

Truth in Taxation

2025 Tax Levy and Budget



DECEMBER 2, 2024



Property Taxes Calculation



Budget + Debt



Budget + Debt – Non property tax revenues = Levy for property tax



Levy for property taxes / tax capacity = rate



Assessed value X Rate = Tax



Tax – credits – refunds = Net Tax



Net Tax = Property Tax

Total Tax Levy Factors



1. Market Value
2. Tax Capacity
3. Property Class Rates
4. State Aids
5. County Budget/Tax Levy
6. School Operating Levy
7. School District voter Approved Debt Obligations
8. City Budget and Tax Levies
9. Special State Laws; I.e. Credits and Exclusions

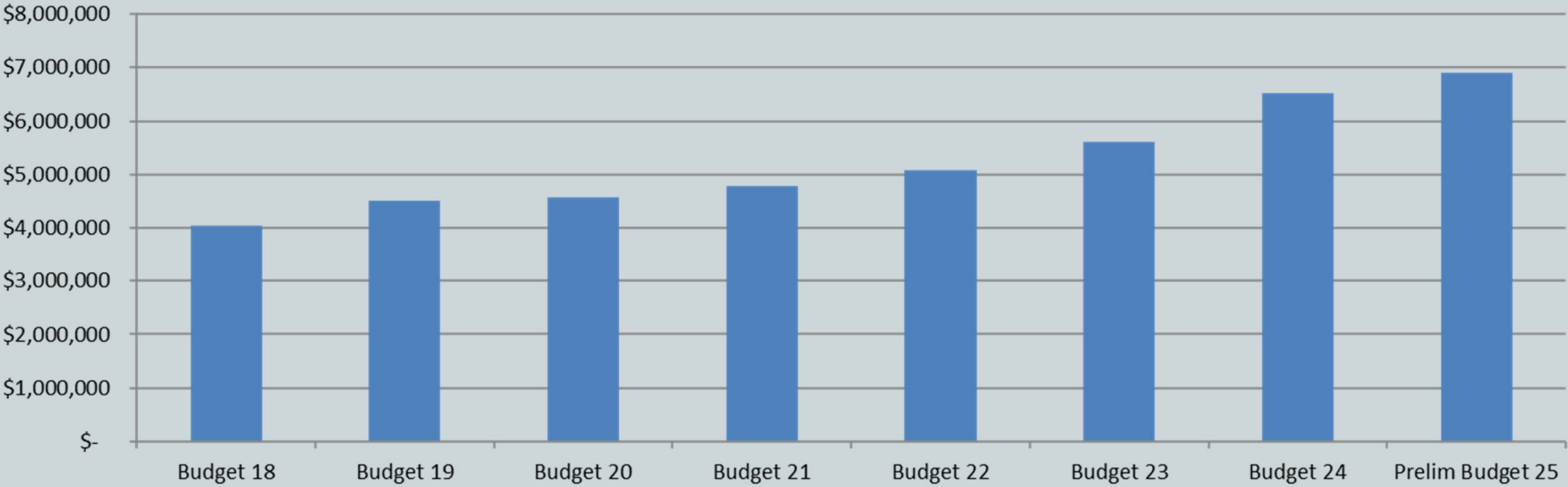
Reason for tonight's
meeting and only
item controlled by
City

Budget Process Overview



- ❖ Planning (May – Aug.)
 - Review of timelines, key issues and financial outlook
- ❖ Department Budget Requests (June – Aug.)
 - Administration/Finance review of department requests
 - Staff Recommended Budget
- ❖ City Council Review (Aug. – Nov.)
 - Council Workshops
 - Set Preliminary Budget - Council Action (Sept.)
 - September 3, 2024 City Council approved a preliminary levy of 5.40%
 - Truth in Taxation Notice
- ❖ Final Review and Adoption of Budget (Dec.)
 - Truth-in-Taxation Hearing (proposed levy of 5.40%)
 - Final Budget and Levy - Council Action

Budget History



Historical Change in Total Levy (%)



<u>Year</u>	<u>Total Levy</u>
• 2014	2.96%
• 2015	5.97%
• 2016	4.98%
• 2017	2.94%
• 2018	2.89%
• 2019	2.99%
• 2020	4.76%
• 2021	2.90%
• 2022	4.99%
• 2023	4.99%
• 2024	16.04%
• Proposed 2025	5.40%

2025 Tax Levy



- 2024 Total Levy \$5,522,071
- 2025 Total Levy \$5,820,438
 - Operations Levy \$2,721,294
 - Capital Levy \$2,344,018
 - Debt Levy \$ 755,126
- 2024 to 2025 Change in Levy (5.40%)
 - Debt Service Levy Increase .80% = \$5,969
 - General Levy decrease (.86%) = (\$23,482)
 - Capital Levy Increase 15.57% = \$315,880
 - **Total Levy Increase 5.40% = \$298,367**

2025 Budget – Revenue



The Revenue side of the budget determines where the funding comes from to pay for city expenses.

We build the revenue budget as expenses are evaluated. Including determining the level of inflow we expect from:

Licensing and Permits

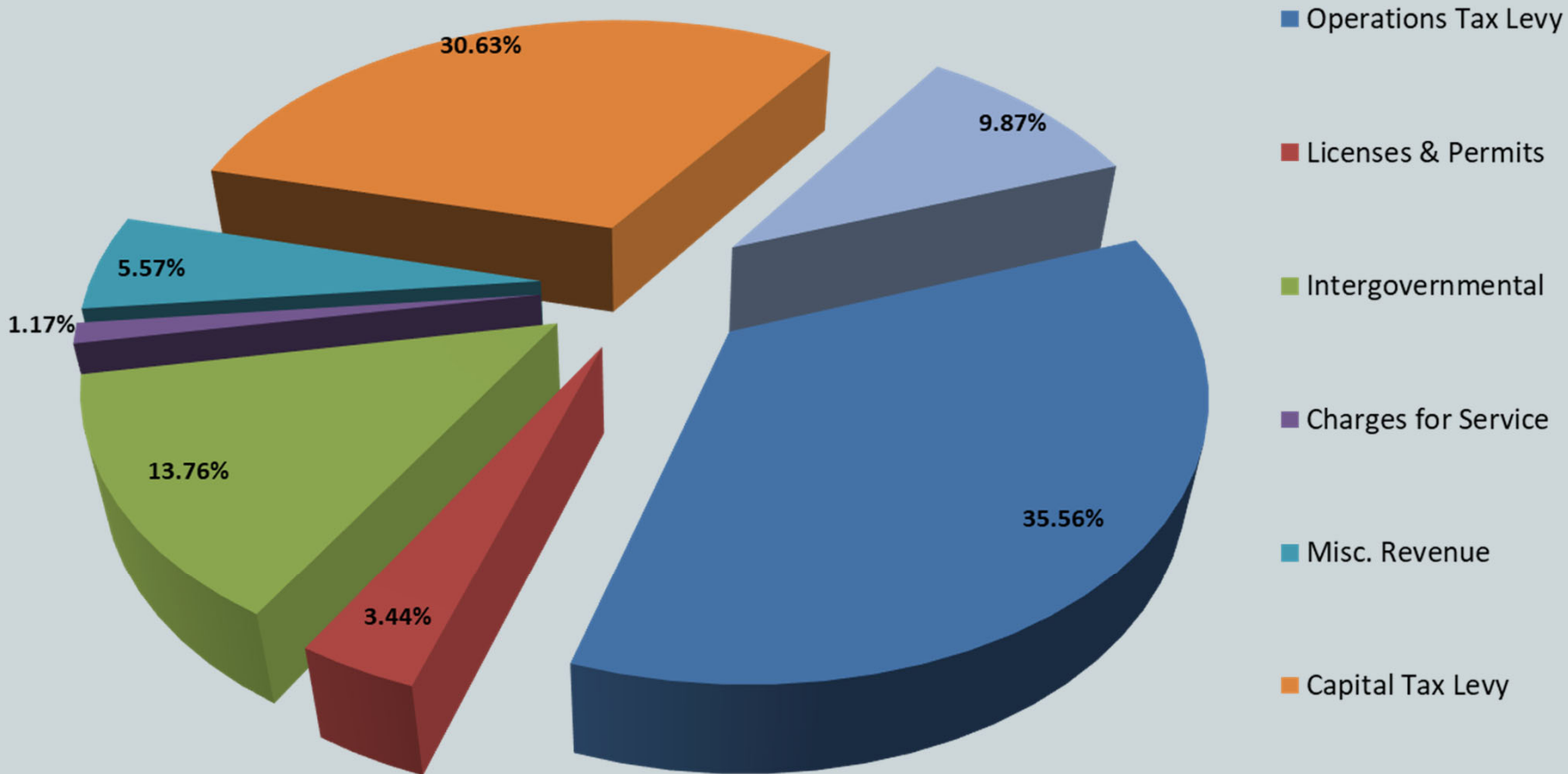
Other Agencies and Governments

Charges for Services

Other Misc. Sources

- Tax Levy amounts are then determined by category to meet the remaining funding required for operational needs, capital improvements, and debt service.

2025 Budget – Revenue



■ Operations Tax Levy

■ Licenses & Permits

■ Intergovernmental

■ Charges for Service

■ Misc. Revenue

■ Capital Tax Levy

■ Debt Levy

2025 Revenue Changes (+/-)



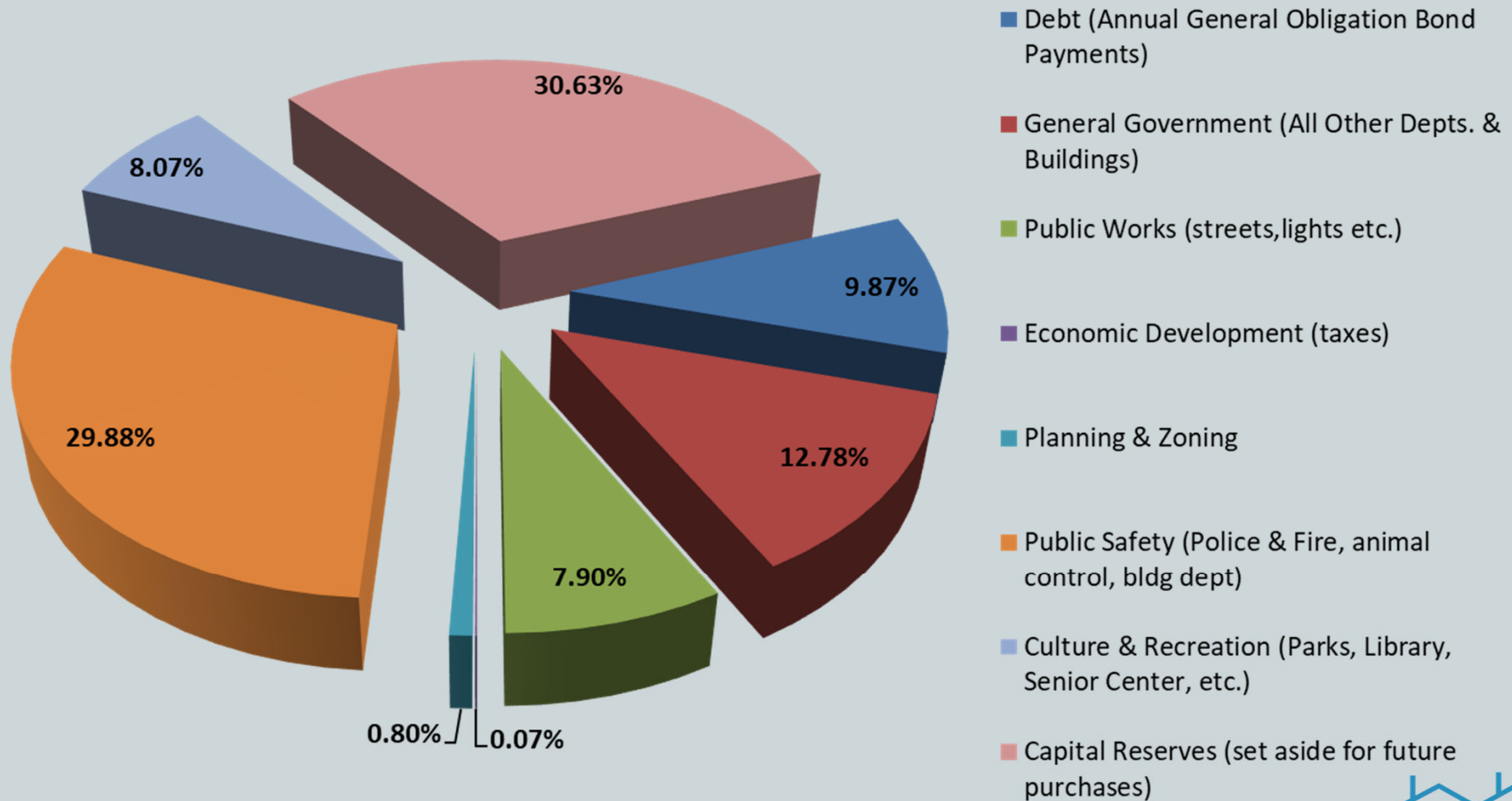
- Increase LGA: \$2,457
- Increase Fire Contract: \$124,575
- Increase Capital Levy: \$315,880
- Decrease Gas Franchise: (\$22,000)
- Decrease Cable Franchise: (\$10,000)
- Decrease in Operations Levy: (\$23,482)
- Decrease in Plan Check Fees: (\$15,000)

2025 Expense Changes (+/-)



- Increase Police Protection: \$21,500
- Increase Fire Department Operations: \$37,409
- Decrease Building Department: (\$11,958)
- Increase Capital: \$315,880 (capital outlay)
- Decrease in Economic Development: (-\$8,000)

Where the Tax Dollars Go



2025 Taxable Market Value



Seeing the Expense and Revenue sides of the budget process gets us part of the way there – but there is more to the story...

BUDGET

Sources and *Uses*
Revenue
Expense



TAXABLE MARKET VALUE

Basis for Levy Application
Property Values
Residential (County Assessor)
Commercial / Industrial (County Assessor)

NET TAX CAPACITY

Formula applied to Taxable Market Value
Determined by State Including Homestead
Credits

Overall, the City of Albertville's Net Tax Capacity increased 3.04%
Budgeted Levy Amounts and Net Tax Capacity ultimately determine the City's Tax Rate.

2025 Tax Capacity Explanation



- Tax capacity is calculated by multiplying the property market value by the appropriate class rate percentage.

Residential Homestead:

First \$500,000 of value: 1.00%

Value over \$500,000: 1.25%

Commercial/Industrial:

First \$150,000: 1.50%

Value over \$150,000: 2.00%

2025 Residential City Tax Example



Residential	2024 taxes payable	2025 taxes payable (no change in value)	2025 taxes payable (\$50k change in value)
Taxable Value	\$300,000.00	\$300,000.00	\$350,000.00
Res. Homestead <\$500k	1.00%	1.00%	1.00%
Res. Homestead >\$500k	1.25%	1.25%	1.25%
Tax Capacity	<u>3,000.00</u>	<u>3,000.00</u>	<u>3,500.00</u>
City Tax Capacity Rate	41.85%	42.81%	42.81%
City Taxes Owed	\$1,255.50	\$1,284.30	\$1,498.35

2025 Commercial City Tax Example



Commercial	2024 taxes payable	2025 taxes payable (no change in value)	2024 taxes payable (\$500k change in value)
Taxable Value	\$1,500,000.00	\$1,500,000.00	\$2,000,000.00
First \$150k 1.5%	1.50%	1.50%	1.50%
Over \$150k 2.0%	2.00%	2.00%	2.00%
Tax Capacity	<u>27,500</u>	<u>27,500</u>	<u>37,500</u>
City Tax Capacity Rate	41.85%	42.81%	42.81%
City Taxes Owed	\$11,508.75	\$11,772.75	\$16,053.75

2025 Budget & Levy Summary



2025 Total Budget (with capital) = \$6,897,356

2025 Total Levy \$5,820,438

Debt Service Levy = \$755,126 (increase of \$5,969)

General Operations Levy = \$2,721,294 (decrease of \$23,482)

Capital Levy = \$2,344,018 (increase \$315,880)

Total Levy Increase= \$298,367 (increase 5.40%)