



CITY OF MUSCATINE
215 SYCAMORE STREET
MUSCATINE, IA 52761
PH. (563) 264-1550 • FAX (563) 264-0750

CITY OF MUSCATINE PRESS RELEASE

For more information contact:

Kevin Jenison
Communication Manager
E-Mail: kjenison@muscatineia.gov
Phone: (563) 264-1550 • Fax: (563) 264-0750

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PROPOSED BUDGET KEEPS PROPERTY TAX RATE UNCHANGED

Plenty of challenges ahead but balanced budget proposed for Council consideration

MUSCATINE, Iowa – The property tax rate for the City of Muscatine will remain unchanged for the eighth consecutive year according to the proposed 2019/2020 budget overview presented to the Muscatine City Council Thursday night. That is good news for the taxpayers of Muscatine.

City Administrator Gregg Mandsager and Finance Director Nancy Lueck have worked with department heads and staff for the past three months on preparing the budget for Council's consideration.

"Each year there are numerous variables that factor into the decision making process," Mandsager said. "This presents a significant challenge to staff to again balance the needs of the community and our ability to provide for those needs."

The one constant, Mandsager said, is the dedication of staff and Council to provide the necessary services to the community.

Thursday's meeting will be followed by several weeks of presentations to the Council by the various departments and outside agencies supported by the City. Most budget discussions will be held in the lower level conference room at Muscatine City Hall with the first starting at 8 a.m. on Saturday, Jan. 26. Sessions will also be held on Jan. 28, 29, 31, and Feb. 2, 5, 6, and 9. A public hearing on the proposed budget will be set at the Feb. 14 City Council meeting.

The property tax rate has remained virtually the same for the past 10 years and has been at \$15.67209 per \$1,000 of taxable property valuation for the past eight years. The rate was \$15.77146 in 2010/2011 and 2011/2012.

“Municipalities are not immune to the same inflationary pressures that affect our residents and business community,” Mandsager said.

The majority of revenue for the General Fund comes through the local property tax system. Property valuations provided by Muscatine County reflect an increase of just 1.84 percent in taxable values for 2019/2020 which is lower than the 2.92 percent for 2018/2019 and the 2.95 percent for 2017/2018. The percentage is computed based on valuations and rollbacks on commercial and industrial properties, residential, multi-residential, railroads, and utilities. The lower increase includes a \$3.1 million decrease in taxable value (compared to 2018/2019) in multi-residential property valuations.

More property tax information can be found on the Iowa League of Cities website.

To maintain the level of city services and to avoid raising the property tax rate, the 2019/2020 proposed budget does include an increase in the Utility Franchise Fee from two percent to five percent. The estimated \$308,500 that the three percent increase will generate annually will help offset the expense increase needed to reduce the risk of future ransomware or similar attacks, help fund the replacement of the police car video systems with one that will also include body-worn cameras, and to offset expected reductions in Automated Traffic Enforcement (ATE) fine revenue.

“Increasing the utility fee is preferred over a property tax increase as it is paid by a larger class of users including government buildings, churches, etc., that are exempt from property tax,” Lueck said. “As well as rental units where tenants pay the utilities.”

The impact of the utility franchise fee increase to a home owner with an average annual gas costs of \$783 (2018 average) would be \$23.50 for the year.



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The recommendations provided in the proposed 2019/2020 budget take into consideration the willingness to maintain a balance between the service levels provided and challenging departments, and the city organization as a whole, to maximize efficiency.

“After the budget has been reviewed and adopted by the City Council, the continued cooperation and assistance from the department heads will be a critical factor in maintaining the fiscal integrity of the city,” Mandsager said. “As in the past, we have asked departments to do their best in maintaining existing service levels within the limits of the resources available, work hard to be efficient, and to be under budget when possible.”

Citizens are welcome to attend any or all of the budget discussions but are reminded that there is no public comment until the public hearing (tentatively set for March 7). It is recommended that citizens who have questions or concerns keep a written record of those questions or concerns to be presented at the Public Hearing.

A complete schedule of the meetings along with additional information can be found at [2019/2020 Proposed Budget](#) on the Finance & Records page of the City of Muscatine web site.