



CITY OF BUFFALO, MINNESOTA

# Truth in Taxation 2024 Budget & Property Tax Levy

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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**

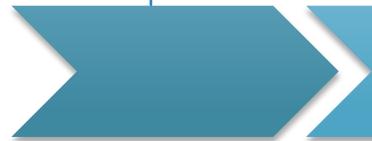
City Council adopts  
preliminary HRA & property  
tax levy

**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

# 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

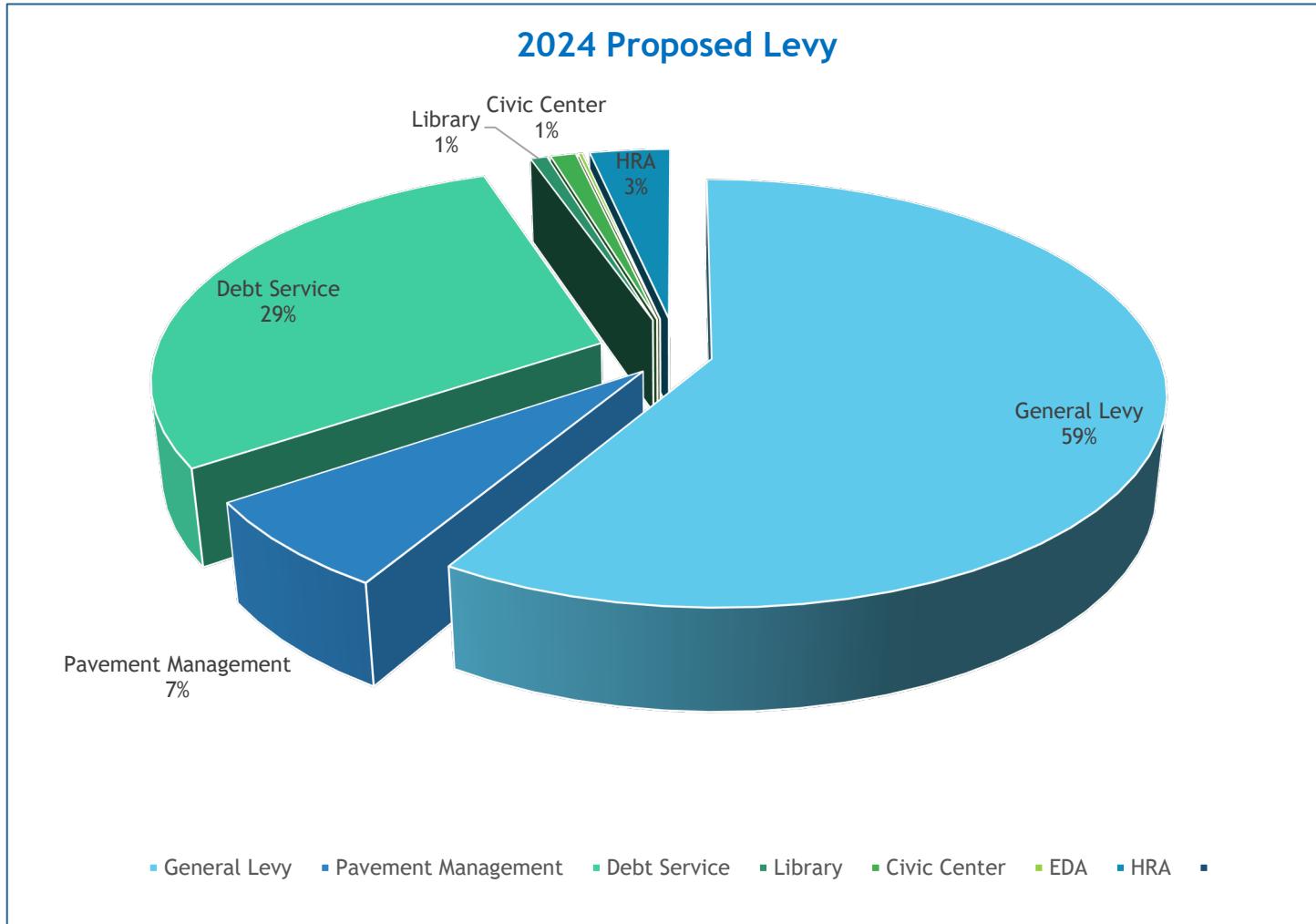


# 2024 City Property Tax Levy

- ▶ 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 Prior Year
<b>\$ 10,233,585</b>	<b>\$ 11,248,921</b>	<b>9.9%</b>

# What is the Tax Levy used for?

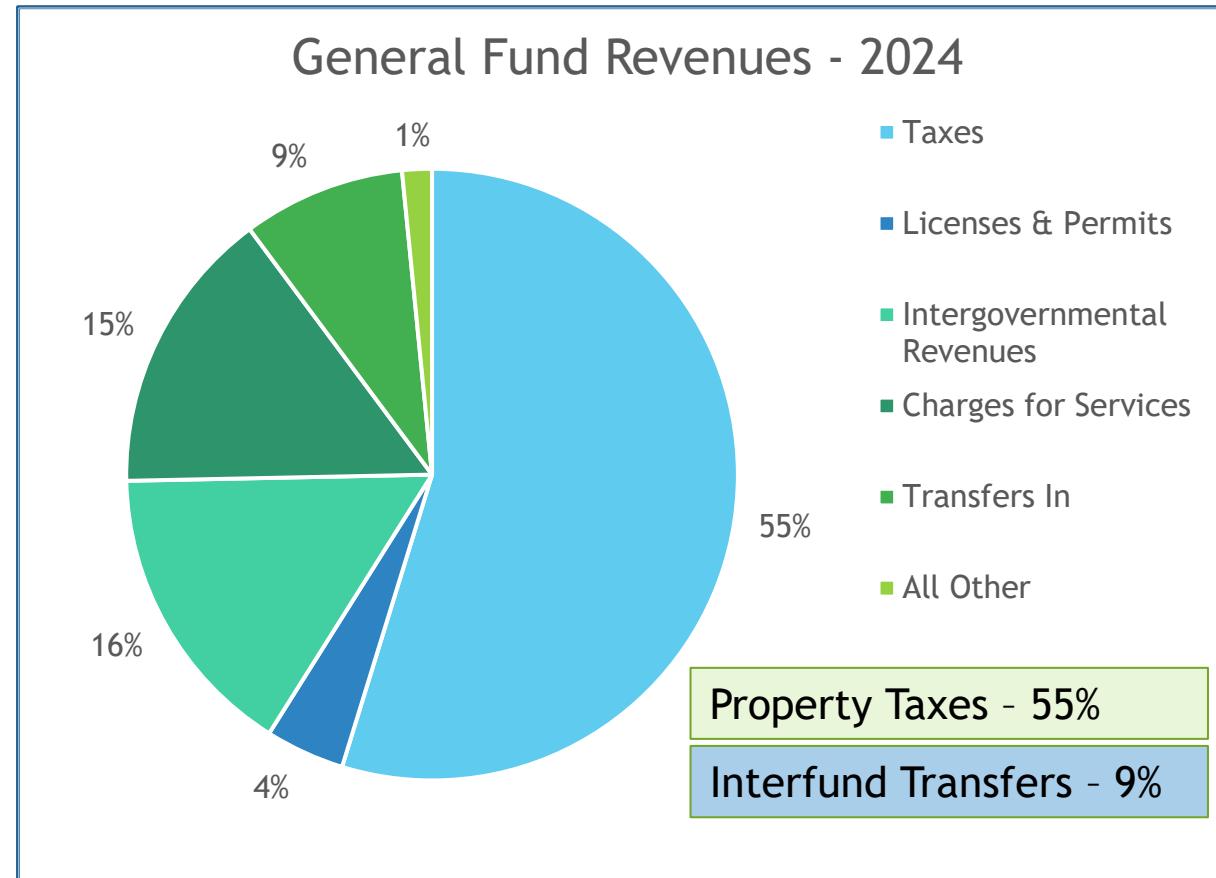


- General Fund – 59%
- Debt Service – 29%
- Pavement Management Plan – 7%
- HRA – 3%
- Civic Center – 1%
- Buffalo Library – 0.71%
- Tax Abatement – Allina Crossroads Clinic. - 0.17%

# General Fund Budget

	2024 Proposed Budget	2023 Adopted Budget	\$ Change	% Change
<b>Revenues &amp; Other Sources</b>				
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%
<b>Total Revenues &amp; Other Sources</b>	<b>13,368,944</b>	<b>11,419,360</b>	<b>1,949,584</b>	<b>17.1%</b>
 <b>Expenditures &amp; Other Uses</b>				
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%
<b>Total Expenditures &amp; Other Uses</b>	<b>13,368,944</b>	<b>11,419,360</b>	<b>1,949,584</b>	<b>17.1%</b>
 <b>Net Change in Fund Balance</b>	 \$	 -	 \$	 -

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



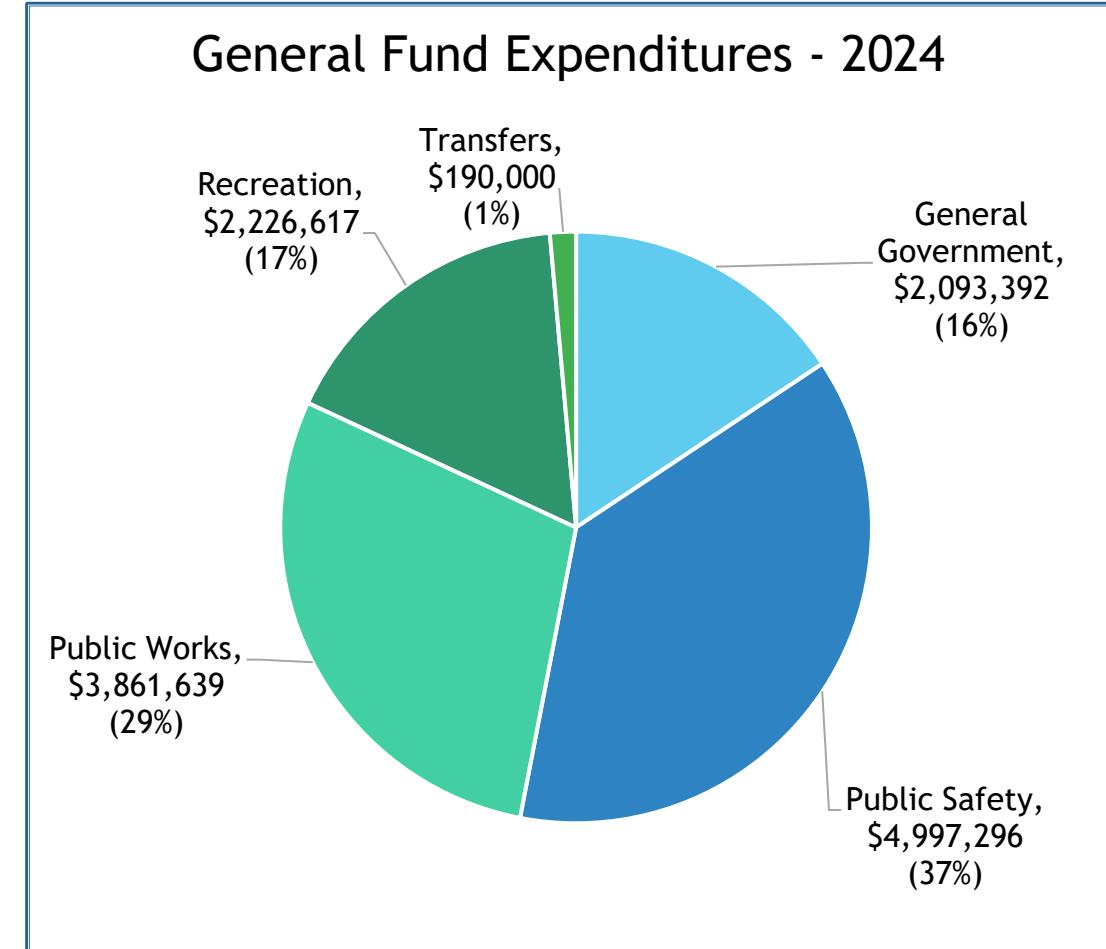
The City is committed to using diverse sources of revenue, including fees for licenses & permits, charges for services, etc.

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



# Sample 2024 Tax Calculation

Tax Calculation Based on Median Valued Home				Comments
	Payable 2023	Payable 2024	% Change	
<i>Est. Taxable Market Value (EMV)</i>	\$ 277,608	\$ 317,584	14.40%	
Homestead Market Value Exclusion	<u>(12,255)</u>	<u>(8,657)</u>		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



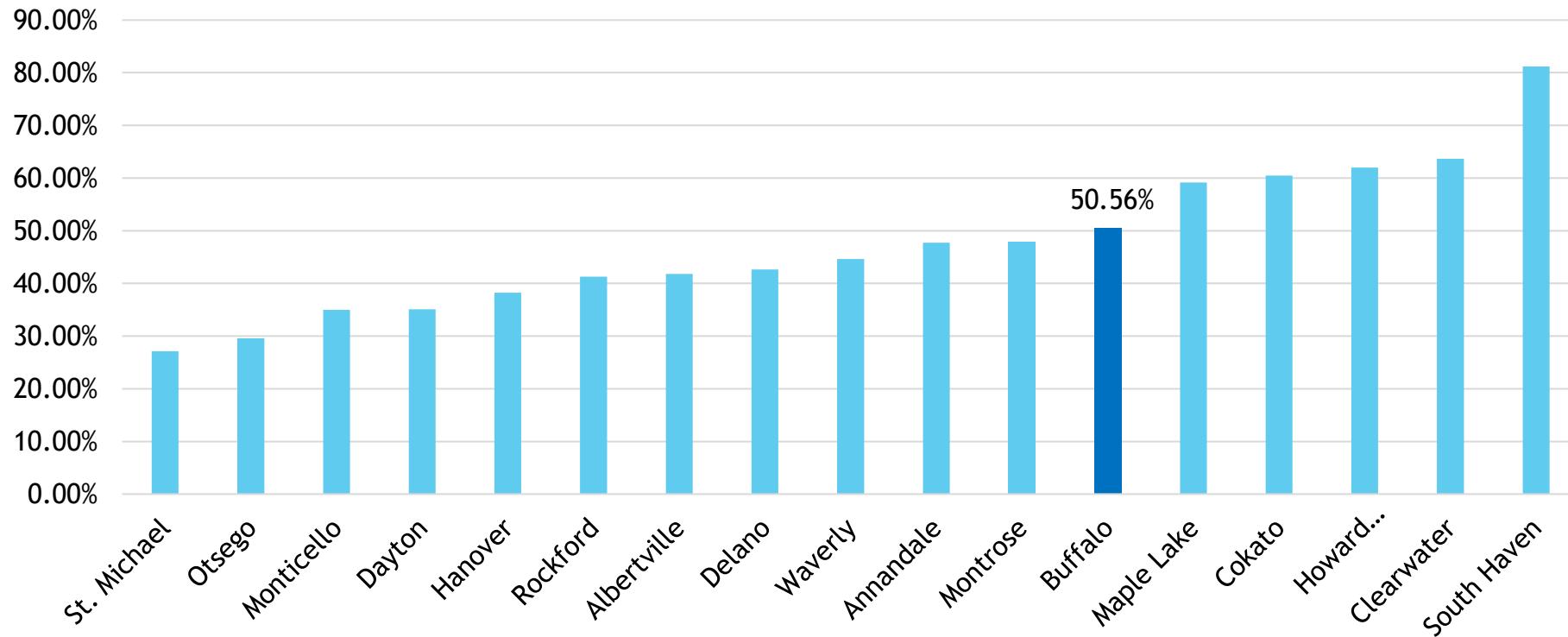
School District \$0.31



HRA \$0.01

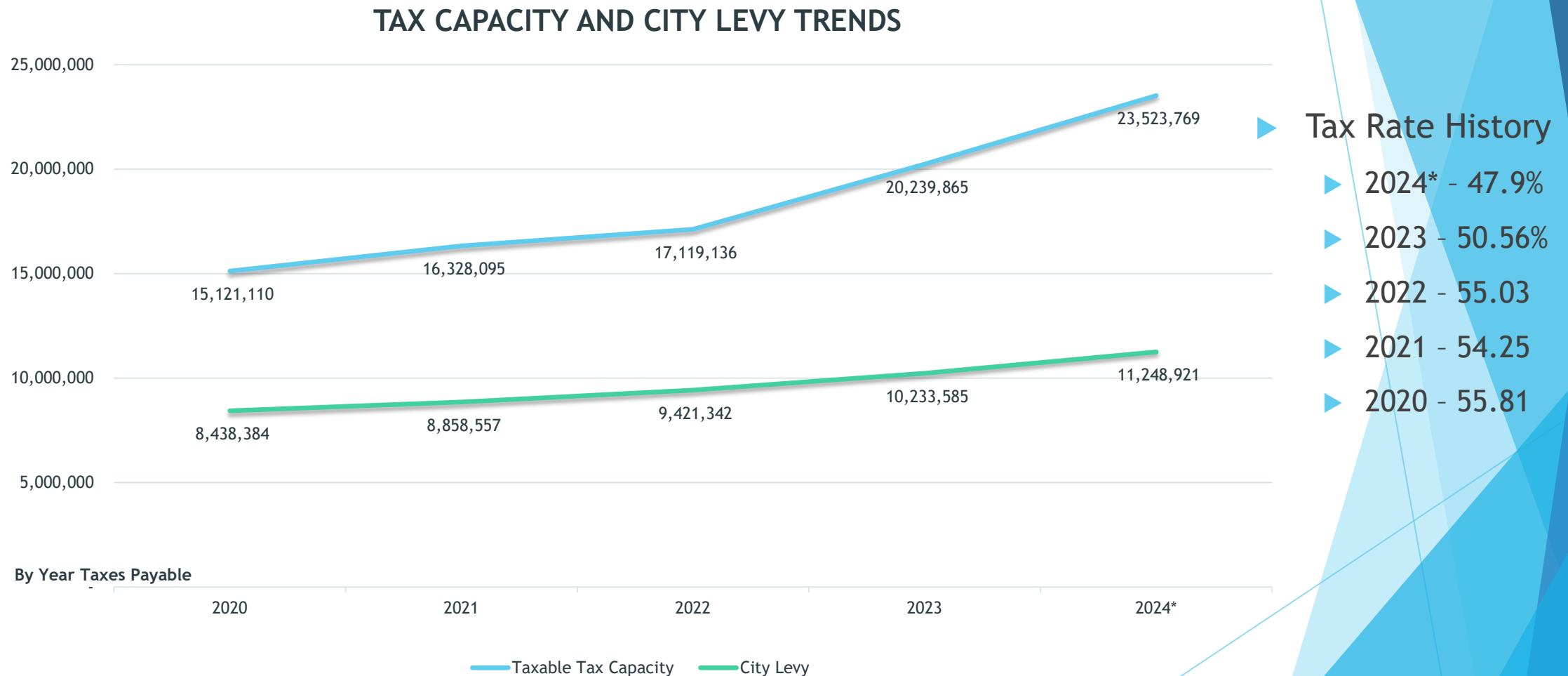
# Comparison - Cities in Wright County

2023 Final Tax Rates



\*Data from Wright County

# Buffalo Tax Rate = City Levy/Tax Capacity



# 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



# 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](mailto: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/>

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Questions or Comments?