



City of Muscatine



AGENDA ITEM SUMMARY

DATE: 3-4-21

City Council

STAFF

Nancy A. Lueck, Finance Director

SUBJECT

Resolution Approving the Maximum Property Tax Dollars for Certain Tax Levies for the City's Fiscal Year 2021/2022 Budget

EXECUTIVE SUMMARY

All cities in Iowa are required by the State to pass a resolution establishing their maximum property tax dollars for certain levies prior to adoption and certification of the final budget. The City Council recently completed their review of the proposed City budget for the upcoming year. The proposed total property tax levy rate for the 2021/2022 budget is \$15.67209 per \$1,000 of valuation, which is the same total tax rate as the last nine years. With the 4.86% increase in taxable valuations, total property tax revenue for the City will increase by \$677,005, which is a 4.76% increase in property tax dollars.

Per State requirements, the Notice of Public Hearing for the 1st public hearing on the budget only included the General, Transit, Tort Liability/Insurance, Emergency, and Employee Benefits levies. The tax dollars from those levies total \$12,597,193 compared to \$11,991,593 for those levies for the current fiscal year 2020/2021 budget. This is a \$605,600 (5.05%) increase in tax dollars when considering only the levies in the public notice.

At the February 18, 2021 meeting, City Council set a public hearing on the maximum tax levy dollars for certain levies for March 4, 2021. The public hearing notice was published on February 20, 2021. After the public hearing on March 4, the City Council will consider the Resolution Approving the Maximum Property Tax Dollars for Certain Tax Levies for the City's Fiscal Year 2020/2021 Budget.

STAFF RECOMMENDATION

Staff recommends approval of the Resolution Approving the Maximum Property Tax Dollars for Certain Tax Levies for the City's Fiscal Year 2021/2022 Budget

BACKGROUND/DISCUSSION

Senate File 634 passed in 2019 requires all cities to pass a resolution establishing their maximum property tax dollars for certain levies prior to adoption and certification of the final budget. For the City of Muscatine for the upcoming year, the tax levies required to be included in the public hearing notice are the General, Transit, Tort Liability/Insurance, Emergency, and Employee Benefits levies. The Debt Service levy and Ag Land levies are not included in the notice of public hearing for Hearing #1.

The City Council recently completed their review of the proposed City budget for the upcoming year. The proposed total property tax levy rate for the 2021/2022 budget is \$15.67209 per \$1,000 of valuation, which is the same total tax rate as the last nine years. With the 4.86% increase in taxable valuations, total property tax revenue for the City will increase by \$677,005, which is a 4.76% increase in property tax dollars.

Per Senate File 634, the Notice of Public Hearing for the 1st public hearing on the budget only includes the General, Transit, Tort Liability/Insurance, Emergency, and Employee Benefits levies. The tax dollars from those levies total \$12,597,193 compared to \$11,991,593 for those levies for the current fiscal year 2020/2021 budget. This is a \$605,600 (5.05%) increase in tax dollars when considering only the levies in the public notice.

There was an increase of \$71,405 in the property taxes levied for Debt Service and Ag Land. This accounts for the difference between the total increase in property tax dollars levied compared to the increase in the public hearing notice. The increase in tax dollars levied is due to increases in personal services and operating budget costs to continue to provide the same level of services to residents. The increase is also needed due to the impacts the COVID-19 pandemic has had on several other City revenue sources.

After the required public hearing on the Maximum Property Tax Dollars and approval of the Resolution on the Maximum Property Tax Dollars on March 4, additional actions will need to be taken by City Council to adopt the budget for Fiscal Year 2021/2022. The remaining actions in the following timeline will need to be taken before the Fiscal Year 2021/2022 Budget is adopted:

February 18, 2021	Set Public Hearing #1 on the Proposed Property Tax Levy
March 4, 2021	Hold Public Hearing #1 on the Proposed Property Tax Levy
March 4, 2021	Adopt the Resolution Approving the Maximum Property Tax Levy
March 4, 2021	Set the Public Hearing for the Adoption of the Budget and Certification of Taxes for Fiscal Year 2021/2022
March 4, 2021	Set the Public Hearing for Amendment #1 to the Fiscal Year 2020/2021 Budget
March 18, 2021	Hold Hearing #2 on the Proposed Budget
March 18, 2021	Hold Hearing on Amendment #1 to the Fiscal Year 2020/2021 Budget
March 18, 2021	Approve Resolution for the Adoption of the 2021/2022 Budget and Certification of Taxes
March 18, 2021	Approve Resolution for Amendment #1 to the Fiscal Year 2020/2021 Budget

CITY FINANCIAL IMPACT

The proposed property tax rate and tax dollars generated will continue to fund the current services provided to the City's residents.

ATTACHMENTS

1. Resolution Approving the Maximum Property Tax Dollars for Certain Tax Levies for the City's Fiscal Year 2021/2022 Budget

RESOLUTION 2021-0074

**RESOLUTION APPROVING MAXIMUM PROPERTY TAX DOLLARS
FOR CERTAIN PROPERTY TAX LEVIES FOR THE CITY OF MUSCATINE
FOR FISCAL YEAR 2021/2022**

WHEREAS, Senate File 634 passed in 2019 requires all cities to pass a resolution establishing their maximum property tax dollars for certain levies prior to adoption and certification of the final budget; and

WHEREAS, Senate File 634 provides that the tax levies to be included in the public hearing notice for the City of Muscatine are the General, Transit, Tort Liability/Insurance, Emergency, and Employee Benefits levies and that the Debt Service levy and Ag Land levies are not included in the notice of public hearing and this Resolution; and

WHEREAS, the City Council of the City of Muscatine has considered the proposed FY 2021/2022 city maximum property tax dollars for the affected levy total; and

WHEREAS, a notice concerning the proposed city maximum property tax dollars for these levies was published as required on February 20, 2021 and posted on the City's web site and social media sites;

WHEREAS, a public hearing concerning the proposed city maximum property tax dollars for these levies was held on March 4, 2021;

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Muscatine that the maximum property tax dollars for the affected tax levies for FY 2021/2022 shall not exceed the following total:

Total maximum levy for affected property tax levies is \$12,597,193

The Maximum Property Tax dollars requested in the total maximum levy for affected property tax levies for FY 2021/2022 represents greater than 102% (105.05%) of the Maximum Property Tax dollars requested for the current FY 2020/2021.

PASSED, APPROVED AND ADOPTED this 4th day of March 2021.

**BY THE CITY COUNCIL OF THE CITY
OF MUSCATINE, IOWA**

Diana Broderson, Mayor

ATTEST:

Carol Webb, City Clerk

Roll Call Vote (Aye or Nay):

Councilmember Froelich -
Councilmember Malcolm -
Councilmember Gordon -

Councilmember Jindrich -
Councilmember Brackett -
Councilmember Hopkins -

Councilmember Brockert -