FUNDS - \$2,543,497**  
**WATER, SEWER, STORM SEWER**

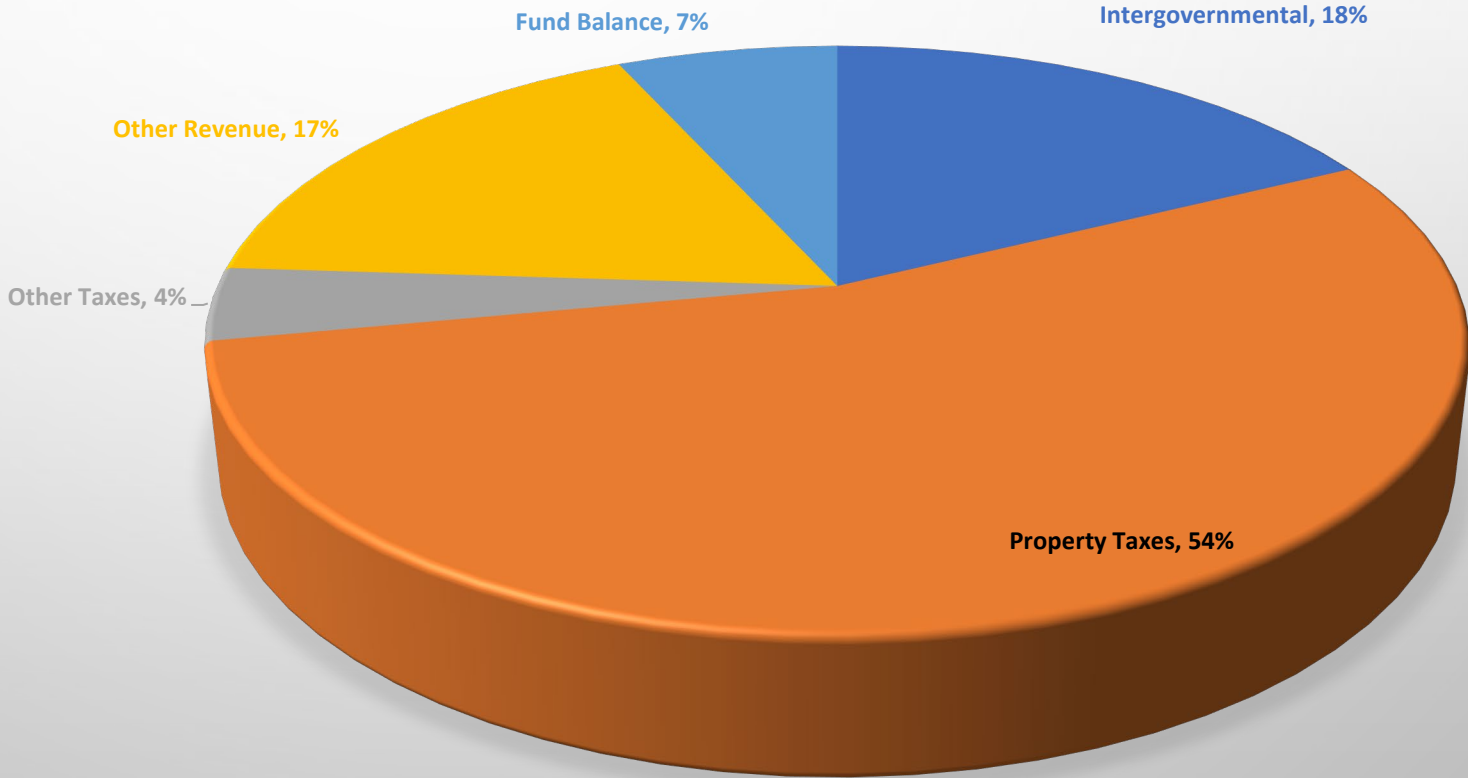
**• YTY INCREASE OF 3.39%**



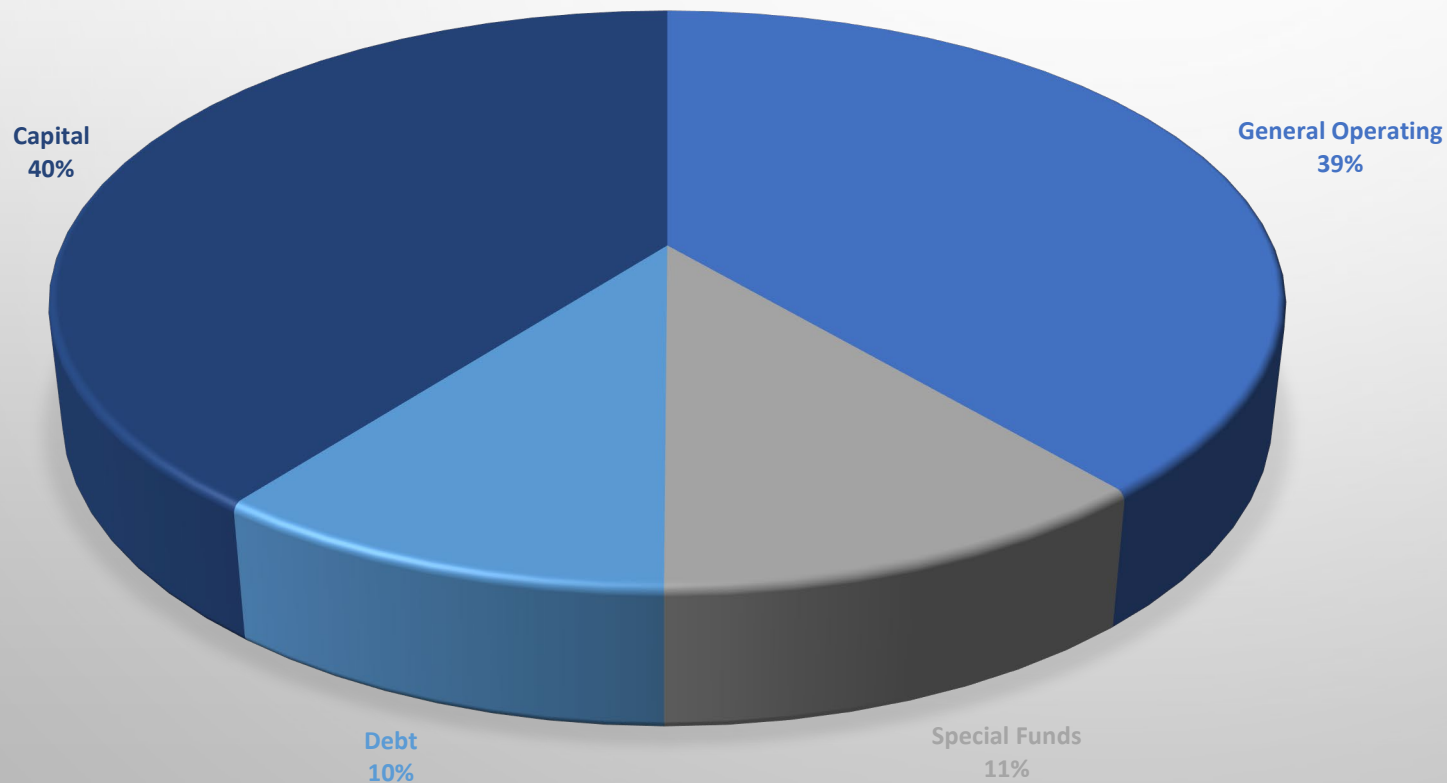


# GENERAL GOVERNMENT TOTAL BUDGET FOR REVENUE

<b>1 INTERGOVERNMENTAL</b> (STATE AID, COUNTY, LIBRARY) <b>\$ 1,649,884</b>
<b>2 PROPERTY TAXES</b> (REFERENDUMS, LEVIES) <b>\$ 5,072,799</b>
<b>3 OTHER TAXES</b> (TIF, SPECIAL ASSESSMENTS) <b>\$ 375,531</b>
<b>4 OTHER REVENUES</b> (RENT, FEES, LICENSES, DONATIONS, FINES, INTEREST) <b>\$ 1,606,347</b>
<b>5 FUND BALANCE</b> <b>\$ 631,756</b>



# GENERAL GOVERNMENT TOTAL BUDGET FOR EXPENDITURES



**General Operating (wages, utilities, supplies, benefits)**  
**\$3,621,261**

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

**Special Funds**  
**\$1,053,597**

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

**Debt**  
**\$968,476**

CIP & Utility Bonds

**Capital**  
**\$3,692,984**

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

# EXPENDITURES – GENERAL & SPECIAL FUNDS

General Funds		
General Government	\$ 1,071,789	
Administration, Mayor & Council, Clerk, Finance, Planning/Zoning, Insurance (Liability & General)		
Law Enforcement	\$ 905,903	
Emergency Services	\$ 3,750	
Parks	\$ 427,029	
Historical Society	\$ 8,140	
Solid Waste (dump)	\$ 7,000	
Streets	\$ 655,517	
Swimming	\$ 384,682	
Summer Rec	\$ 7,000	
Signal Lights	\$ 3,450	
Street Lighting	\$ 134,000	
Unallocated	\$ 13,000	

Special Funds		
Library	\$481,639	
Economic	\$193,114	
Fire Dept	\$300,294	
Civic Center	\$59,880	
Revolving Loan	\$18,669	

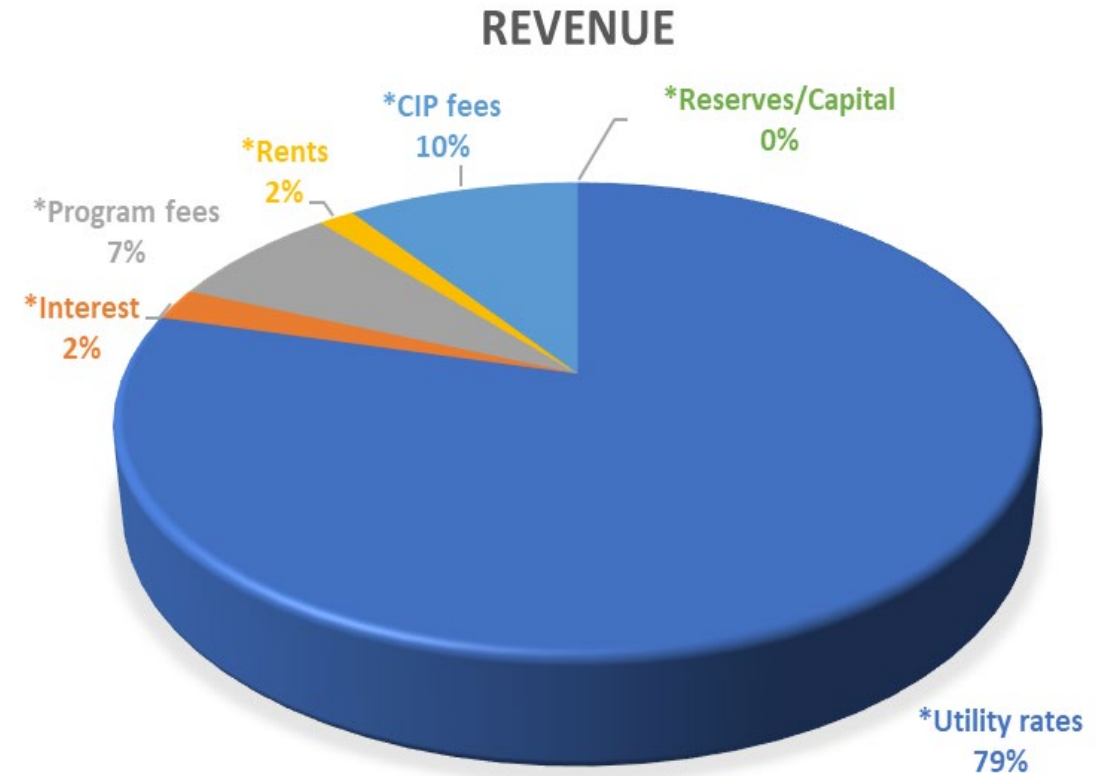
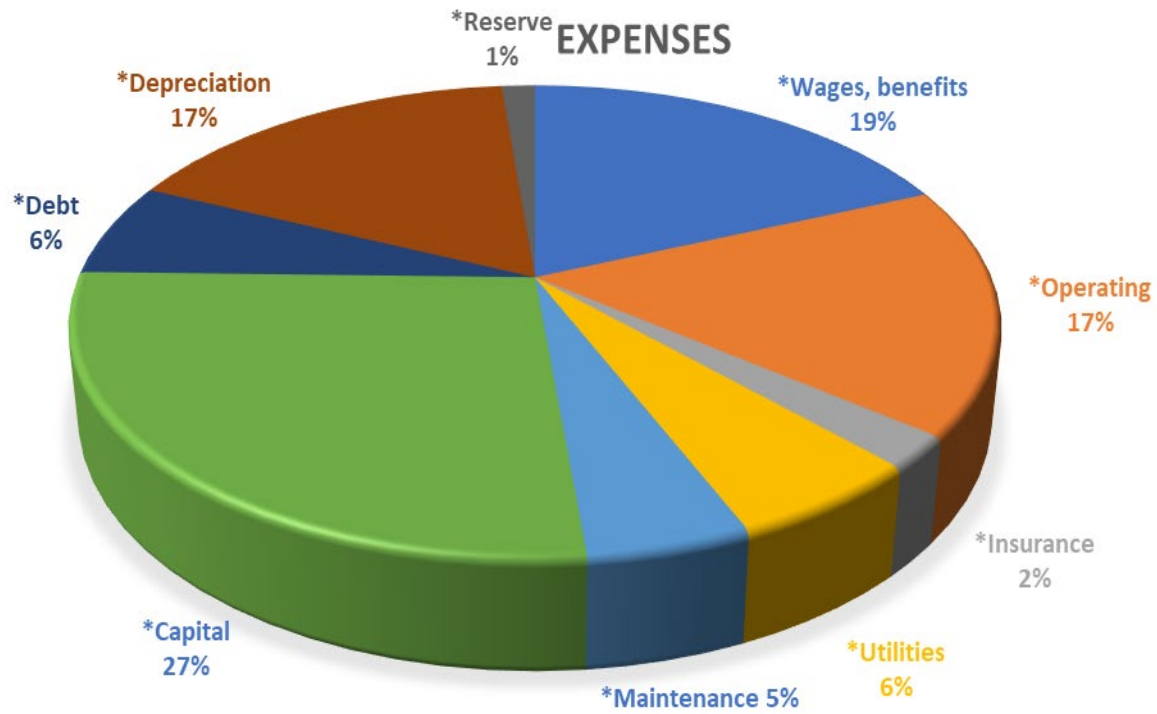
Expenditures include:  
Wages, Insurance, Supplies, Utilities,  
Maintenance, Contractual Services, Tools,  
Equipment...

# 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



# TAX CAPACITY RATE FORMULA

- $A/B = C$

- A = CITY CERTIFIED LEVY

- B = TAX CAPACITY MARKET VALUE

- C = CITY TAX CAPACITY RATE

- CURRENT FORMULA:

$$\$4,795,935 / \$7,370,271 = 65.07\%$$

# 2025 City Certified Levy

- CERTIFIED LEVY \$ 4,795,935

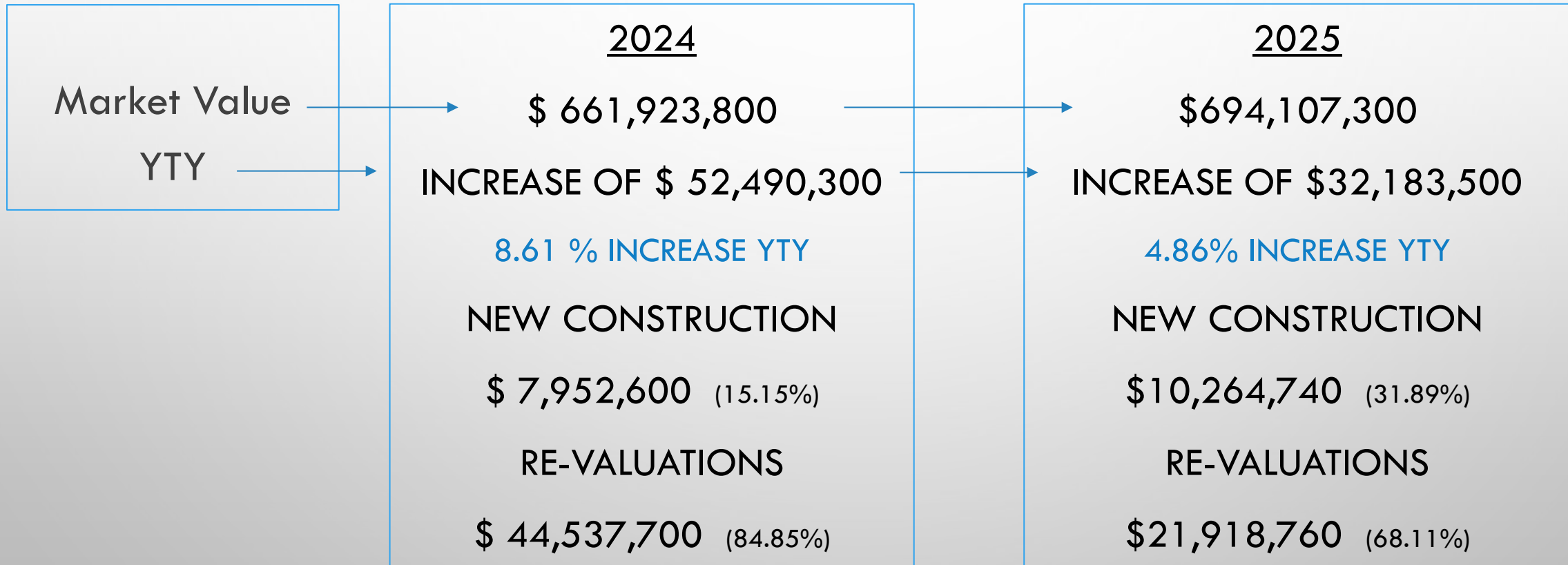
- DOES NOT INCLUDE POOL (\$141,959) OR FIRE HALL (\$114,905) REFERENDUM

- LEVY INCREASE OF \$354,835 FROM 2024

- YTY THIS IS 7.61% TOTAL LEVY INCREASE WITH A 2.78% TAX BASE INCREASE



# ASSESSED MARKET VALUE



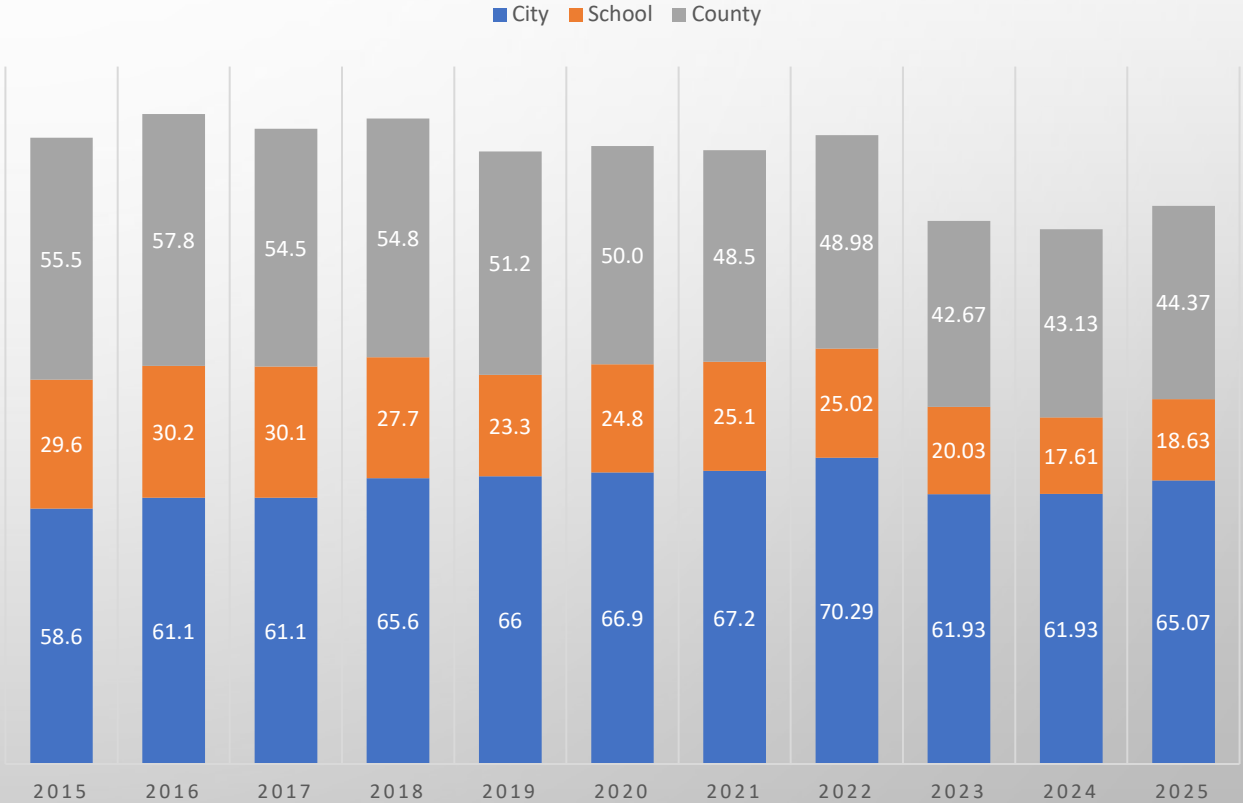
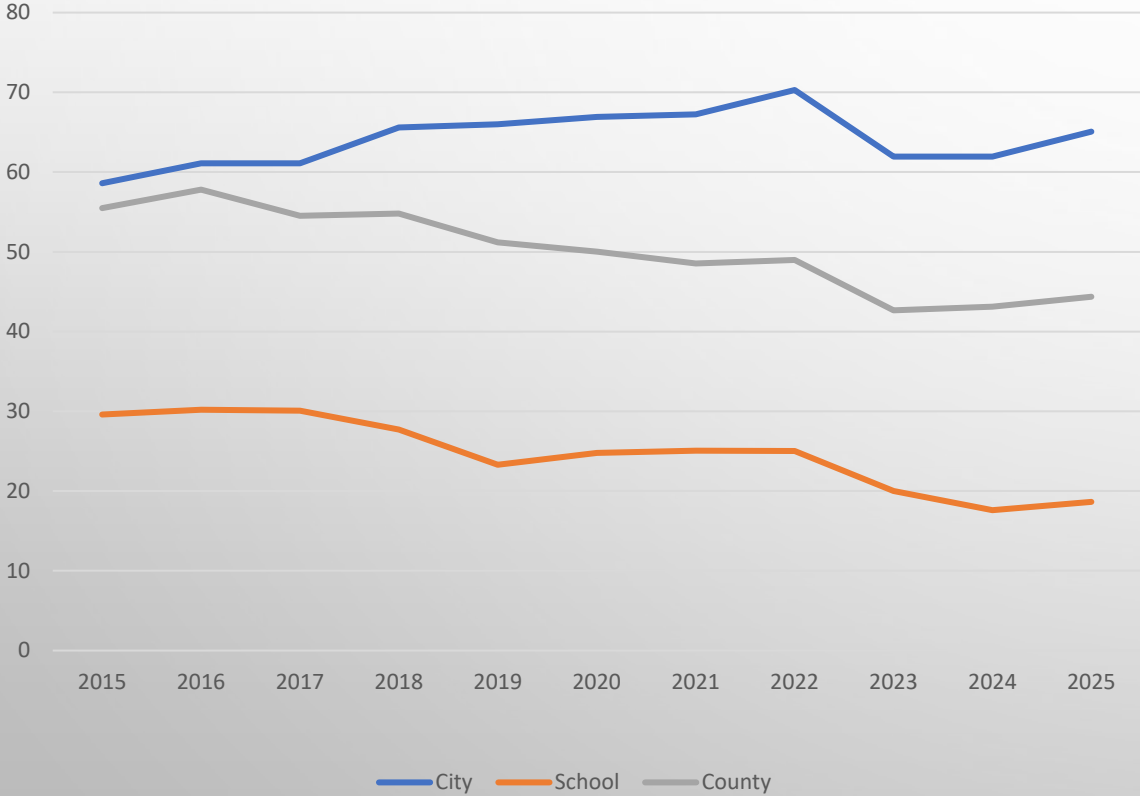
# TAX CAPACITY RATE

- TOTAL TAX CAPACITY RATE FOR GENERAL OPERATING

	<u>2025</u>	<u>2024</u>
• CITY RATE	65.07%	61.93%
• COUNTY RATE	44.37%	43.13%
• SCHOOL RATE	18.45%	17.42%
• PLUS REFERENDUM (BASED ON MARKET VALUE)		
• SCHOOL	0.18449%	0.18856%
• POOL & FIRE HALL	0.03700%	0.03843%
• COMPLETION: POOL 2026, FIRE HALL 2033		



# PROPERTY TAX HISTORY (TAX CAPACITY RATE) 2015 - 2025



# HISTORICAL DATA 2015 - 2025

	<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>	<u>2025</u>
Tax Capacity Rate	58.614	61.115	65.433	65.646	66.016	66.92	67.23	70.29	61.93	61.93	65.07
+ or – change	2.82	2.50	4.32	0.21	0.37	0.90	0.31	3.06	-8.36	0.00	3.14
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	\$ 5,147,299
% of change	8.61%	4.86%	13.41%	5.64%	7.86%	5.16%	4.34%	10.92%	7.65%	8.66%	9.62%
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	\$ 9,336,317
% of Change	10.36%	4.53%	13.27%	4.85%	7.64%	0.86%	1.82%	8.33%	12.20%	19.31%	3.52%
							150,384	395,280	306,941	374,416	451,649
							<div style="border: 1px solid black; padding: 5px; text-align: center;">                     This has the grant \$ for the Capital Library project &amp; the trust and allocated reserves \$1,200,304                 </div>				



# COMPARATIVE LEVY DATA

## LEVY DATA PER CAPITA

## TAX CAPACITY RATE

Population	City	City Levy Payable		Tax Capacity Rate									
		2025	Per Capita	2025	2024	2023	2022	2021	2020	2019	2018	2017	
6883	Byron	\$5,954,067	\$865.04	60.56	60.56	67.04	67.04	68.45	69.50	66.09	64.37	67.80	
2767	Caledonia	\$1,397,898	\$505.20	52.88	52.29	53.92	58.44	56.53	56.41	54.40	52.98	56.42	
7200	Kasson	\$4,457,037	\$619.03	55.75	66.23	59.08	68.74	71.10	75.08	79.90	78.70	84.96	
5315	Lake City	\$4,875,472	\$917.30	59.14	56.67		63.93	65.20	68.83	67.48	68.41	73.19	
3516	Plainview	\$2,921,947	\$831.04	78.89	75.34	76.41	85.50	88.65	92.10	99.70	98.64	97.37	
<b>6977</b>	<b>Stewartville</b>	<b>\$4,870,435</b>	<b>\$698.07</b>	<b>65.07</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>	
4037	St. Charles*	\$2,565,165	\$635.41	54.19	50.16	48.02	47.12	41.14	41.30	43.90	45.39	43.66	
2500	Wabasha	\$2,771,560	\$1,108.62	71.30	72.37	74.65	76.22	73.75	72.31	69.60	68.43	74.65	

\*St Charles has a City owned electric company that pays the City a payment in lieu of taxes.

# 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

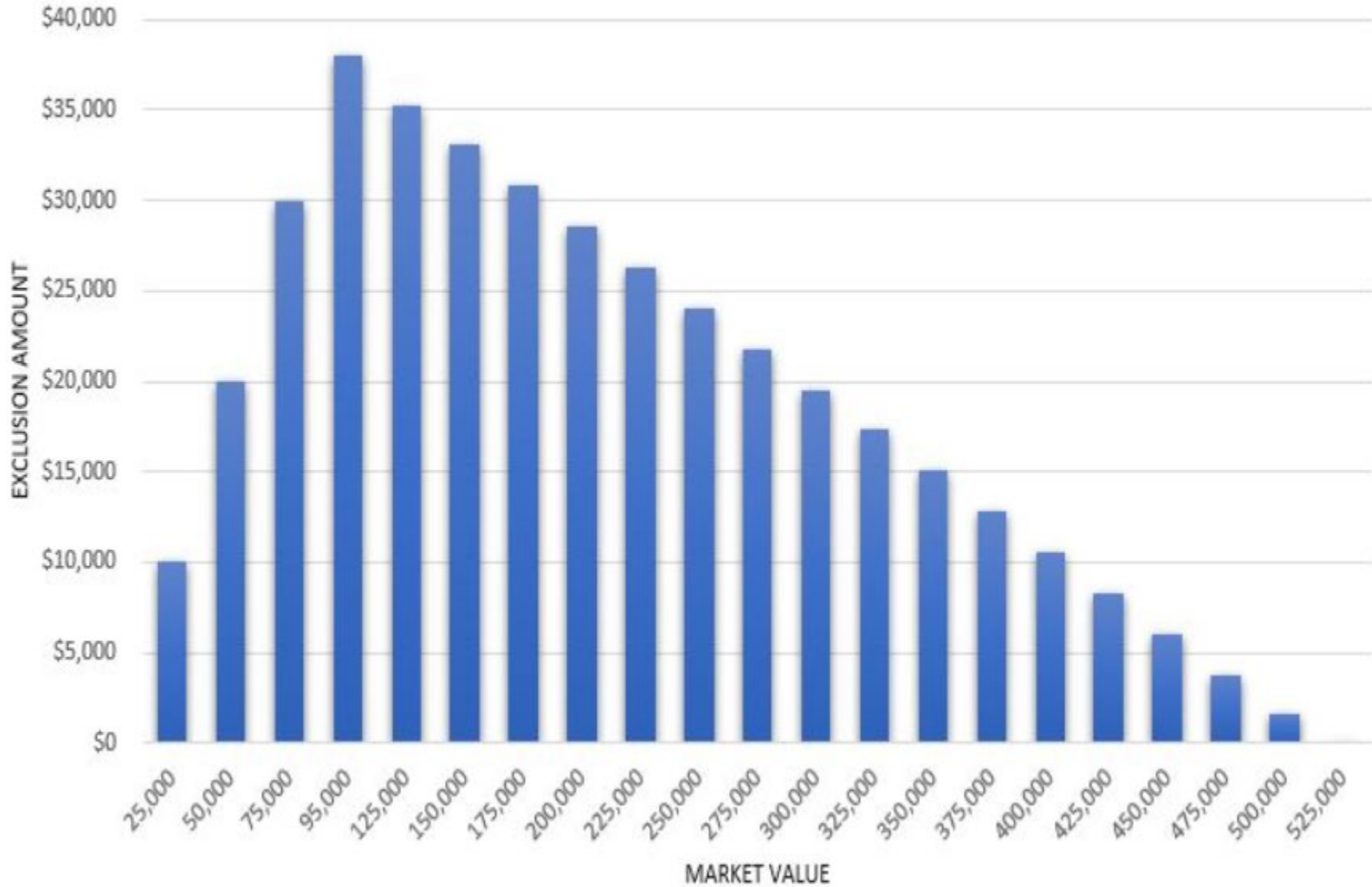
### Why Property Taxes Go Up

- 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.

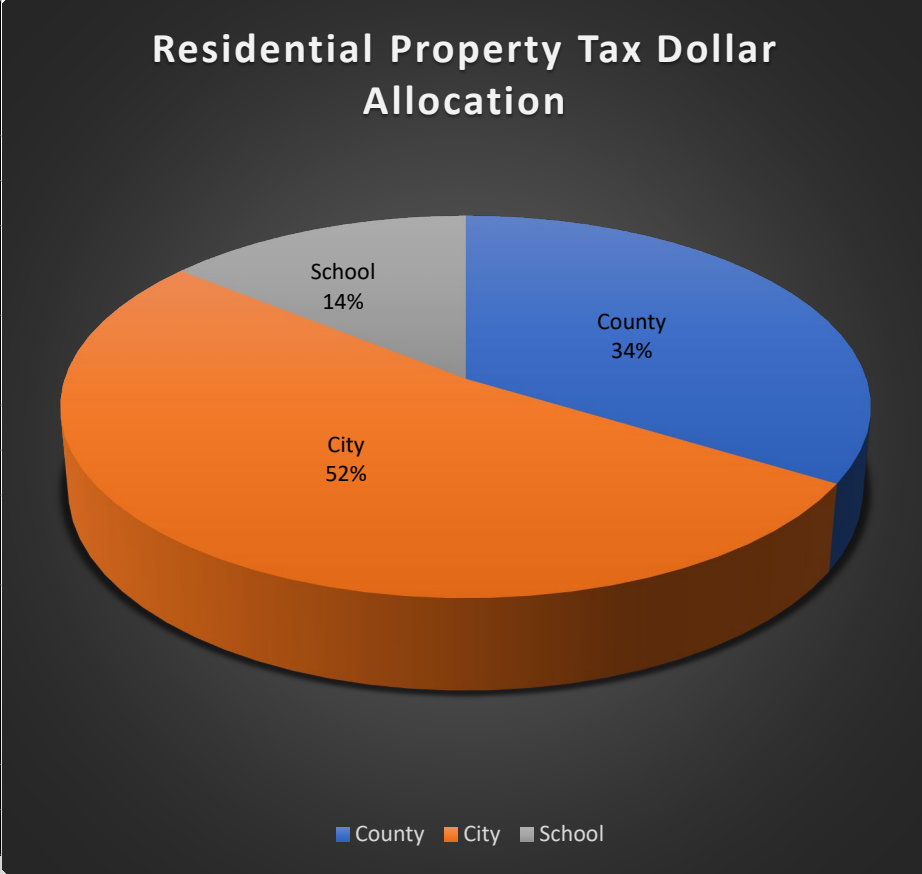
For homesteads valued at or over \$517,200, there is no exclusion.

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



# RESIDENTIAL PROPERTY TAX EXAMPLE

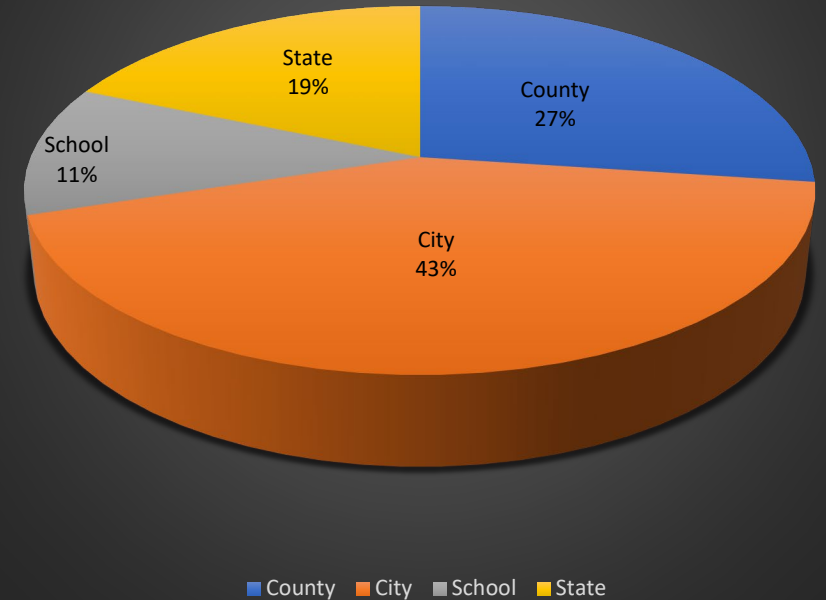
	2024	2025	Change	Increase in Market Value	Change (Increase/Decrease)	Percentage Change
Assessed Value	\$ 336,500	\$ 336,500	\$0	\$ 342,800	\$ 6,300	2%
Market Value Exclusion	\$ (6,955)	\$ (16,265)	\$ (9,310)	\$ (15,698)	\$ (8,743)	54%
Taxable Market Value after State Homestead Exclusion	\$ 329,545	\$ 320,235	\$ (9,310)	\$ 327,102	\$ (2,443)	-1%
<b>City Levy - General Operating</b>	\$ 2,041	\$ 2,084	\$ 43	\$ 2,128	\$ 88	4%
County Levy	\$ 1,421	\$ 1,421	\$ (0)	\$ 1,451	\$ 30	2%
School Levy	\$ 574	\$ 591	\$ 17	\$ 603	\$ 30	5%
School Referendum (based on original assessed value)	\$ 6	\$ 6	\$ (0)	\$ 6	\$ (0)	-3%
Pool & Fire Hall Referendums (Voter Approved - based on original assessed value)	\$ 127	\$ 119	\$ (8)	\$ 121	\$ (6)	-5%
<b>TOTAL TAX</b>	\$ 4,169	\$ 4,220	\$ 51	\$ 4,310	\$ 142	3%
<b>City Portion</b>	\$ 2,168	\$ 2,202	\$ 35	\$ 2,250	\$ 82	4%



# COMMERCIAL PROPERTY TAX EXAMPLE

	2024	2025	Change	Increase in Market Value	Change (Increase/Decrease)
Assessed Value	\$ 1,000,000	\$ 1,000,000	\$ -	\$ 1,150,000	\$ 150,000
State Tax	\$ 5,775	\$ 5,583	\$ (193)	\$ 6,453	\$ 678
City Levy - General Operating	\$ 11,922	\$ 12,526	\$ 605	\$ 14,478	\$ 2,557
County Levy	\$ 7,978	\$ 8,208	\$ 230	\$ 9,439	\$ 1,461
School Levy	\$ 3,222	\$ 3,413	\$ 191	\$ 3,925	\$ 703
School Referendum (based on original assessed value)	\$ 35	\$ 34	\$ (1)	\$ 39	\$ 5
Pool & Fire Hall Referendums (Voter Approved - based on original assessed value)	\$ 384	\$ 370	\$ (14)	\$ 426	\$ 41
<b>TOTAL TAX</b>	<b>\$ 29,316</b>	<b>\$ 30,134</b>	<b>\$ 818</b>	<b>\$ 34,760</b>	<b>\$ 5,444</b>
<b>City Portion</b>	<b>\$ 12,306</b>	<b>\$ 12,896</b>	<b>\$ 590</b>	<b>\$ 14,904</b>	<b>\$ 2,598</b>

Commercial/Industrial Property Tax Dollar Allocation



THANK YOU FOR COMING!  
QUESTIONS?

