



Truth in Taxation 2024 Budget & Property Tax Levy

December 4, 2023

Truth in Taxation



Required by MN Statute 275.065, subd. 7



Purpose

Discussion of Levy for Taxes Payable in 2024

Increased levy for street improvements

Impact to properties in Buffalo

Public Input

Timeline: Budget Process

May -June 2023
CIP* & budget worksheets
Distributed to staff.

September 2023
City Council adopts
preliminary HRA & property
tax levy

November 2023
Wright County mails Truth in
Taxation Statements to residents

January 2024
New Fiscal year begins



July - August 2023
City Administration & Finance
departments review, compile
& draft preliminary budgets
and CIP*

October 2023
City Council workshops with
staff to review draft budgets
and CIP*

December 2023
1. Public Hearing, City Council adopts
2024 property tax levy & budget
2. City certifies 2024 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 2024 - Budget and Levy Impacts

- ▶ Increased levy for Street Improvements
- ▶ Use of levy to fund portion of current capital needs (vehicles, equipment, small projects) on a pay-as-you-go basis
- ▶ Personnel - wages, benefits, staffing
- ▶ Inflationary increases - fuel, equipment, supplies

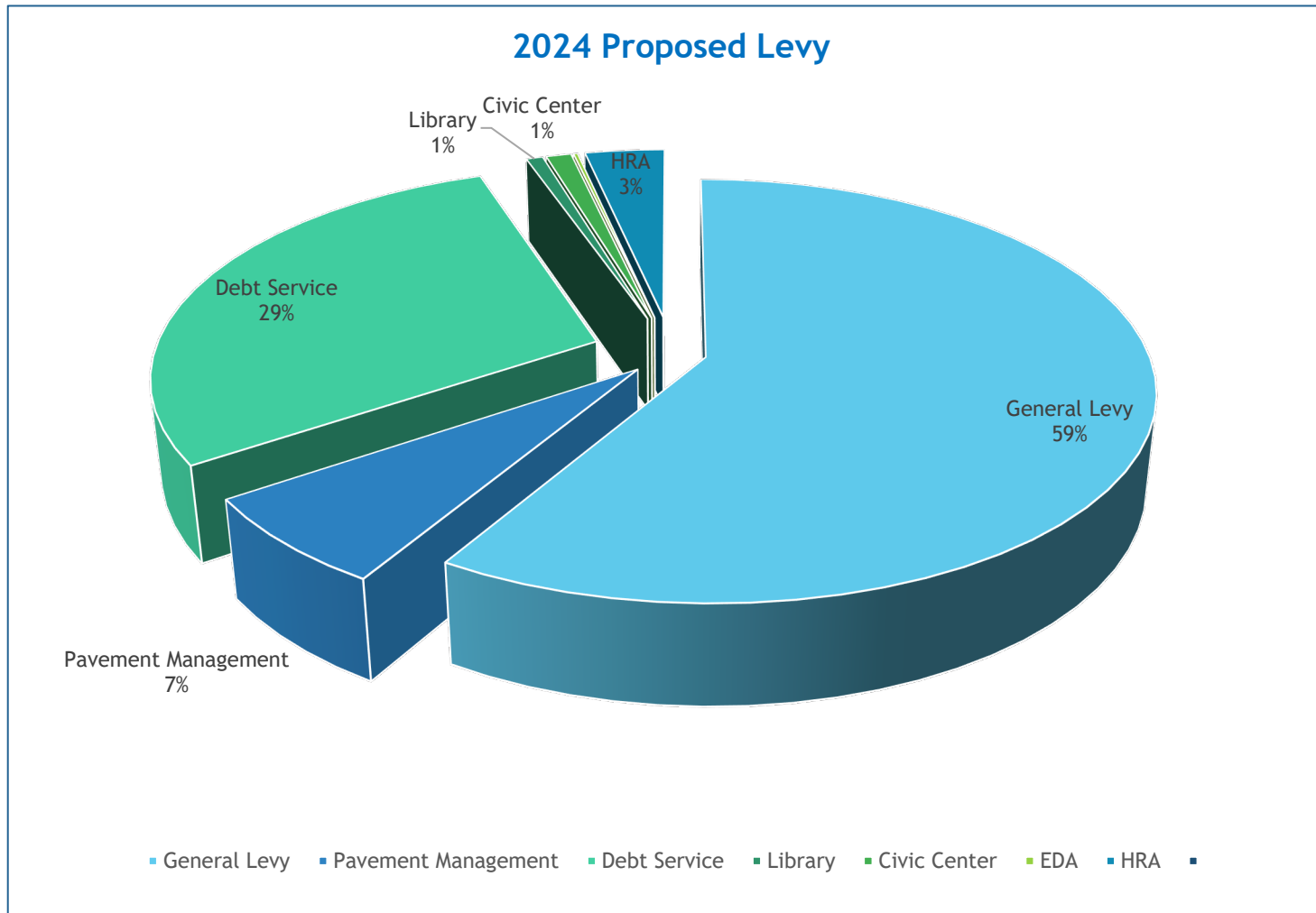


2024 City Property Tax Levy

- ▶ The proposed 2024 tax levy is set to increase \$1,015,336 from the 2023 levy
- ▶ The major drivers of the increase are:
 - ▶ Pavement Management Levy - increase of \$400,000.
 - ▶ Pay-as-you-go capital, equipment, and vehicles - \$556,000

2024 Proposed Tax Levy		
2023 Adopted <u>Levy</u>	2024 Proposed <u>Levy</u>	Increase/ (Decrease) Over <u>Prior Year</u>
\$ 10,233,585	\$ 11,248,921	9.9%

What is the Tax Levy used for?

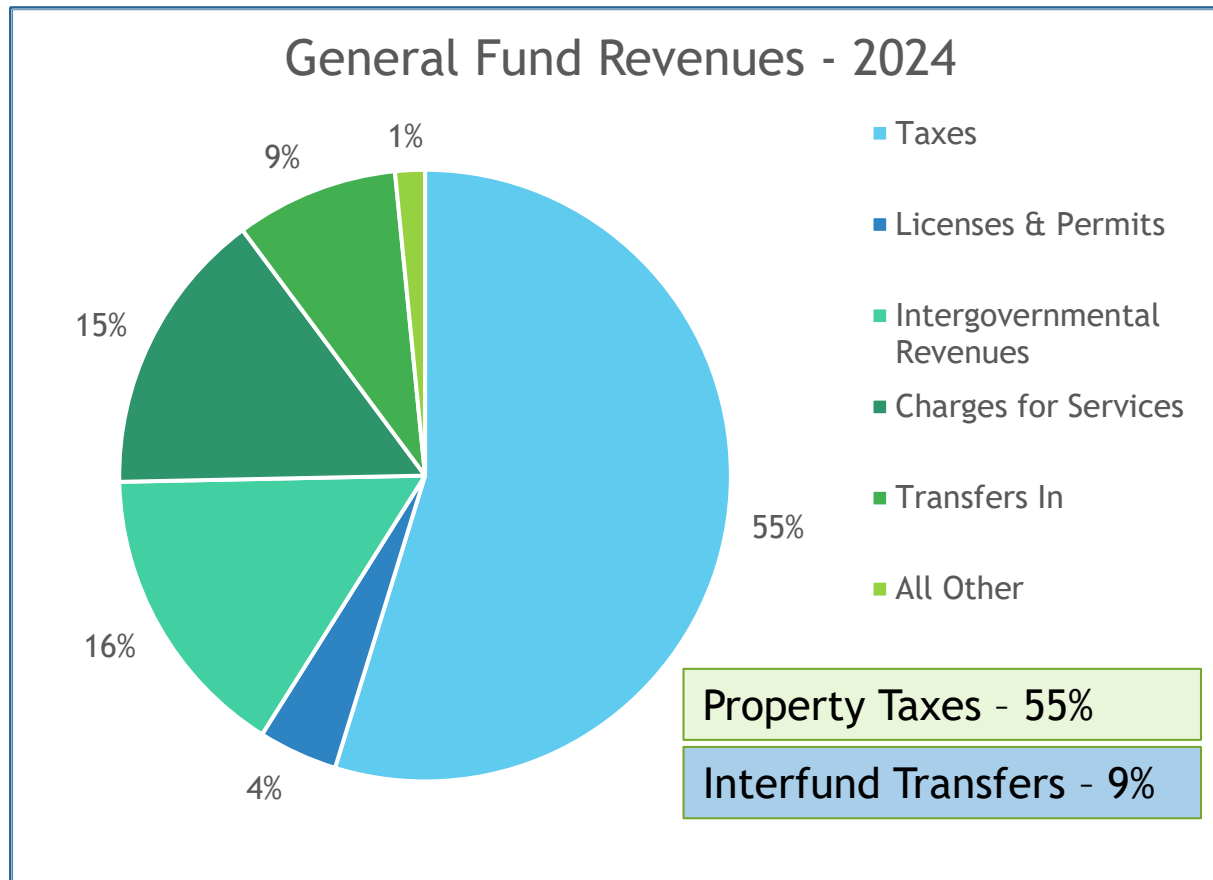


- General Fund – 59%
- Debt Service – 29%
- Pavement Management Plan – 7%
- HRA – 3%
- Civic Center – 1%
- Buffalo Library – 0.71%
- Tax Abatement – Allina Crossroads Clinic. - 0.17%

General Fund Budget

	2024 Proposed Budget	2023 Adopted Budget	\$ Change	% Change
Revenues & Other Sources				
Taxes	7,320,144	6,009,095	1,311,049	13.8%
Licenses & Permits	560,250	519,925	40,325	7.8%
Intergovernmental	2,103,000	1,511,000	592,000	39.2%
Charges for Services	2,025,250	1,856,340	168,910	9.1%
Transfers In	1,150,000	1,250,000	(100,000)	-8.0%
All Other	210,300	273,000	(62,700)	-23.0%
Total Revenues & Other Sources	13,368,944	11,419,360	1,949,584	17.1%
Expenditures & Other Uses				
Personal Services	\$ 6,687,531	\$ 5,688,495	999,036	17.6%
Supplies	1,219,064	1,110,505	108,559	9.8%
Other Services & Charges	4,214,479	4,177,491	36,988	0.9%
Capital Outlay	683,000	23,500	659,500	2806.4%
Debt Services	374,870	249,369	125,501	50.3%
Transfer to Other Funds	190,000	170,000	20,000	11.8%
Total Expenditures & Other Uses	13,368,944	11,419,360	1,949,584	17.1%
Net Change in Fund Balance	\$ -	\$ -		

General Fund Revenues - Other than property taxes, how does the City fund projects & services?



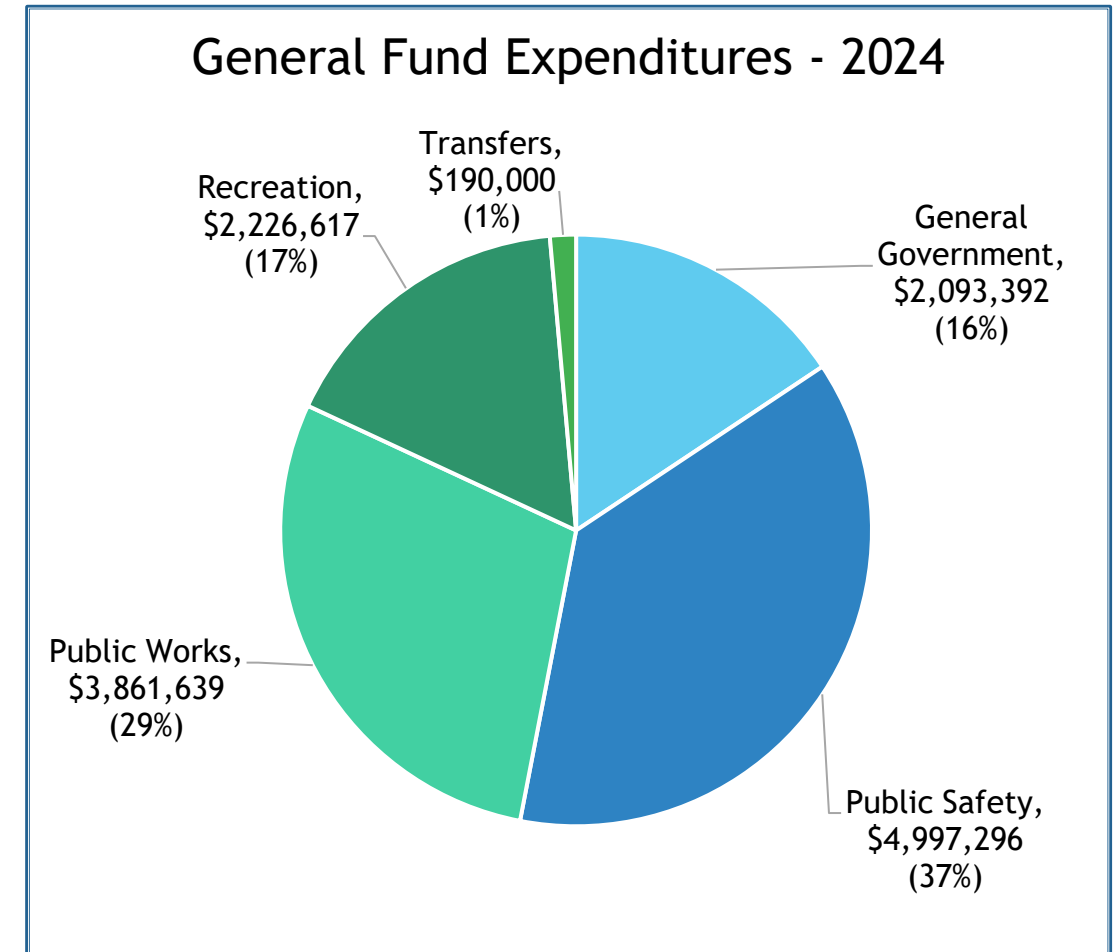
The City is committed to using diverse sources of revenue, including fees for licenses & permits, charges for services, etc.

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

Enterprise Fund Contributions:
\$900,000 - Electric Utility
\$250,000 - Liquor Fund

General Fund Expenditures - 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• Engineering
Culture & Recreation	<ul style="list-style-type: none">• Parks & Trails• Community Center• Pavilion
General Government	<ul style="list-style-type: none">• Mayor & Council• Administration• Clerk and Elections• Planning, Zoning & Community development• Geographic Information Systems (GIS)• Finance• Human Resources
Transfers	<ul style="list-style-type: none">• Debt service (Storm Sewer)• Airport• Civic center



Sample 2024 Tax Calculation

Tax Calculation Based on Median Valued Home				
	Payable 2023	Payable 2024	% Change	Comments
<i>Est. Taxable Market Value (EMV)</i>	<i>\$ 277,608</i>	<i>\$ 317,584</i>	<i>14.40%</i>	
Homestead Market Value Exclusion	(12,255)	(8,657)		Maximim Benefit = \$30,400, Phased out at \$413,800
Taxable Market Value	265,353	308,926		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	2,654	3,089		EVM x Class Rate = Tax Capacity
City of Buffalo Tax Rate	0.5056	0.4790		Tax Levy / Tax Capacity x 100
City of Buffalo Estimated Taxes	1,342	1,480		Multiply Tax Capacity by Local Tax Rate = Base Rate
Annual Change		\$ 138.13		
Monthly Change		\$ 11.51		

\$138.13 increase or \$11.51/month

*Data from Wright County

Who gets your property tax dollar?



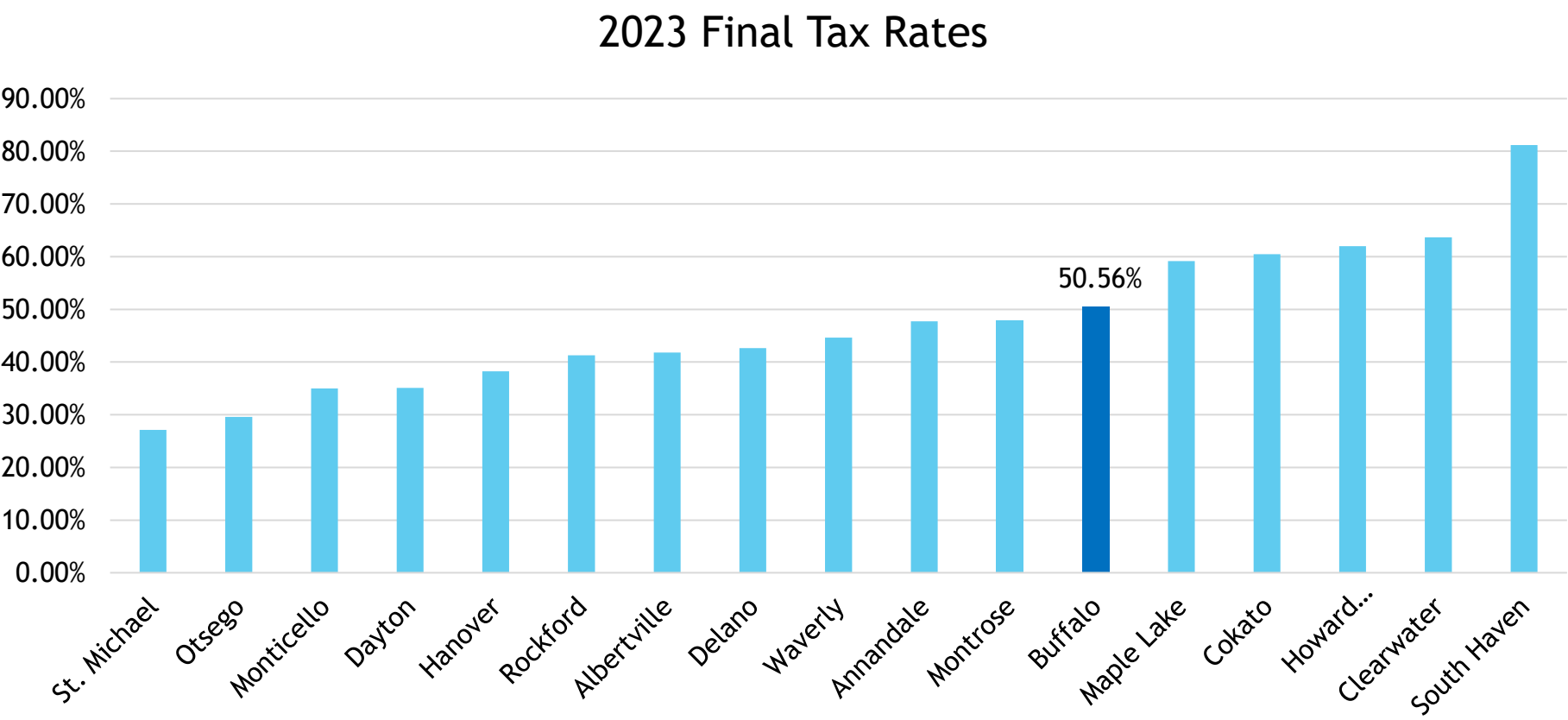
City of Buffalo \$0.39

Wright County \$0.29

School District \$0.31

HRA \$0.01

Comparison - Cities in Wright County



*Data from Wright County

Buffalo Tax Rate = City Levy/Tax Capacity

TAX CAPACITY AND CITY LEVY TRENDS



Tax Rate History

- ▶ 2024* - 47.9%
- ▶ 2023 - 50.56%
- ▶ 2022 - 55.03
- ▶ 2021 - 54.25
- ▶ 2020 - 55.81

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 18, 2023



City Council to accept Public Input

2. Future Council Action - December 18, 2023:



- Set the Final Tax Levy for Payable 2024
- Adopt the 2024 Annual Operating Budgets
- Adopt the 2024-2028 Capital Improvement Plan (CIP)
- Adopt the 2024 Utility rates
- Adopt the 2024 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 2024 Budget is available on the City's Website.

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

Questions or Comments?