

Truth-in-Taxation 2025

On August 12 and on September 9, the City Council held work sessions to discuss the preliminary 2025 General Fund operating budget and property tax levy. The City Council adopted a 2025 preliminary budget and property tax levy at its September 23 meeting. The City then certified the 2025 property tax levy to Hennepin County in late September. In November, the County will send Truth-in-taxation notices to property owners, showing proposed 2025 property taxes.

As part of its regularly scheduled City Council meeting on Monday December 16, the City Council will hold a truth-in-taxation public meeting on the proposed 2025 budget and property tax levy. The Council will adopt its final payable 2025 property tax levy and 2025 budget at the December 16 meeting and will certify the 2025 property tax levy to Hennepin County on or before December 28.

Overall proposed 2025 General Fund expenditures and transfers out are preliminarily budgeted at \$7,385,220, or a 13.9% increase from the 2024 General Fund budget. This includes two one-time transfers totaling \$550,000 for capital activity. Operating activity increased 5.4% over the 2024 General Fund budget.

General Fund 2025 revenues and transfers in are also preliminarily budgeted at \$7,385,220, or a 13.9% increase from the 2024 budget. This includes \$603,332 Use of Fund Balance for Public Safety Aid and transfers to capital funds. The increase is due to the proposed General Fund taxes increasing to cover 2025 expenditure increases. Property taxes account for 80.0% of the 2025 General Fund revenue budget and are increasing 2.8% over 2024 General Fund Property Taxes.

The City's 2025 overall preliminary property tax levy of \$7,593,570 is 6.7% higher than the 2024 total levy of \$7,115,274. The General Fund portion of the property tax levy is proposed to increase by \$478,296, or 6.7%, with all other non-General Fund tax levies (capital and debt levies) budgeted to increase \$211,195, or 14.3%.

The City's overall estimated market value increased by 3.4% from 2024 to 2025, including existing value increases and new construction.

Based on a property tax capacity increase of 3.5%, the City is proposing to increase the estimated payable 2025 City tax rate by 0.714 from 22.359% in 2024 to 23.072% in 2025.

Property owners with no change in market values from payable 2024 to payable 2025 should experience an approximate 0.8% increase in the City portion of their overall property tax bill which would be estimated at \$7 for a \$400,000 valued home. In the event of a market value decrease or increase from payable 2024 to payable 2025, City property taxes would change proportionately.