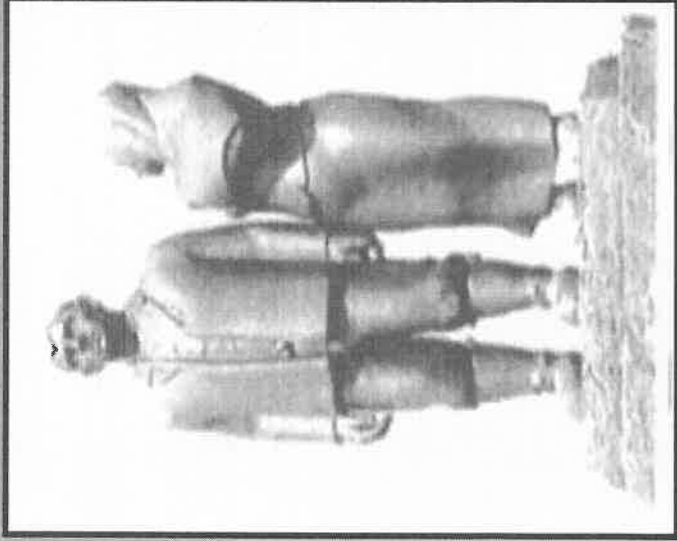


Public Meeting December 15, 2022

2023 Budget & Property Tax Levy Presentation



CITY OF LINDSTROM

Welcome to the Public Meeting as required by
State Statutes.

This hearing is to explain the tax impact the
property tax levy will have on the taxpayers of
Lindstrom.

CITY OF LINDSTROM

A REMINDER

Tonight we discuss the City's share of your total 2023 tax bill, not property valuations.

The meeting to appeal/discuss valuations is held in the Spring.

Who Levies Property Taxes?

- Counties
- Cities and Townships
- School Districts
- State
- Various special taxing jurisdictions (e.g., watershed districts, library districts, hospital districts, HRA, ECRDC).

KEY STEPS IN THE PROCESS

Step 1. The County Assessor determines the EMV for each parcel in the City, then calculates the market value exclusion if eligible. The exclusion affects each property independently. This determines the TAXABLE Market Value.

Step 2. The Legislature sets the formula for tax capacity based on Minnesota Classification Rates.

Step 3. The County Assessor calculates the tax capacity for each value of property in the City.
Taxable Market Value x Classification of Property = Tax Capacity.

Step 4. The City Council adopts a preliminary levy in September.

Step 5. After a public hearing the City Council adopts a final levy in December. The final levy amount is sent to the County Auditor for final calculations for each property taxed.

General Fund Expenses

The Proposed General Fund Budget is \$3,641,838 to pay for City Services.

The General Fund pays for all City Services as outlined below. The services provided are those most commonly associated with City government and include:

General Government

- City Council and Advisory Commissions
- Administration, Financial & Legal Services
- Licensing & Elections
- Planning/Zoning

Public Safety

- Law Enforcement
- Fire
- Code Enforcement
- Civil Defense
- Animal Control

Public Works

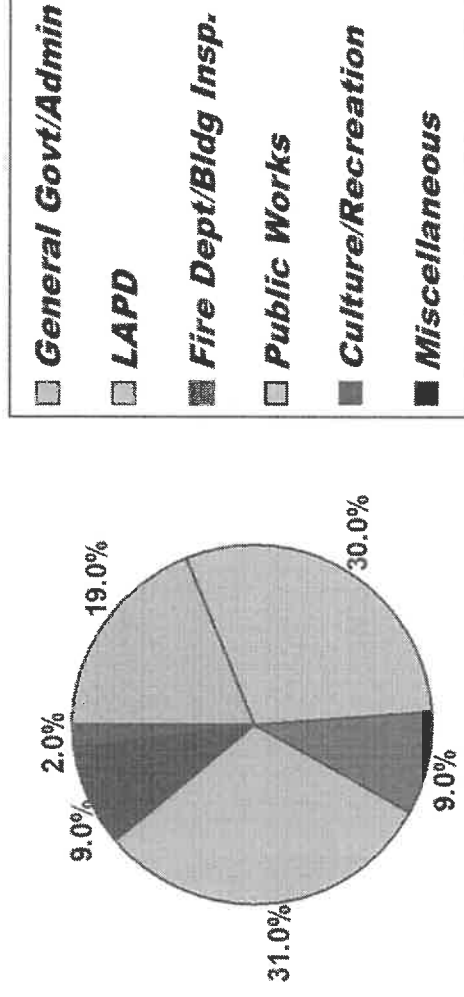
- Street Maintenance & Snow Removal & Street Lighting
- Engineering

Culture & Recreation

- Mainstreet Beautification, City Celebrations
- Cable Commission
- Community Center
- Parks
- Library

Miscellaneous – Contract for Services, Cemetery, Contingency

Proposed 2023 General Fund Expenses



GENERAL GOVT/ADMIN = (16.66%) City Council, Advisory Commissions, Financial, Administration, Legal Services, Licensing, Elections & Planning & Zoning

LAPD =(30.23%) Lakes Area Police Dept Contracted Services

FIRE DEPT/ CODE ENFORCEMENT = (14.65%) FD Operating & Code Enforce.

PUBLIC WORKS = (26.34%) Street Maintenance Operating, Snow Plowing, Engineering, Street Lighting

CULTURE/RECREATION = (10.37%) Mainstreet Flowers, Tourism Promotions, Cable TV Comm, Chisago Lakes Information Center, Community Center, Parks, and County Library

MISCELLANEOUS = (1.75%) Contract for Svcs, Initiative Foundation, Annexation Payments to Townships, Cemetery Operating, and Contingencies

2023 GENERAL FUND EXPENDITURES

Budget Comparison Summary

<u>GENERAL GOVERNMENT</u>	<u>Budget 2022</u>	<u>Proposed 2023</u>	<u>+/- Difference</u>
Administration/Elections/Audit	\$442,573	\$455,912	\$13,339
Planning	\$102,423	\$103,115	\$692
Legal Services	\$36,000	\$15,000	\$(21,000)
Government Buildings/Auto	\$30,301	\$32,181	\$1,880
Total General Government	\$611,297	\$606,208	\$(5,089)
<hr/>			
<u>PUBLIC SAFETY</u>	<u>Budget 2022</u>	<u>Proposed 2023</u>	<u>+/- Difference</u>
Law Enforcement Incl. 7% Increase & Future Bldg Planning \$50,000	\$968,347	\$1,075,098	\$106,751
Fire Department Includes transfer for Debt of new Fire Hall	\$522,585	\$533,701	\$11,116
Code Enforcement/Bldg	\$16,703	\$23,859	\$7,156
Civil Defense/Animal Control	\$1,798	\$2,075	\$277
Total Public Safety	\$1,509,433	\$1,634,733	\$125,300

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2023 GENERAL FUND EXPENDITURES

Budget Comparison Summary - continued

<u>PUBLIC WORKS</u>	<u>Budget 2022</u>	<u>Proposed 2023</u>	<u>+/- Difference</u>
Engineering	\$30,000	\$32,000	\$2,000
SD Maintenance /Operating	\$318,249	\$334,706	\$16,457
Street Improvements and/or Projects <small>Maintenance of Streets Increased amount</small>	\$298,000	\$451,000	\$153,000
Street Lighting	\$59,100	\$71,600	\$12,500
Snow Removal /Salt & Sand	\$80,000	\$70,000	\$(10,000)
Total Public Works	\$785,349	\$959,306	\$173,957
<u>CULTURE & RECREATION</u>	<u>Budget 2022</u>	<u>Proposed 2023</u>	<u>+/- Difference</u>
Tourism/Beautification	\$37,516	\$47,652	\$10,136
Cable Television	\$36,000	\$36,000	\$0
Chisago Lakes Information Center	\$5,866	\$7,302	\$1,436
Community Center	\$15,313	\$14,766	\$(547)
Parks Operating	\$291,779	\$255,683	\$(36,096)
Library	\$16,300	\$16,400	\$100
Total Culture & Recreation	\$402,774	\$377,803	\$(24,971)

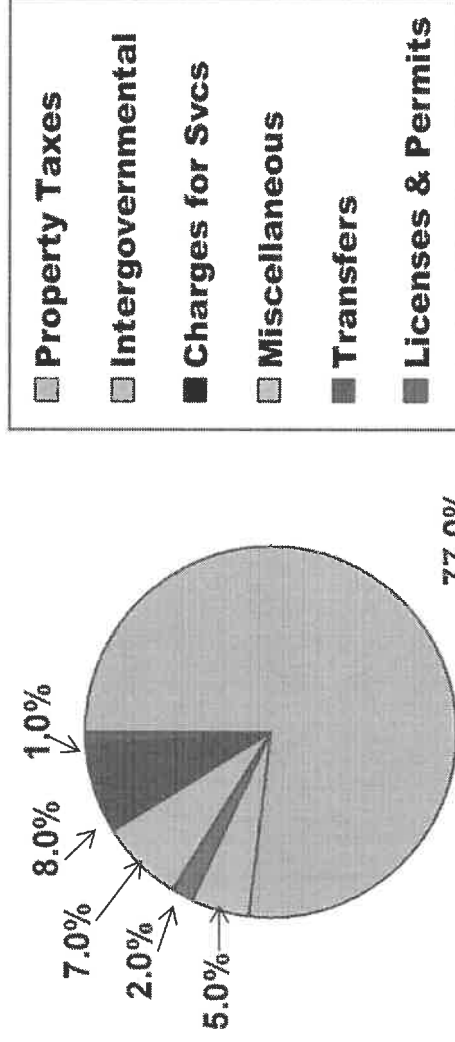
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2023 GENERAL FUND EXPENDITURES

Budget Comparison Summary - continued

<u>CONTRACT FOR SERVICES</u>	<u>Budget 2022</u>	<u>Proposed 2023</u>	<u>+/- Difference</u>
Lakes Center for Youth & Families	\$2,000	\$2,000	\$0
Chisago Lakes Historical Society	\$-	\$500	\$500
Chisago County Senior Center	\$300	\$300	\$0
Total Contracts	\$2,300	\$2,800	\$500
<u>URBAN/ ECONOMIC DEVELOP.</u>	<u>Budget 2022</u>	<u>Proposed 2023</u>	<u>+/- Difference</u>
Urban Development/Tax Reimb. to Township	\$10,056	\$5,229	\$(4,827)
Initiative Foundation	\$260	\$260	\$0
Total Urban /Economic Develop.	\$10,316	\$5,489	\$(4,827)
<u>MISCELLANEOUS</u>	<u>Budget 2022</u>	<u>Proposed 2023</u>	<u>+/- Difference</u>
Cemetery	\$38,632	\$47,200	\$8,568
Compost Site/Contingency	\$7,000	\$8,300	\$1,300
Total Miscellaneous	\$45,632	\$55,500	\$9,868
TOTAL EXENDITURES GENERAL FUND	\$3,367,102	\$3,641,838	\$274,736

Proposed 2023 General Fund Revenues



PROPERTY TAXES = (81.61%) Current Ad Valorem Taxes, Delinquent, Penalties & Mobile Home Taxes

INTERGOVERNMENTAL = (4.66%) LGA (Local Govt. Aid), Fire Dept Aid, and PERA Aid Payment

CHARGES FOR SERVICES = (1.63%) Zoning & Subdivision Fees, Assmt Searches, Fire Svc Contracts and Cemetery Revenue

MISCELLANEOUS = (5.23%) Interest, Community Center Rental, Liquor Stores Rent, Cable TV Franchise Fees, and Antenna Rentals/Leases, Street Lighting Fees, Electric & Gas Franchise Fees

TRANSFERS = (6.12%) On & Off Sale Municipal Liquor Stores, Water & Sewer Overhead Costs, Elections, Monopole

LICENSES & PERMITS = (.75%) Bldg Permits Garbage Haulers, Tobacco Licensing, Business Licensing, Special Event Permits, Animal Licensing, and Liquor and Beer Licensing

City of Lindstrom

2023 GENERAL FUND REVENUES

Budget Comparison Summary

TOTAL REVENUE SOURCES SUMMARY

DESCRIPTIONS	Budget 2022	Proposed 2023	+/- Difference
General Property Taxes	\$2,648,405	\$2,938,006	\$289,601
Delinquent Taxes/Penalties	\$20,700	\$20,700	\$-
Mobile Home Taxes	\$13,500	\$13,500	\$-
Licenses & Permits	\$26,525	\$26,450	\$(75)
Intergovernmental Revenue	\$165,035	\$170,000	\$4,965
Charges for Services	\$57,150	\$59,400	\$2,250
Miscellaneous Revenue	\$196,153	\$190,720	\$(5,433)
Transfers In	<u>\$239,634</u>	<u>\$223,062</u>	<u>\$(16,572)</u>
TOTAL REVENUE GENERAL	\$3,367,102	\$3,641,838	\$274,736

Some LGA Received Is Allocated for Future Capital Equipment

- Fire Dept – Future Vehicles, Capital Equipment - \$78,916
- Street Dept – Repair of Shop, Required Signs - \$6,000
- Parks – Trail Improvements, Lawnmowers – \$19,000
- Cemetery – Lawnmowers - \$8000
- Street Maintenance - \$229,703

TOTAL LGA ALLOCATED FOR FUTURE CAPITAL : \$341,619

*LGA = Local Government Aid paid by the MN Dept. of Revenue & approved by the MN Legislature .

Impact on Taxpayers

If the proposed 2023 Budget is adopted, the City will request Chisago County to collect \$3,047,006 from City taxpayers to help pay for City services. A portion of the proposed tax levy will fund the EDA (Economic Development Authority). The EDA was established to market the community's economic resources to expand the tax base beyond the single family residential sector. The EDA levy portion is \$64,000. The Debt Service portion of \$45,000 is also included.

Impact on Taxpayers - continued

The amount of property taxes paid on an individual property may vary greatly and is dependent upon each element of the property:

- **TAX CLASSIFICATION – Type of Property Assigned by the County Assessor Such As:**

**Residential Homestead
Non-Homestead
Commercial
Industrial
Apartments
Agriculture
Seasonal Recreational**

Impact on Taxpayers - continued

- Estimated Market Value assigned to the property by the County Assessor
- Tax Valuation prescribed by the State – Class Rates Specific to Different Types of Property

MN Classification Rates for Taxes Payable 2023: (Most Common Classifications Below)

RESIDENTIAL HOMESTEAD

First \$500,000	1.00%
Over \$500,000	1.25%

COMMERCIAL – INDUSTRIAL

First \$150,000	1.50%
Over \$150,000	2.00%

RENTAL HOUSING (4 or More Units) 1.25%

Impact on Taxpayers - Continued

The County Assessor updates market values for the City. A change in market value, by itself, has the effect of increasing or decreasing property taxes.

The County Assessor locates the property to be taxed, estimates its market value (how much the property would sell for in today's market) and assigns it to a class according to its use and this sets the Tax Classification Rate (value set by State Law). The notice to property owners is sent out in the spring with the taxable market value minus the exclusion

If the property owners disagree with the assessor they may appeal to the City Board of Appeal and Equalization. The City Council Board meets between April 1st and May 1st to hear any appeals.

LINDSTROM 2023 TAX IMPACT – RESIDENTIAL

	2022	2023	Difference <u>IF</u> No Change in Value	Tax <u>IF</u> House/ Property Value Increases 25%	Increase Value 25% Tax Diff	per Month
TMV 1/2/2022						
\$124,200	\$607	\$534	\$(73)	\$667	\$60	\$5.03
\$143,300	\$700	\$616	\$(84)	\$770	\$70	\$5.80
\$150,000	\$733	\$644	\$(89)	\$806	\$73	\$6.05
\$172,800	\$844	\$742	\$(102)	\$928	\$84	\$7.00
\$192,568	\$941	\$827	\$(114)	\$1,034	\$93	\$7.73
\$229,098	\$1,119	\$984	\$(135)	\$1,230	\$111	\$9.25
\$250,000	\$1,221	\$1,074	\$(147)	\$1,343	\$122	\$10.13
\$300,000	\$1,465	\$1,289	\$(176)	\$1,611	\$146	\$12.18
\$350,000	\$1,710	\$1,503	\$(207)	\$1,879	\$169	\$14.06
\$400,000	\$1,953	\$1,719	\$(234)	\$2,148	\$195	\$16.27

**LINDSTROM 2023
TAX IMPACT – COMMERCIAL**

	2022	2023	Difference <u>IF</u> No Change in Value	Tax <u>IF</u> Building/ Property Value Increases 4%	Increase Value 4% Diff
TMV 1/1/2022					
\$150,000	\$1,099	\$966	\$(133)	\$1,005	\$(94)
\$200,000	\$1,588	\$1,396	\$(192)	\$1,452	\$(136)
\$250,700	\$2,083	\$1,832	\$(251)	\$1,905	\$(178)
\$321,500	\$2,774	\$2,440	\$(334)	\$2,538	\$(237)
\$399,100	\$3,533	\$3,107	\$(426)	\$3,231	\$(301)
\$450,000	\$4,030	\$3,544	\$(486)	\$3,686	\$(344)
\$500,000	\$4,518	\$3,974	\$(544)	\$4,133	\$(385)
\$606,400	\$5,558	\$4,888	\$(670)	\$5,084	\$(474)
\$678,100	\$6,258	\$5,504	\$(754)	\$5,724	\$(534)
\$773,800	\$7,193	\$6,327	\$(866)	\$6,580	\$(613)

FACTORS IMPACTING ANY TAX INCREASE or DECREASE

Issues Driven by Legislative Decisions

1. LGA (Local Government Aid) Changes to Cities

Each year the state legislature reviews and adjusts the level of funding provided to local governments thru Local Government Aid. The formulas for how aid is determined and distributed among local governments may change.

2. Market Value Exclusions

In 2012, the Market Value Homestead Credit (MVHC) was replaced with an exclusion on the market value on many residential properties. Market Value Exclusions are calculated toward residential taxable amounts for houses valued at less than \$413,800 (before exclusion calculations). This did impact taxes that were paid, even with reduced levies.

3. Change in Class Rate

The Legislature may change the class rates specific to different types of property.

Tax Increase or Decrease Factors Continued.....

LOCAL FACTORS

- 1. Change in individual assessed market value.**
- 2. The market value of other properties in your taxing district may change. Real estate market value Inflation or deflation.**
- 3. Possible change in property classification.**
- 4. Property improvements not previously taxed.**
- 5. The City, County, and/or School District budget and levy may change.**
- 6. Special assessments may be included in your property tax bill.**

Final Points to Remember

1. The assessors valuation process is separate from the property tax determination process.
 - The assessor estimates market value prior to the local government budget process. The assessor uses property values as of January 2nd of each year (that is, the assessed value as of January 2nd, 2022, is the value used to raise taxes payable 2023).
 - Local Governments determine their property tax through their budget process (commencing each June). Through this budget process, local government officials identify their spending needs and estimate how much they will receive in non - property tax revenue (that is, fees, charges, state aid, etc.). The gap between spending need and the non - property tax revenue is filled with property tax
2. However, any change in value on your property and any change in value on other properties in your community will affect your property taxes.

2023 Proposed Levy

➤ General Government Levy Fund	<u>\$2,648,405</u>
➤ EDA (Economic Development Authority) Levy	<u>\$ 64,000</u>
➤ GO Equipment Certificate (FD)	<u>\$ 15,000</u>
➤ 2020 Go Bonds (Fire Hall & Redevelopment)	<u>\$ 30,000</u>
TOTAL LEVY	\$3,047,006

Note:

Tax Rate 2022 - 48.8%

Tax Rate 2023 – 42.9%