



Truth in Taxation 2023 Budget & Property Tax Levy

December 5, 2022

Truth in Taxation

- ▶ Required by MN Statute 275.065, subd. 7
- ▶ Purpose
 - ▶ Overview of 2023 Budget
 - ▶ Discussion of Levy for Taxes Payable in 2023
 - ▶ Impact to properties in Buffalo
 - ▶ Public Input

Timeline: Budget Process

May - June 2022

CIP* & budget worksheets
Distributed to staff.

September 2022

Council adopts preliminary
HRA & property tax levy

November 2022

Wright County mails Truth in
Taxation Statements to residents

January 2023

New Fiscal year begins

July - August 2022

City Administration & Finance
departments review, compile
& draft preliminary budgets
and CIP*

October 2022

City Council workshops with
staff to review draft budgets
and CIP*

December 2022

1. Public Hearing, Council adopts
2023 property tax levy & budget
2. City certifies final 2023 tax
levy with Wright County & files
with MN Dept. of Revenue

*CIP = Capital Improvement 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.

Looking to 2023 - Budget Impacts

- ▶ Wages, benefits & staffing
- ▶ Inflationary increases - fuel, equipment, supplies
- ▶ Increased levy for street improvements
- ▶ Transparency - dedicated street improvement and civic center levies



2023 Budget & Levy Summary

2023 Proposed Budget & Levy Summary		
	Pay 2023	(%) Change
Total City Budget	\$54,230,681	10.70%
General Fund Budget	\$11,419,360	8.90%
City Tax Levy	\$10,233,585	8.60%
City Tax Rate*	50.52%	-4.50%
HRA Tax Levy	\$348,911	17.8%

* - Estimated

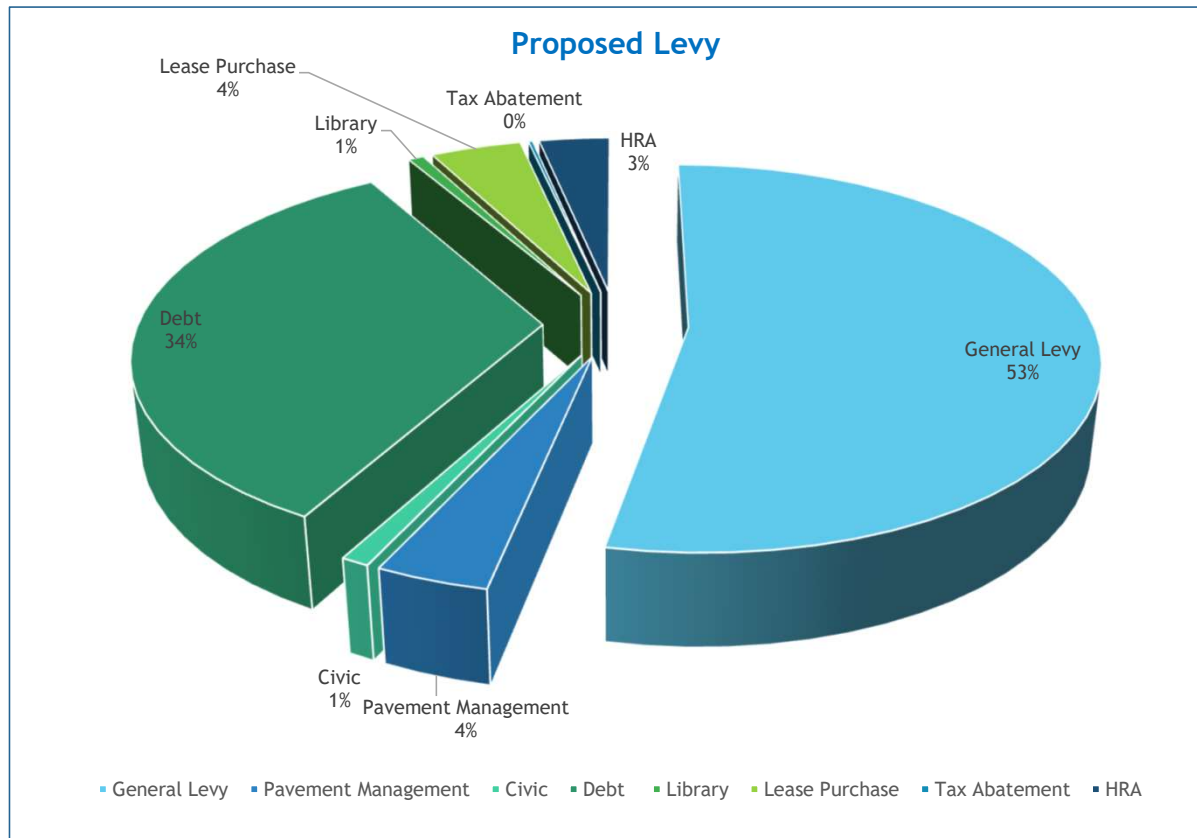
The levy percentage increase is not the same as the property tax percentage increase.

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.

Components of City Levy

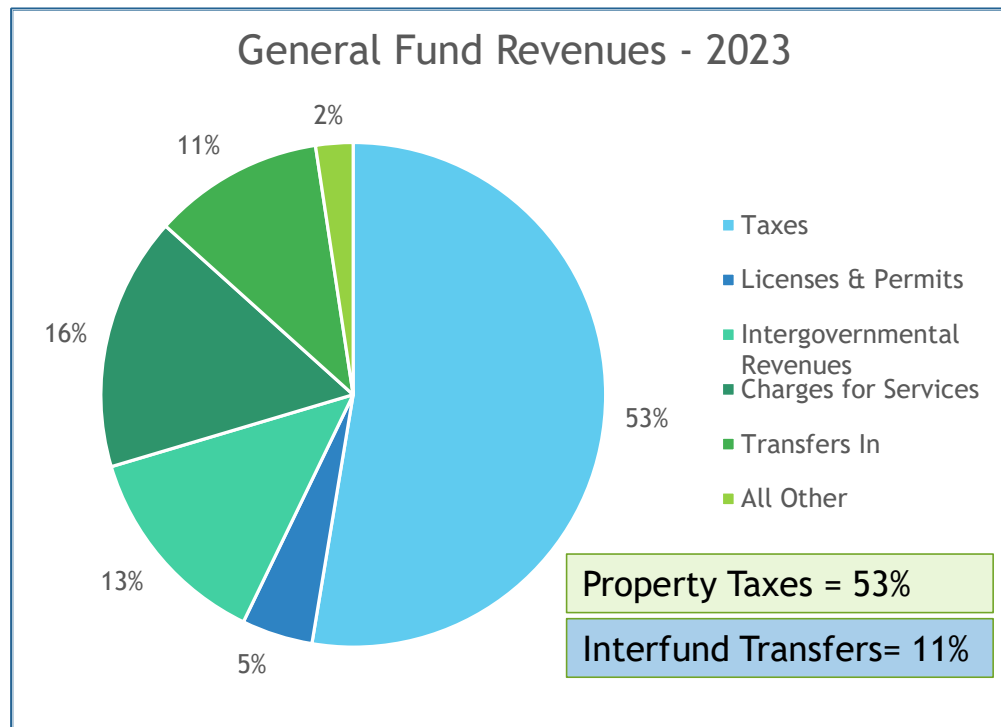
2023 Proposed Tax Levy Summary			
	2022 Adopted Levy	2023 Proposed Levy	Increase/ (Decrease) Over Prior Year
General Levy			
General Fund Levy	5,331,470	5,633,771	5.7%
Debt Levies			
Total Debt Levies	3,549,037	3,552,680	0.1%
Other Special Levies			
Pavement Management	-	400,000	100.0%
Civic Center	-	100,000	100.0%
Library	76,672	76,672	0.0%
Lease Purchase	444,995	450,162	1.2%
Economic Development Abatement	19,168	20,300	5.9%
Total Other Special Levies	540,835	1,047,134	93.6%
TOTAL LEVIES	9,421,342	10,233,585	8.6%

What is the Tax Levy used for?



- Slightly over half of the levy goes into the city's General Fund – 53%
- Supports the payment of debt the city issued to fund larger projects. Bonds – 34%
- Lease Purchases – 4%
- Stand-alone levy for Pavement Management - 4%
- Stand-alone levy for Civic Center - 1%
- A small amount is used to fund operations at the Buffalo Library – 0.72%
- A small amount is for tax abatement at the private development of the Allina Crossroads Clinic. - 0.19%
- The HRA Levy is used to fund specific activities of the HRA – 3.3%

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



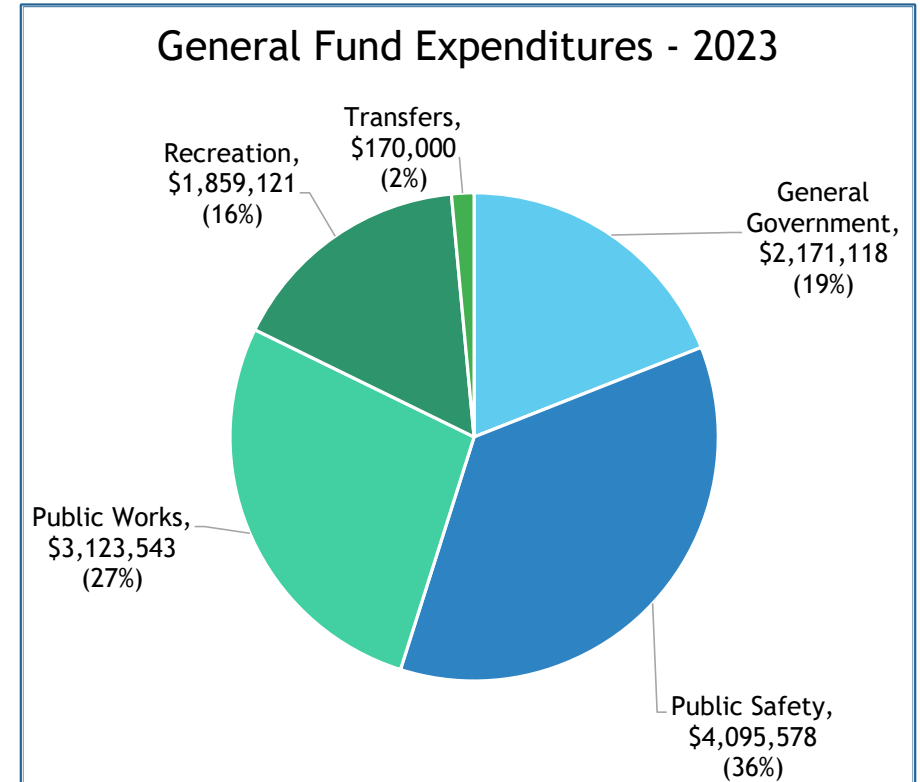
The City is committed to using diverse sources of revenue, including fees for licenses & permits, charges for services, etc.

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

Enterprise Fund Contributions:
\$900,000 - Electric Utility
\$350,000 - Liquor Fund

What is the General Fund used for?

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



General Fund Budget

	2023 Proposed Budget	2022 Adopted Budget	\$ Change	% Change
Revenues & Other Sources				
Taxes	6,009,095	5,665,645	343,450	13.8%
Licenses & Permits	519,925	506,400	13,525	2.7%
Intergovernmental	1,511,000	1,407,545	103,455	7.4%
Charges for Services	1,856,340	1,712,575	143,765	8.4%
Transfers In	1,250,000	925,000	325,000	35.1%
All Other	273,000	264,750	8,250	3.1%
Total Revenues & Other Sources	11,419,360	10,481,915	937,445	8.9%
Expenditures & Other Uses				
Personal Services	5,688,494	4,898,132	790,362	16.1%
Supplies	1,110,505	1,006,790	103,715	10.3%
Other Services & Charges	4,177,492	3,771,431	406,061	10.8%
Capital Outlay	23,500	-	23,500	100.0%
Debt Services	249,369	300,611	(51,242)	-17.0%
Transfer to Other Funds	170,000	421,839	(251,839)	-59.7%
Total Expenditures & Other Uses	11,419,360	10,398,803	1,020,557	9.8%
Net Change in Fund Balance	\$ -	\$ 83,112.00		

Sample 2023 Tax Calculation

Tax Calculation Based on Median Valued Home							
	Payable 2022	Payable 2023	% Change	Comments			
Estimated Taxable Market Value (EMV)	238,700	277,608	16.30%				
Homestead Market Value Exclusion	(15,757)	(12,255)		Maximim Benefit = \$30,400, Phased out at \$413,800			
Taxable Market Value	222,943	265,353		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	2,229	2,654		EVM x Class Rate = Tax Capacity			
City of Buffalo Tax Rate	0.5503	0.5052	-4.5%	Tax Levy / Tax Capacity x 100			
City of Buffalo Estimated Taxes	1,227	1,341		Multiply Tax Capacity by Local Tax Rate = Base Rate			
Projected Annual Change		\$ 113.71	9.3%				
Projected Monthly Change		\$ 9.48					

\$114 increase or \$9.48/month

*Data from Wright County

Who gets your property tax dollar?



City of Buffalo \$0.37



Wright County \$0.30

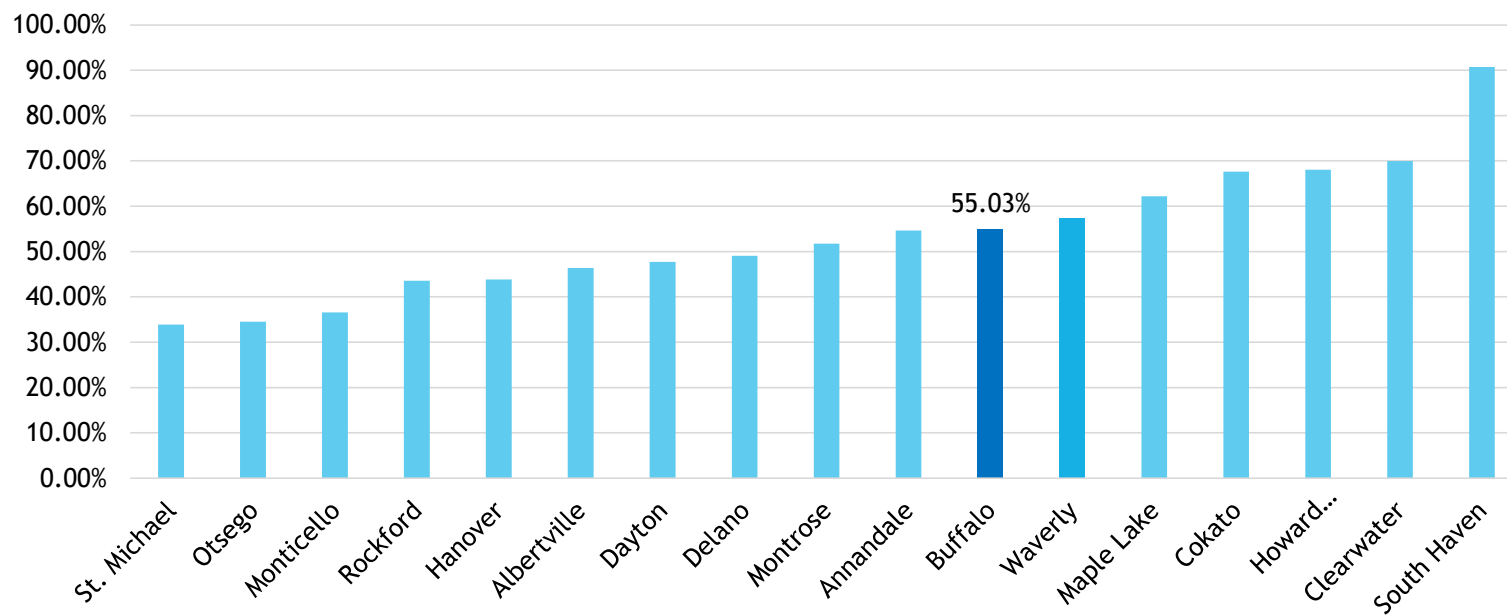


School District \$0.32

HRA \$0.01

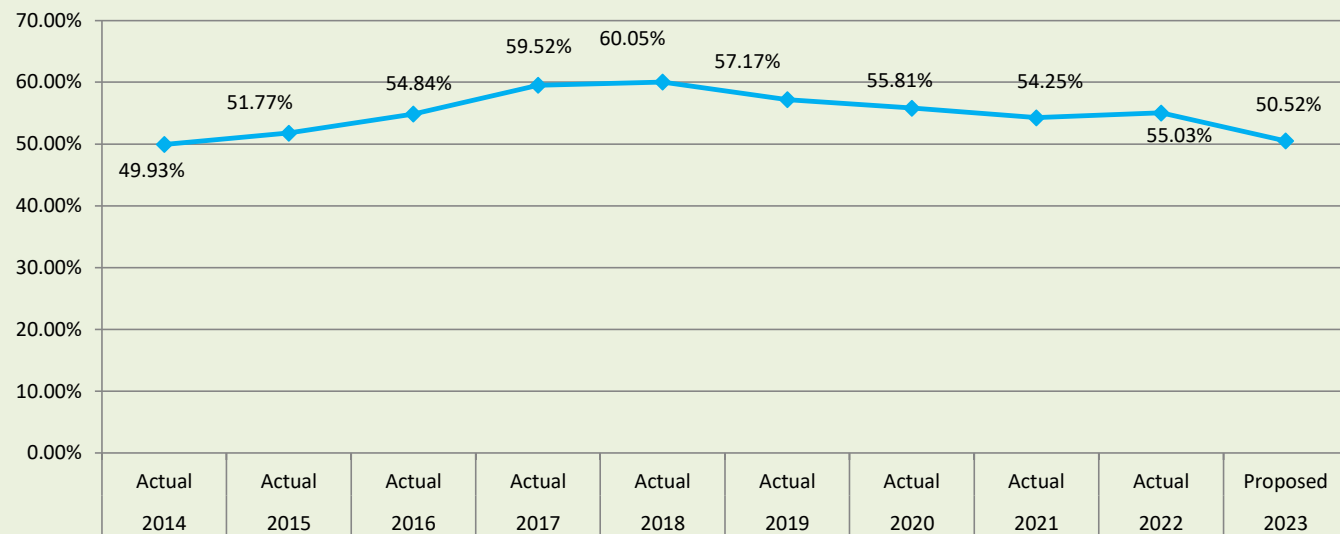
Comparison - Cities in Wright County

2022 Final Tax Rates



*Data from Wright County

Buffalo Tax Rate = City Levy/Tax Capacity



Factors that impact Property Taxes for Buffalo Residents

- ▶ 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



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 19,2022



City Council to accept Public Input

2. Future Council Action - December 19,2022:



- Set the Final Tax Levy for Payable 2023
- Adopt the 2023 Annual Operating Budgets
- Adopt the 2023-2027 Capital Improvement Plan (CIP)
- Adopt the 2023 Utility rates
- Adopt the 2023 Master Fee Schedule

Ways to Comment:

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

212 Central Ave
Buffalo, MN 55313

The Proposed 2023 Budget is available on the City's Website.

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

Questions or Comments?