



# Truth in Taxation 2022 Budget & Property Tax Levy

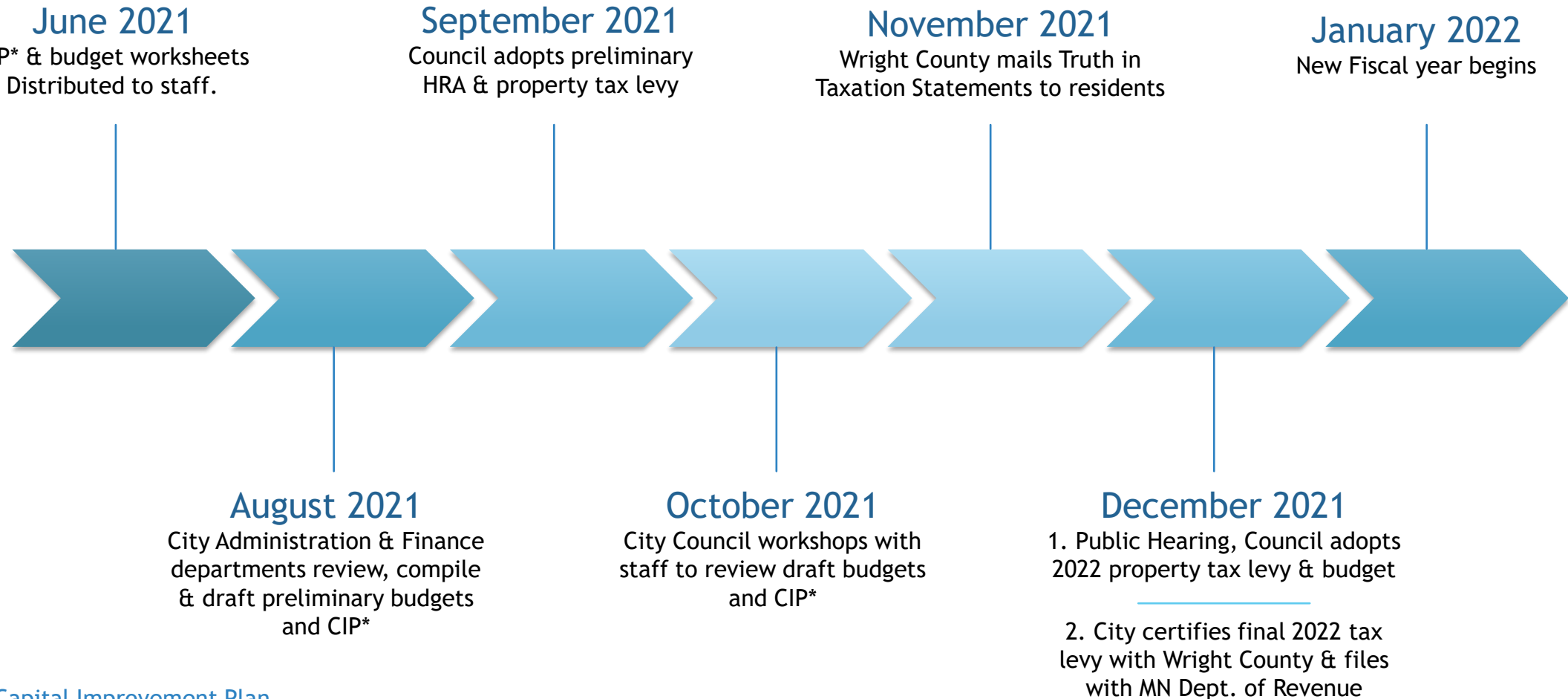
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December 6, 2021

# Truth in Taxation

- ▶ Required by MN Statute 275.065, subd. 7
- ▶ Purpose
  - ▶ Overview of 2022 Budget
  - ▶ Discussion of Levy for Taxes Payable in 2022
  - ▶ Impact to properties in Buffalo
  - ▶ Public Input

# Timeline: Budget Process



\*CIP = Capital Improvement Plan

# Looking to 2022 - Budget Objectives

- ▶ Deliver on Council priorities
- ▶ Balanced General Fund budget
- ▶ Maintain existing services and programs
- ▶ Meet Debt Obligations
- ▶ Recover utility operating costs
- ▶ Fund infrastructure replacements
- ▶ Meet Federal, State & Other Contractual agreements
- ▶ Foster Citizen involvement
- ▶ Position the City to address future challenges and opportunities
  - ▶ Long-term Financial Planning
  - ▶ Maintain & revitalize neighborhoods
  - ▶ Encourage business expansion & reinvestment
  - ▶ Complete Comprehensive Plan

# Looking to 2022 - Budget Impacts

- ▶ Buffalo Vision + Plan: Update to the Comprehensive Plan
- ▶ Wages, benefits & staffing
- ▶ Increased Management Information Systems (MIS) technology security
- ▶ Potential economic impact from COVID-19
- ▶ Increased levy for streets maintenance Pavement Management Plan



# Council Core Strategies

- ▶ Fostering a welcoming culture of engaged and active citizens.
- ▶ Maintain and improve public infrastructure.
- ▶ Fiscal Responsibility.
- ▶ Safe, secure and healthy community.
- ▶ Planned and sustainable growth.
- ▶ Supportive and balanced business environment.
- ▶ Collaborative, inclusive and high-functioning team.
- ▶ Continued evolution in the quality of life for Buffalo's diverse needs.



# 2022 Budget & Levy Summary

2022 Proposed Budget & Levy Summary		
	Pay 2022	(%) Change
Total City Budget	\$48,927,161	-0.65%
General Fund Budget	\$10,398,804	0.38%
City Tax Levy	\$9,421,342	6.35%
City Tax Rate	58.15%	7.18%
HRA Tax Levy	\$296,078	4.8%

The levy percentage increase is not the same as the property tax percentage increase.

The levy's increase only compares the current year's levy amount to the upcoming levy amount; several additional factors impact your property tax increase.

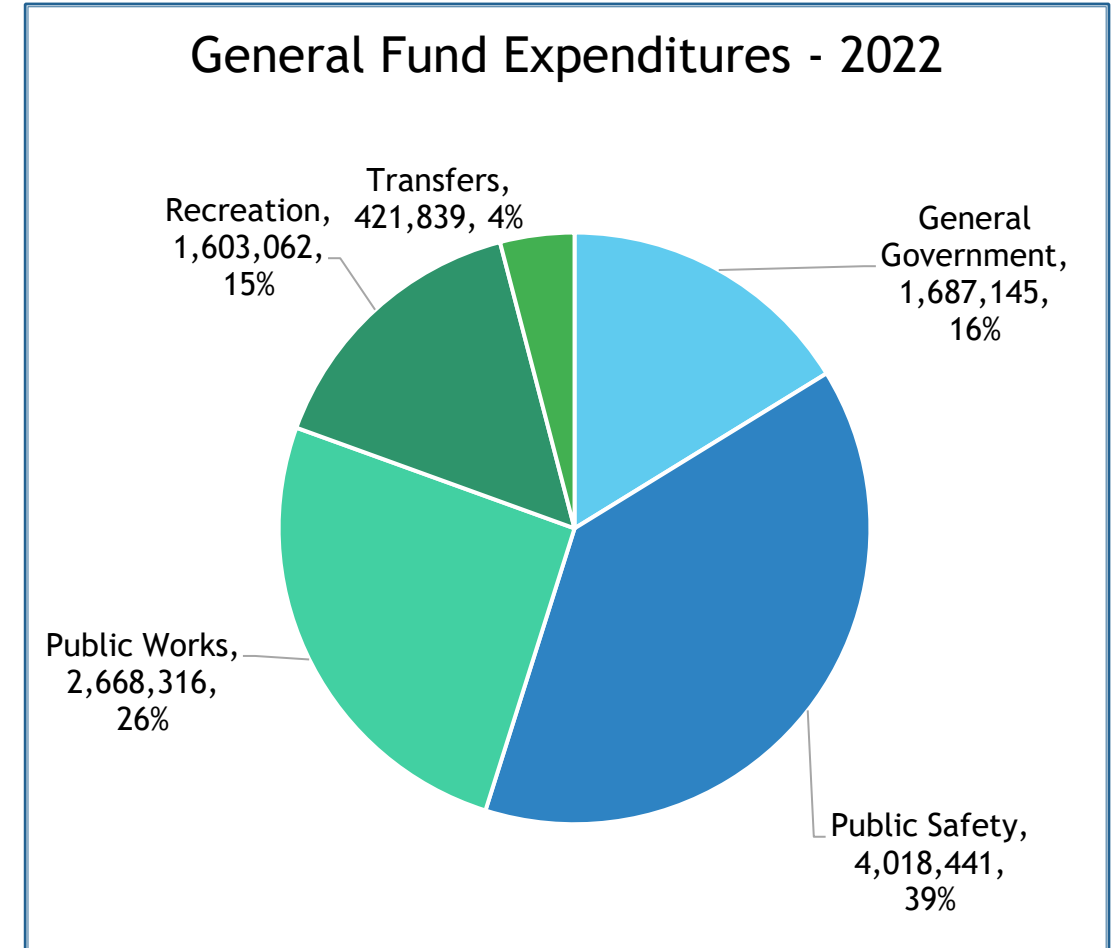
# General Fund Budget

	2022 Proposed Budget	2021 Adopted Budget	\$ Change	% Change	Notes
<b>Revenues &amp; Other Sources</b>					
Taxes	5,665,645	4,979,558	686,087	13.8%	The Park Fund is now included in the General Fund eliminating transfer.
Licenses & Permits	506,400	392,950	113,450	28.9%	
Intergovernmental	1,407,545	1,335,639	71,906	5.4%	
Charges for Services	1,712,575	1,630,500	82,075	5.0%	
Transfers In	925,000	1,400,000	(475,000)	-33.9%	
All Other	264,750	620,750	(356,000)	-57.3%	Account for Capital Equipment & Funding Sources is now in the Capital Equipment Fund.
<b>Total Revenues &amp; Other Sources</b>	<b>10,481,915</b>	<b>10,359,397</b>	<b>122,518</b>	<b>1.2%</b>	
<b>Expenditures &amp; Other Uses</b>					
Personal Services	4,898,132	4,383,255	514,877	11.7%	
Supplies	1,006,790	970,795	35,995	3.7%	
Other Services & Charges	3,771,431	3,308,611	462,820	14.0%	
Capital Outlay	-	332,200	(332,200)	-100.0%	Account for Capital Equipment & Funding Sources is now in the Capital Equipment Fund.
Debt Services	300,611	197,744	102,867	52.0%	
Transfer to Other Funds	421,839	1,116,992	(695,153)	-62.2%	
<b>Total Expenditures &amp; Other Uses</b>	<b>10,398,803</b>	<b>10,309,597</b>	<b>89,206</b>	<b>0.9%</b>	
<b>Net Change in Fund Balance</b>	<b>\$ 83,112.00</b>	<b>\$ 49,800.00</b>			

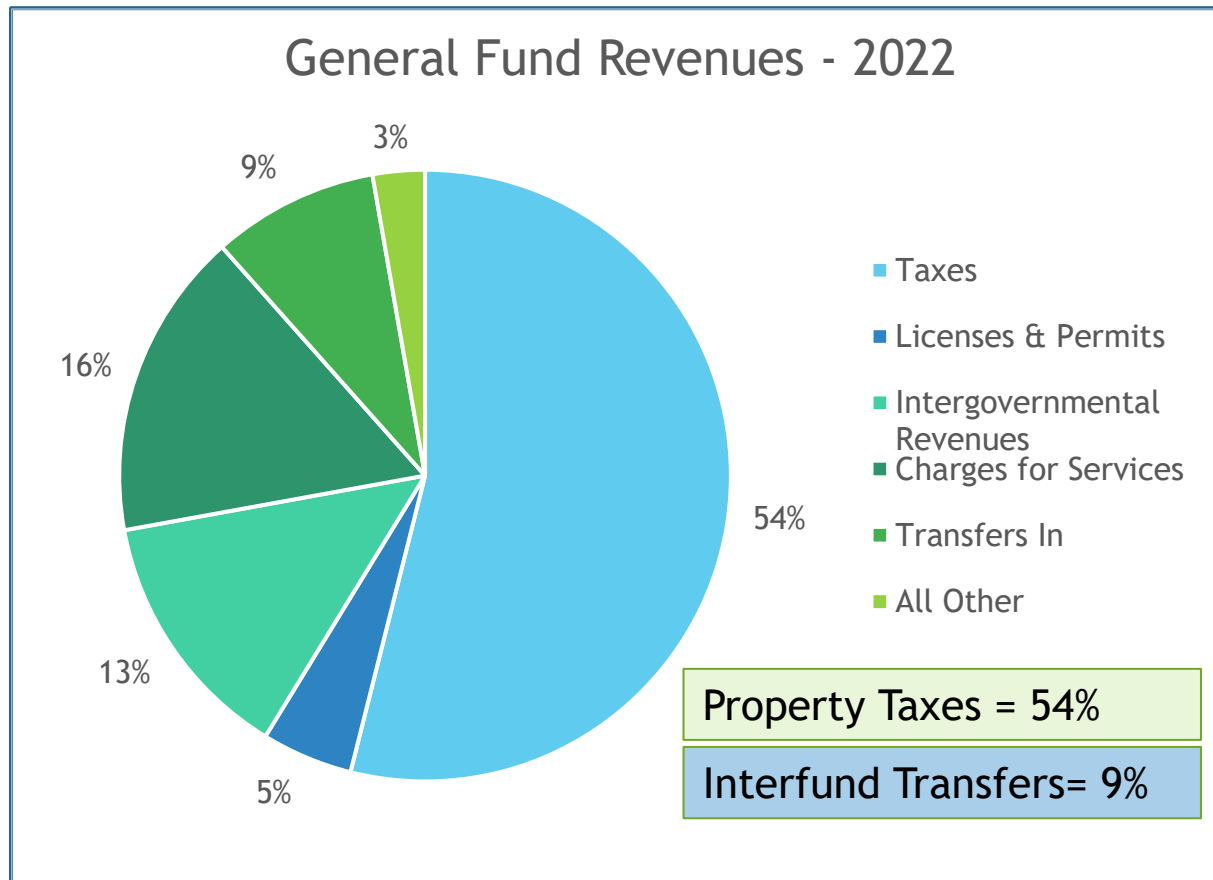


# What is the General Fund used for?

Public Safety	<ul style="list-style-type: none"> <li>• Police department</li> <li>• Fire protection</li> <li>• Building inspection</li> <li>• Emergency management</li> </ul>
Public Works	<ul style="list-style-type: none"> <li>• Street maintenance</li> <li>• Storm Sewer maintenance</li> <li>• Snow &amp; ice removal</li> <li>• Compost</li> <li>• Sanitation</li> </ul>
General Government	<ul style="list-style-type: none"> <li>• Mayor &amp; Council</li> <li>• Administration</li> <li>• Planning, Zoning &amp; Community development</li> <li>• Geographic Information Systems (GIS)</li> <li>• Finance</li> <li>• Human Resources</li> </ul>
Culture & Recreation	<ul style="list-style-type: none"> <li>• Parks &amp; Trails</li> <li>• Community center.</li> </ul>
Transfers	<ul style="list-style-type: none"> <li>• Pavement management</li> <li>• Debt service (Storm Sewer)</li> <li>• Airport</li> <li>• Civic center</li> <li>• Golf course</li> </ul>



# Other than property taxes, how does the city fund projects & services?



The City is committed to using diverse sources of revenue, including fees for licenses & permits, charges for services, etc.

However, about 1/2 of the revenue for Buffalo's General & Park Fund comes from property taxes.

Enterprise Fund Contributions:  
\$900,000 - Electric Utility  
\$ 25,000 - Liquor Fund

# Components of City's Levy

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Program or Service	2021 Levy	2022 Levy	\$ Increase (Decrease)	% Increase (Decrease)
General Fund	4,727,035	4,831,470	104,435	2.21%
Street Improvement	-	500,000	500,000	100.0%
Debt Service	3,606,099	3,549,037	(57,062)	-1.58%
Library	84,659	76,672	(7,987)	-9.43%
Lease Purchase	421,593	444,995	23,402	5.55%
Tax Abatement (EDA)	19,791	19,168	(623)	-3.15%
<b>Total</b>	<b>8,859,177</b>	<b>9,421,342</b>	<b>562,165</b>	<b>6.35%</b>

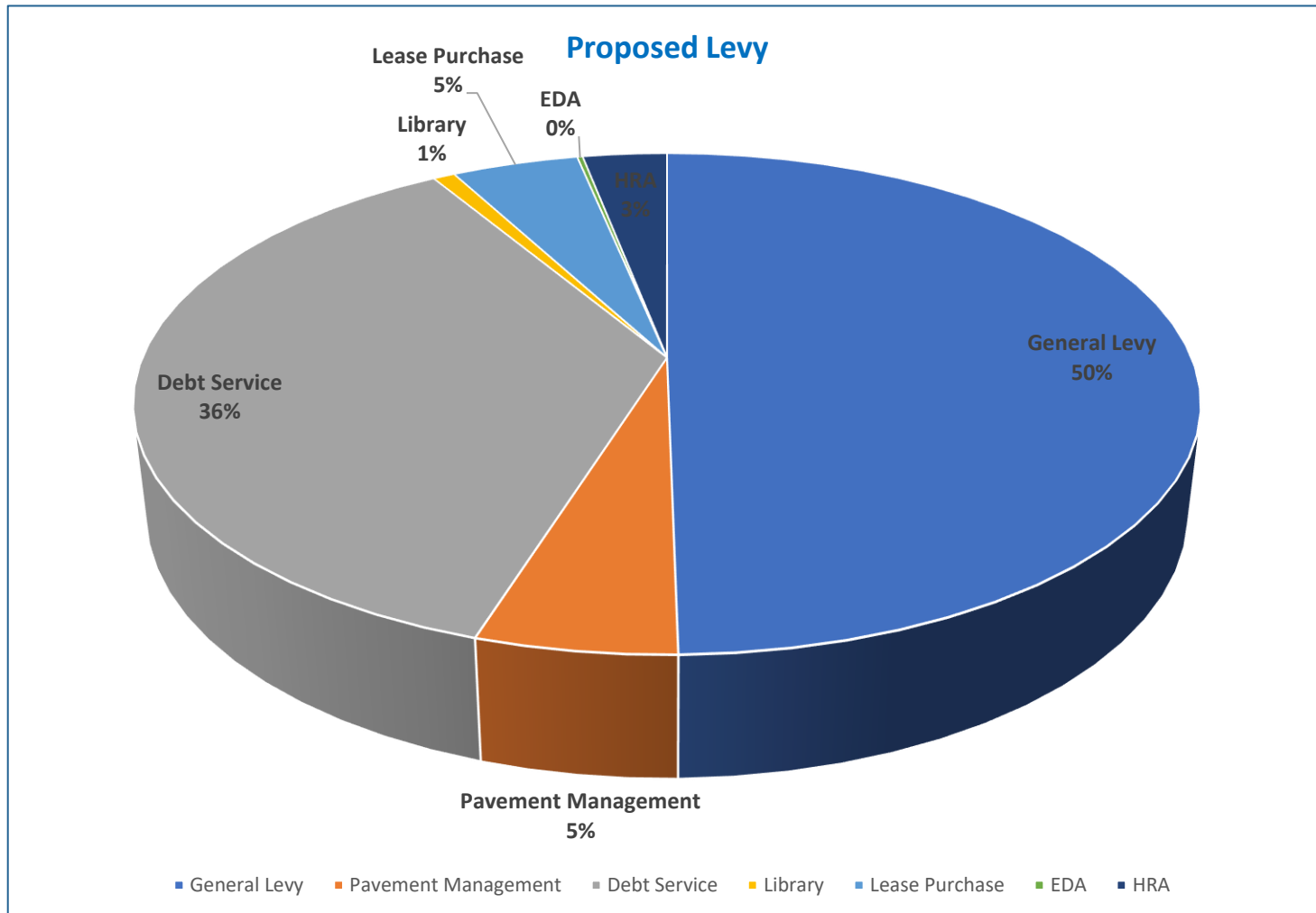
Reduced Debt Service  
Levy by additional  
\$100,000 for cash on  
hand.

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Program or Service	2021 Levy	2022 Levy	\$ Increase (Decrease)	% Increase (Decrease)
General Fund	282,578	296,078	13,500	4.78%
<b>Total</b>	<b>282,578</b>	<b>296,078</b>	<b>13,500</b>	<b>4.78%</b>

Not to exceed  
0.0185% of Estimated  
Market Value.  
MN Statute 469.033

# What is the Tax Levy used for?



- Most of the levy goes into the city's General Fund.

- A portion goes to pay back the debt the city used to fund large projects.

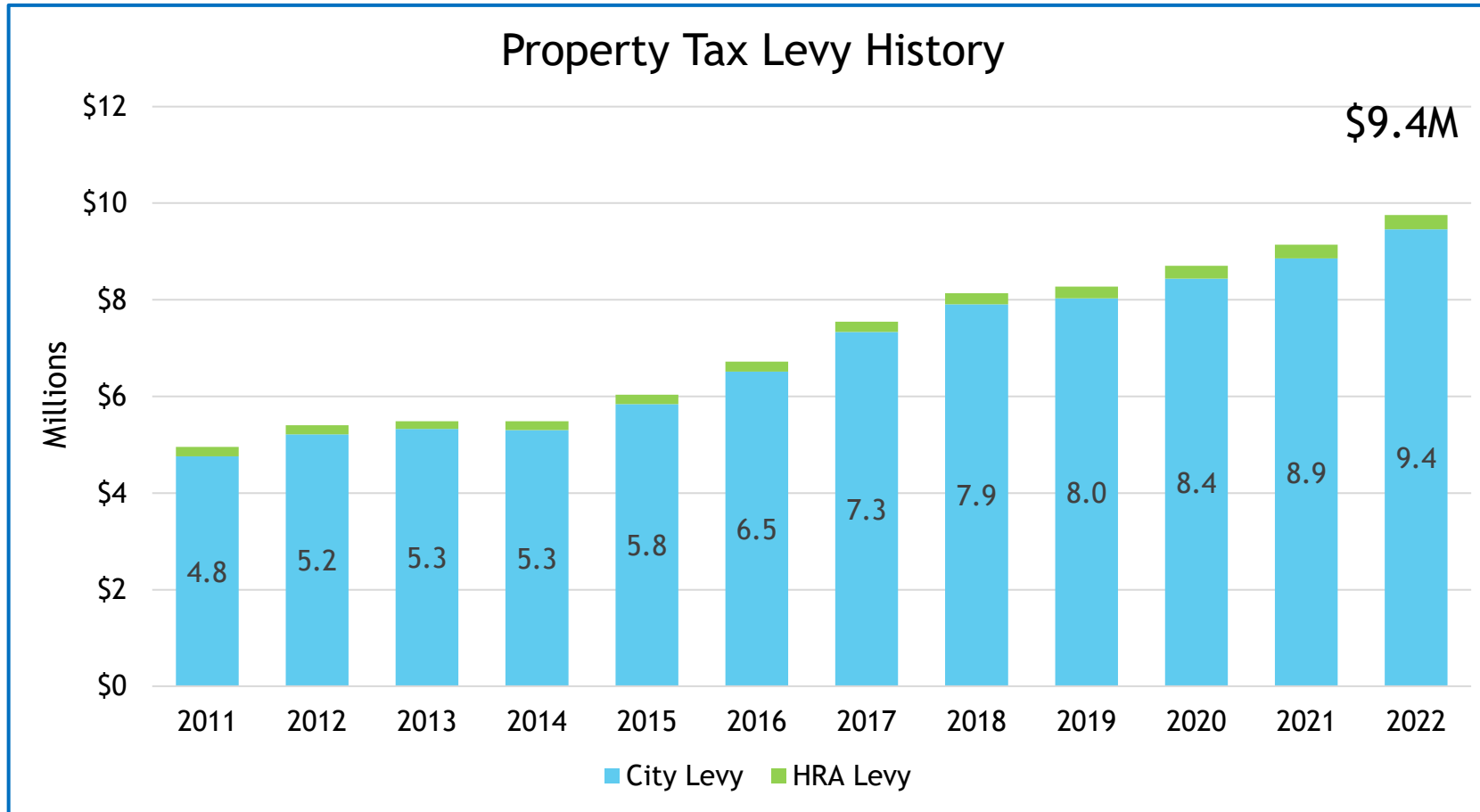
- Bonds – 36%
- Lease Purchases – 5%

- A small amount is used to fund operations at the Buffalo Library.

- A small amount is for the private development of the Allina Crossroads Clinic.

- The HRA Levy is used to fund specific activities of the HRA.

# Buffalo Property Tax History



- Total Proposed City Levy - \$9,421,342
- \$562,165 more than 2021 Levy
- Increase primarily due to Pavement Management Plan.

# Property taxes at work in our community





# Who gets your property tax dollar?



City of Buffalo \$0.40



Wright County \$0.29



School District \$0.31



# Factors that impact Property Taxes for Buffalo Residents

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- ▶ Market Value & Tax Capacity
- ▶ Property Classifications
  - ▶ Residential: Homestead or Non-Homestead
  - ▶ Agricultural
  - ▶ Commercial/Industrial
- ▶ Taxing Jurisdictions
  - ▶ State
  - ▶ County
  - ▶ **City - Levy & Special Assessments**
  - ▶ School
  - ▶ Other Special Taxing Districts



# Changes to the local tax base



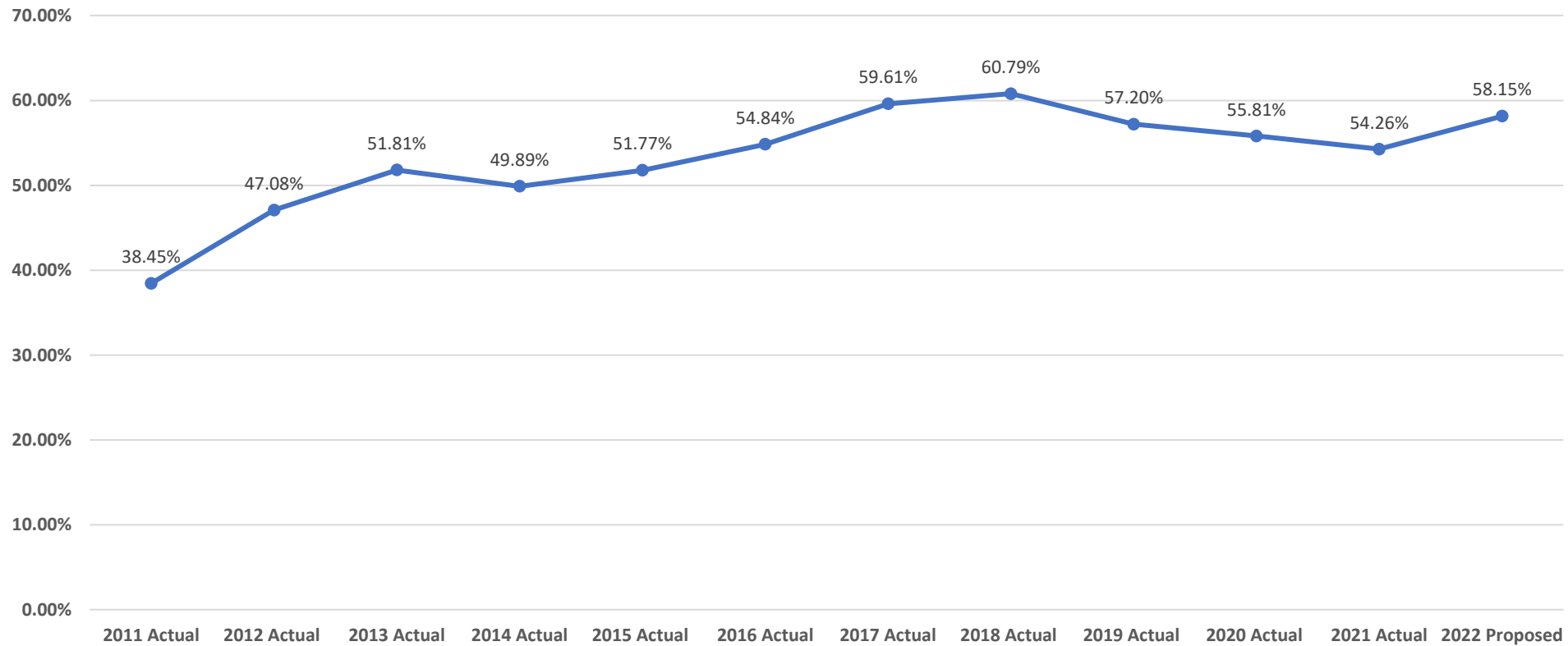
- ▶ New residential & commercial properties
- ▶ Increased valuation of existing residential & commercial properties

\*EMV = Estimated Market Value

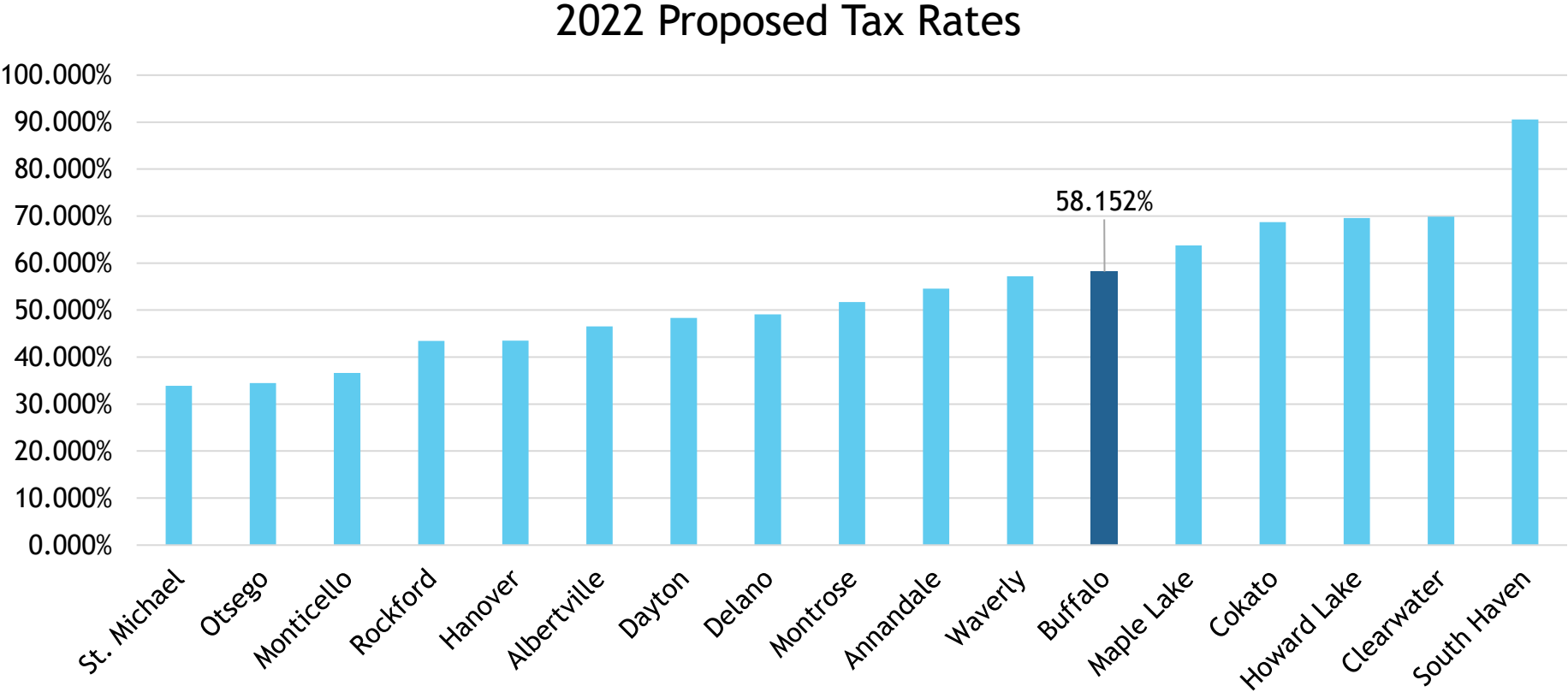
Class	EMV* Change
Residential	+5.70%
Commercial	+.56%
Industrial	+5.62%
Agricultural	+2.08%

Tax Capacity Growth Estimated at +4.9%

# Buffalo Tax Rate = City Levy/Tax Capacity



# Comparison - Cities in Wright County



\*Data from Wright County

# Sample 2022 Tax Calculation

	Tax Calculation Based on \$252,000 Home						
	Payable	Payable	%				
	2021	2022	Change	Comments			
Estimated Taxable Market Value (EVM)	254,700.00	252,300.00	-0.9%				
Homestead Market Value Exclusion	(14,300.00)	(14,500.00)		Maximim Benefit = \$30,400, Phased out at \$413,800			
Taxable Market Value	240,400.00	237,800.00		Market Value - Homestead MV Exclusion			
Class Rate - Set by Legislature	x 1%	x 1%		x Class Rate (1% up to \$499,000 - 1.25% over \$500,000)			
Tax Capacity	2,404.00	2,378.00		EVM x Class Rate = Tax Capacity			
City of Buffalo Tax Rate	x .54256	x.58152	7.2%	Tax Levy / Tax Capacity x 100			
	1,304.31	1,382.85		Multiply Tax Capacity by Local Tax Rate = Base Rate			
Less Credits	-	-					
+ Referendum Levy Amounts	-	-					
+State General Tax (If applicable)	-	-					
City of Buffalo Estimated Taxes	\$ 1,304.31	\$ 1,382.85	6.0%				

\$78 increase or \$6.50/month

\*Data from Wright County

# Property Tax Relief Programs



- ▶ Homestead Market Value Exclusion - Values up to \$413,800
- ▶ Disabled Veteran Homestead Value Exclusion
- ▶ Senior Citizen Property Tax Deferral Program
- ▶ Property Tax Refund - State of MN
- ▶ Targeting Property Tax Refund (aka Special Property Tax Refund)
  - ▶ Property Tax Increase of over 12% and \$100

More information found on MN Department of Revenue Website

Visit: <https://www.revenue.state.mn.us/property-tax-relief>

# Next Steps

## 1. Leave the Public Hearing Open until December 20,2021



City Council to accept Public Input

## 2. Future Council Action - December 20,2021:



- Adopt the 2022 Annual Operating Budgets
- Set the Final Tax Levy for Payable 2022
- Adopt the 2022-2025 Capital Improvement Plan (CIP)
- Adopt the 2022 Utility rates
- Adopt the 2022 Master Fee Schedule

### Ways to Comment:

1. Reach out to City Council members
2. Email Comments to [cityadministrator@ci.buffalo.mn.us](mailto:cityadministrator@ci.buffalo.mn.us)
3. Drop off at City Center:

212 Central Ave  
Buffalo, MN 55313



The Proposed 2022 Budget will be available on the City's Website.

<https://www.ci.buffalo.mn.us/>

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Questions or Comments?