

# Truth in Taxation

## 2024 Tax Levy and Budget



**DECEMBER 4, 2023**



# 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

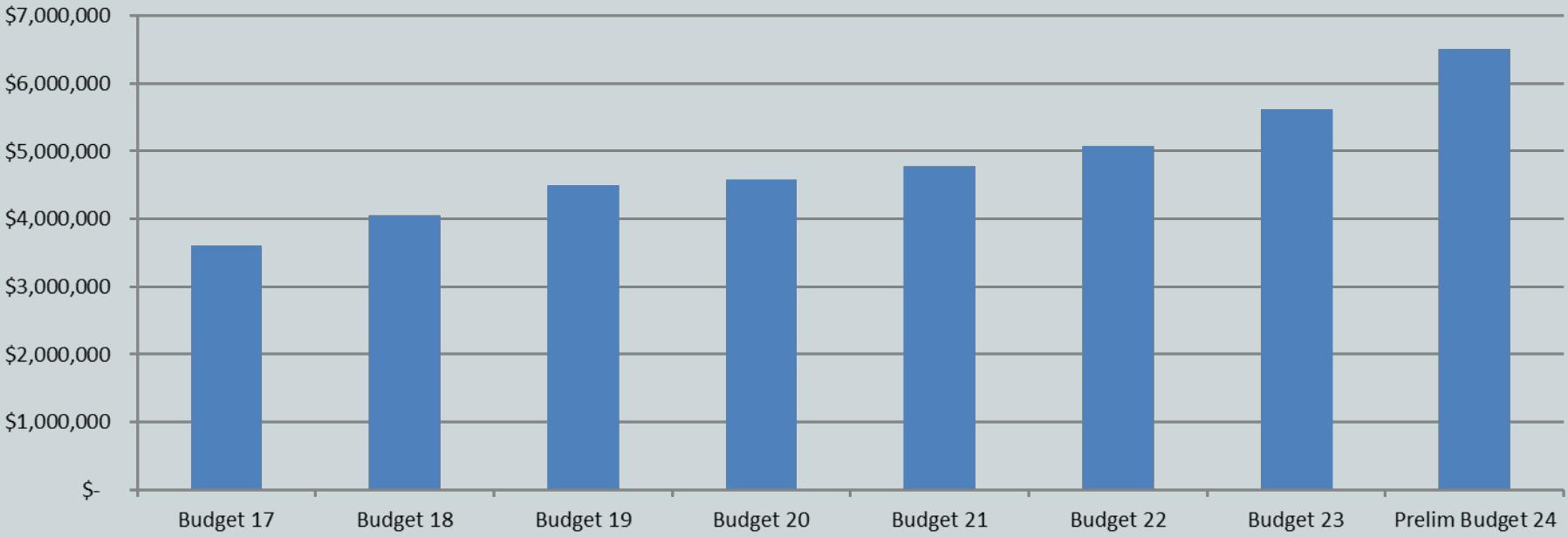
Reason for tonight's meeting and only item controlled by City

# 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 18, 2023 City Council approved a preliminary levy of 16.04%
  - Truth in Taxation Notice
- ❖ **Final Review and Adoption of Budget (Dec.)**
  - Truth-in-Taxation Hearing (proposed levy of 16.04%)
  - Final Budget and Levy - Council Action

# Budget History



# Historical Change in Total Levy (%)



<u>Year</u>	<u>Total Levy</u>
• 2013	2.00%
• 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%
• Proposed 2024	16.04%

# 2024 Tax Levy



- 2023 Total Levy \$4,758,894
- 2024 Total Levy \$5,522,071
  - Operations Levy \$2,744,776
  - Capital Levy \$2,028,138
  - Debt Levy \$ 749,157
- 2023 to 2024 Change in Levy (16.04%)
  - Debt Service Levy Increase 17.48% = \$111,461
  - General Levy Increase 8.95% = \$225,439
  - Capital Levy Increase 26.61% = \$426,277
  - **Total Levy Increase 16.04% = \$763,177**

# 2024 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

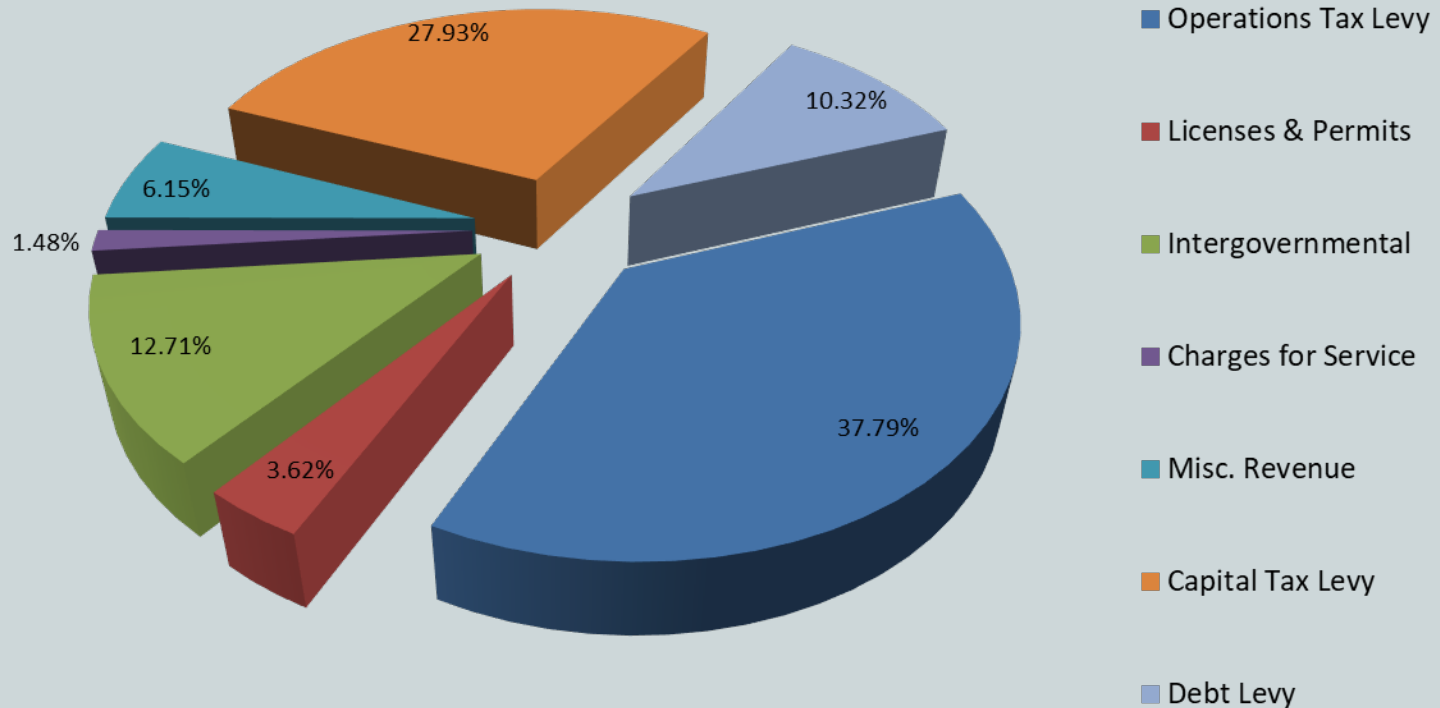
Charges for Services

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.



# 2024 Budget – Revenue



# 2024 Revenue Changes (+/-)



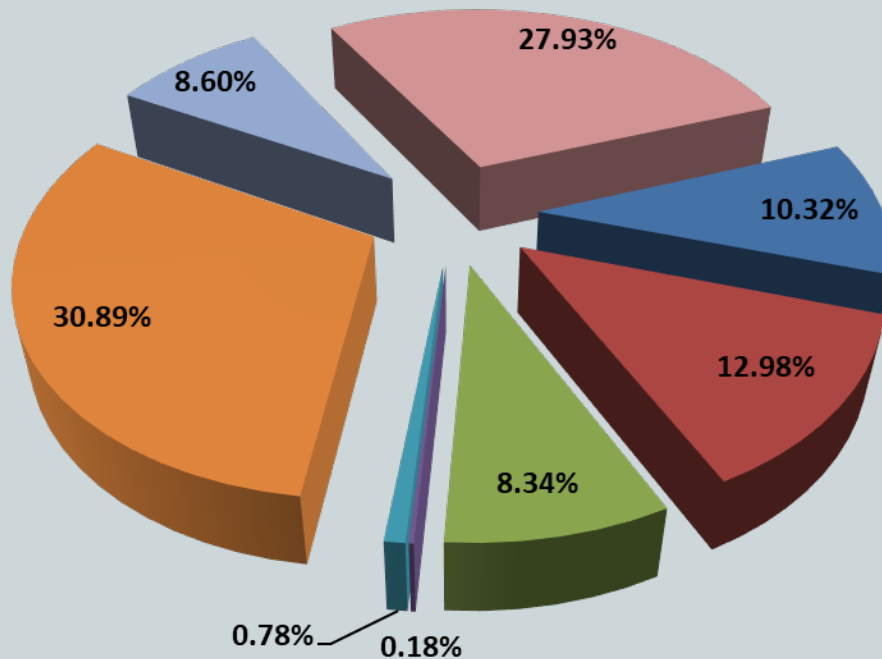
- Increase LGA: \$208,467
- Increase Gas Franchise Fee: \$190,000 projection
- Increase Fire Contract: \$69,321
- Decrease use of General Fund Reserves: (-\$120,250)

# 2024 Expense Changes (+/-)



- Increase Police Protection: \$266,333 (28.04%)
- Decrease Fire Department Operations: (-\$34,532)
- Increase Building Department: \$34,850
- Increase in Public Works – Streets: \$70,590
- Increase in Parks & Recreation: \$93,183
- Increase Capital: \$426,277 (capital outlay)
- Decrease in Economic Development: (-\$12,000)

# Where the Tax Dollars Go



- Debt (Annual General Obligation Bond Payments)
- General Government (All Other Depts. & Buildings)
- Public Works (streets, lights etc.)
- Economic Development (taxes)
- Planning & Zoning
- Public Safety (Police & Fire, animal control, bldg dept)
- Culture & Recreation (Parks, Library, Senior Center, etc.)
- Capital Reserves (set aside for future purchases)

# 2024 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 15.7%

Budgeted Levy Amounts and Net Tax Capacity ultimately determine the City's Tax Rate.

# 2024 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%

# 2024 Residential City Tax Example



<b>Residential</b>	<b>2023 taxes payable</b>	<b>2024 taxes payable (no change in value)</b>	<b>2024 taxes payable (\$50k change in value)</b>
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	41.73%	41.85%	41.85%
<b>City Taxes Owed</b>	<b>\$1,251.90</b>	<b>\$1,255.50</b>	<b>\$1,464.75</b>

# 2024 Commercial City Tax Example



<b>Commercial</b>	<b>2023 taxes payable</b>	<b>2024 taxes payable (no change in value)</b>	<b>2024 taxes payable (\$500k change in value)</b>
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>\$29,250.00</u>	<u>\$29,250.00</u>	<u>\$39,250.00</u>
City Tax Capacity Rate	41.73%	41.85%	41.85%
<b>City Taxes Owed</b>	<b>\$12,206.03</b>	<b>\$12,241.13</b>	<b>\$16,426.13</b>



# 2024 Budget & Levy Summary



2024 Total Budget (with capital) = \$6,633,524

2024 Total Levy                      \$5,522,071

Debt Service Levy = \$749,157 (increase of \$111,461)

General Operations Levy = \$2,744,776 (increase of \$225,439)

Capital Levy = \$2,028,138 (increase \$426,277)

Total Levy Increase= \$763,177 (increase 16.04%)