



# PRESS RELEASE

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**FOR IMMEDIATE RELEASE  
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## SLIGHT INCREASE IN PROPERTY TAX RATE PROPOSED

*Residential homeowners may actually see property tax savings due to State rollbacks*

**MUSCATINE, Iowa** – The City of Muscatine, like most of us, will be facing a challenging budget year according to a presentation provided by City Administrator Carol Webb and Finance Director Nancy Lueck to City Council Thursday. The presentation provided an overview of the work that has gone on behind the scenes in preparation for the budget discussions with City Council.



“One of the central budget goals was to maintain service levels and to provide departments the resources they need to continue to provide those services to our residents,” Webb said.

Other goals through the budget preparation process were to provide funding for continued capital improvements, propose reasonable tax rates or other funding options, balance department budget requests with funding that is available, and further the city’s strategic plan and City Council priorities.



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To meet these goals, City staff had several considerations to deal with including the increasing cost of providing current services, valuations that were essentially flat from the previous year, the first year of the phasing out of the State backfill reimbursement, a reduction of the estimated utility franchise fee revenue, and the change in the State property tax residential rollback factor (from 56.4094 percent to 54.1302 percent).

“We were able to maintain current service levels with the budget that we will be presenting,” Webb said.

Staff and City Council established five strategic priorities through strategic planning and goal setting sessions in October and November last year that include:

- Providing **excellent customer service** to residents, businesses, and visitors through effective citizen outreach and engagement, employee training, and improved organizational processes;
- Support a **healthy community** through the availability of quality affordable housing, outstanding recreational and cultural amenities, collaboration with community and healthcare partners, and opportunities for lifelong learning;
- Provide **reliable (and safe) public infrastructure** that meets the community needs by continuing to update and implement the city’s Capital Improvement Plan;
- Provide for a **safe community** that residents may live, work, and play in with exceptional public safety and community services; and,
- Creating a **vibrant community** by enhancing and improving the vitality of the community core and gateways including the Grandview Avenue Corridor, Park Avenue Corridor, Riverfront, and Downtown areas to support a thriving economy, vibrant neighborhoods, and a high quality of life and place.

City department staff used these goals and priorities as they developed their department budgets in November and December. These preliminary budgets were reviewed with the City Administrator and Finance Director in December and January to form a budget proposal to be presented to the City Council over the next two weeks.



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“I am very proud of the hard work from staff as we worked to present a balanced budget to the City Council,” Webb said.

With property valuations essentially flat, the City had to look for other revenue resources to meet the rising costs of providing essential services to the citizens of Muscatine. Use of one-time funds such as the State COVID Relief Funds and the American Rescue Plan Act (ARPA) to assist in balancing both the Revised Estimate and the FY 2022/2023 budget are included in the revenue recommendations.

“However, the use of these funds to help balance the budget are not sustainable,” Webb said.

Other revenue recommendations in the proposed budget include spending down the Emergency Levy balance from prior years and levy the maximum Emergency Tax Levy rate.

There are eight levies that are included in the property tax rate implemented by the City of Muscatine. The FY 2021-2022 rate of 15,67209 per \$1,000 of assessed valuation has been the city property tax rate for the past 10 years. A slight increase is anticipated for FY 2022-2023 (1.90 percent) that will raise the rate to 15.97054 per \$1,000 of assessed valuation.

However, that does not mean that the portion of a homeowner’s property tax that is paid to the city will go up. In fact, due to the rollbacks from the State some residential property owners will be paying two percent less this year.

“It is a little complicated to understand but if a residential property owner’s valuation is virtually unchanged from a year ago, the rollback will reduce their taxable valuation four percent,” Lueck said. “With the proposed 1.9 percent tax rate increase, the actual savings to residential homeowners will be about two percent of the amount they paid to the city a year ago.”

While seeking out additional revenue options, City staff also are making several expense recommendations to the City Council. Among them are funding capital projects through Road



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Use Tax, Local Option Sales Tax, and other outside sources as appropriate, reviewing and reducing budget line items where possible, and funding only critical vehicle and equipment requests from various departments.

“We do want to provide departments with the resources to maintain service levels,” Webb said. “And that has been a key goal throughout the development of this proposed budget.”

The information presented to the City Council Thursday was a high-level preview of the proposed fiscal year 2022/2023 general fund budget. The proposed budget will be reviewed by the City Council starting Saturday (see [meeting schedule](#)). The finalized version will be presented during a public hearing in March.

[Budget Overview Presentation](#)