



AGENDA
City Council Meeting
City Hall Council Chambers - Webster City, Iowa
April 1, 2024 5:45 p.m.

This meeting will be open to the public and can be viewed live on the City facebook page <https://www.facebook.com/cityofwebstercity/> or viewed on the City of Webster City website <https://webstercity.com/government/city-council/city-council-meetings/> the morning following the meeting.

CALL TO ORDER

ROLL CALL

Motion on Approval of Agenda

Pledge of Allegiance

- 1. PUBLIC HEARING - 5:45 p.m.**
Public Hearing on Property Tax Levy

Open the Public Hearing to hear comments for or against approving the FY 2024/2025 Proposed Property Tax Levy.

Approve a **MOTION** to close the public hearing.

[MEMO](#) [NOTICE](#) [COMPARISON SCHEDULE](#)

ADJOURN



COUNCIL MEMORANDUM

TO: Mayor & City Council

FROM: Dodie Wolfgram, Finance Director

DATE: April 1, 2024

RE: Public Hearing for the Property Tax Levy

SUMMARY: The City of Webster City will need to fulfill a new requirement in the budget process by holding a public hearing regarding the city's proposed levy for the upcoming fiscal year. Staff recommends this hearing to be held on April 1, 2024 at 5:45 p.m.

DISCUSSION: Several changes have been made regarding the property tax system by the Iowa State Legislature in the past few years.

- Beginning with FY15 legislature approved a new rollback for Commercial & Industrial properties. The rollback began with 95% of valuations in year 1 and 90% of valuations for year 2 and every year thereafter. The State set up a backfill to help cities with the loss of this revenue, however during 2021 legislation it was decided to begin reducing the amount of the backfill each year until cities would no longer receive any type of backfill for the commercial and industrial rollback. Webster City is scheduled to receive the final payment of \$13,566.08 during FY29. The annual backfill amount is distributed to many funds and totaled \$138,684 (FY16) to \$93,727 (FY23). The chart provided by the Department of Management estimates Webster City will receive \$81,396.50 during the current fiscal year and \$67,830.42 in FY25.
- In 2022 a bill was passed to eliminate a Business Property Tax Credit that was given to eligible property owners that applied for this credit. The credit was replaced with an automatic rollback of the 1st \$150,000 of taxable value on every commercial, industrial and railroad property without the need to apply. The state has set aside \$125,000,000 to backfill cities for this loss of revenue; however, it is estimated that the allocated amount will not be sufficient past 2029 as valuations increase. It is estimated Webster City will receive \$208,186 in the current fiscal year.
- 2023 legislation saw the adoption of a bill with several new property tax items including a new "combined general fund levy" or CGFL. The CGFL combines several levies into a single levy with the new combined levy adjusted according to non-TIF growth. The levies that Webster City uses that have now been combined is the general levy of 8.10; the emergency levy of .27 and the civic center levy of .135. Our non-TIF valuation growth was 3.94% which resulted in a 2% decrease in this combined levy. The levy could have been 8.51 but instead will be 8.33294 resulting in a loss of an estimated \$44,490. By FY2029 the CGFL will go to 8.10 and remain at this rate regardless of valuation increases or decreases.
- 2023 legislation also included a higher Homestead Tax Credit for those property owners 65 or older and a military service tax credit that will not be funded by the state but lowers the taxable value resulting in less levy dollars.

The 2023 legislation also requires each city to hold a public hearing separate from any other city related business in regards to the levy being proposed to certify for the upcoming fiscal year. The public hearing is to be held after each property owner receives a statement from the county auditor showing how much of their property tax dollars will be allocated to each levy. The information for this form needed to be submitted no later than March 15th but recommended to be filed by March 5th with the letters to be mailed on March 20th.

After 5:45 p.m. public hearing the meeting will adjourn, take a minimum 5-minute recess and open a second meeting which will be the normal 1st Monday of the month council meeting.

FINANCIAL IMPACT: The proposed levy rate is \$1.6068 lower than the current fiscal year's rate. The City will receive \$206,972 less than last year due to reserves being used from the FICA/IPERS, Work Comp and Health Insurance funds. The Debt Levy Fund is also not requesting as much as we did last year. We should see a tax revenue increase of \$41,227 in the General Fund (excluding the commercial & industrial backfill and the business property tax credit); \$2,680 in the Airport Fund; \$98,532 in the Property & Liability Insurance Fund and \$5,936 in the Police & Fire Retirement Fund.

The majority of property owners received an increase in their assessed value (26.26% for residential and 21.78% for commercial & industrial). The rollback decreased by 8.32% for residential and the 1st \$150,000 for the business/industry properties helping the property owner by decreasing the amount of their taxable value, which helps to offset the assessment increase.

The estimated city portion property taxes in FY24 for a home assessed at \$100,000 is \$984.00 with a Homestead credit of \$96.00. The estimation for this same home in FY25 using a 26% assessed value increase, the 8.32% rollback reduction and the 1.61 reduction of the city levy would be \$971.00 with the Homestead Credit. The extra credit for 65 or older is \$30.00.

This proposed reduced levy should still allow us to bond in future years if we so choose to complete additional street work. This levy will be using 25% of reserves in the 3 benefit fund balances which should leave us balances to use to eliminate a spike in the next few years.

RECOMMENDATION: Staff recommends holding the Proposed Tax Levy Public Hearing at 5:45 p.m. on Monday, April 1, 2024.

CITY NAME: NOTICE OF PUBLIC HEARING - CITY OF WEBSTER CITY - PROPOSED PROPERTY TAX LEVY CITY #: 40-378
WEBSTER CITY Fiscal Year July 1, 2024 - June 30, 2025

The City Council will conduct a public hearing on the proposed Fiscal Year City property tax levy as follows:

Meeting Date: 4/1/2024 Meeting Time: 05:45 PM Meeting Location: Webster City Council Chambers City Hall Building 400 2nd Street Webster City, IA 50595

At the public hearing any resident or taxpayer may present objections to, or arguments in favor of the proposed tax levy. After the hearing of the proposed tax levy, the City Council will publish notice and hold a hearing on the proposed city budget.

City Website (if available)
 www.webstercity.com

City Telephone Number
 (515) 832-9141

Iowa Department of Management	Current Year Certified Property Tax 2023 - 2024	Budget Year Effective Property Tax 2024 - 2025	Budget Year Proposed Property Tax 2024 - 2025
Taxable Valuations for Non-Debt Service	248,885,442	258,742,375	258,742,375
Consolidated General Fund	2,116,771	2,116,771	2,157,456
Operation & Maintenance of Public Transit	13,373	13,373	13,374
Aviation Authority	67,199	67,199	69,860
Liability, Property & Self Insurance	94,509	94,509	191,995
Support of Local Emergency Mgmt. Comm.	0	0	0
Unified Law Enforcement	0	0	0
Police & Fire Retirement	264,665	264,665	270,577
FICA & IPERS (If at General Fund Limit)	278,202	278,202	229,761
Other Employee Benefits	946,788	946,788	695,934
Capital Projects (Capital Improv. Reserve)	0	0	0
Taxable Value for Debt Service	257,771,502	272,675,304	272,675,304
Debt Service	1,173,649	1,173,649	1,121,961
CITY REGULAR TOTAL PROPERTY TAX	4,955,156	4,955,156	4,750,918
CITY REGULAR TAX RATE	19.74682	18.91915	18.14001
Taxable Value for City Ag Land	3,152,578	3,294,454	3,294,454
Ag Land	9,470	9,470	9,896
CITY AG LAND TAX RATE	3.00375	2.87453	3.00375
Tax Rate Comparison-Current VS. Proposed			
Residential property with an Actual/Assessed Value of \$100,000	Current Year Certified 2023/2024	Budget Year Proposed 2024/2025	Percent Change
City Regular Residential	1,079	841	-22.06
Commercial property with an Actual/Assessed Value of \$100,000	Current Year Certified 2023/2024	Budget Year Proposed 2024/2025	Percent Change
City Regular Commercial	1,079	841	-22.06

Note: Actual/Assessed Valuation is multiplied by a Rollback Percentage to get to the Taxable Valuation to calculate Property Taxes. Residential and Commercial properties have the same Rollback Percentage at \$100,000 Actual/Assessed Valuation.

Reasons for tax increase if proposed exceeds the current:

The overall tax asking for FY25 is lower than the task asking for FY24. The current levy is 19.74682 - the new proposed rate is 18.14001 giving a reduced overall dollar amount of \$206,972.

FY25 BUDGET WORKSHOP
COMPARISON OF TAX DOLLARS - FY24 TO FY25

	FY24	FY25
Rollback	54.66500%	46.34280%
Total Levy	43.40541	
City Levy	19.74682	

Homestead Credit - Credit amount/1,000 x levy rate

Total Levy	211		Home 65+	128	Home 65+	125	Home 65+	118
City Levy	96	-	Homestead	96	Homestead	93	Homestead	88

FY24		FY25		FY24		FY25		FY24		FY25		
Assessed	Valuation	Assessed	Valuation	Taxable	Valuation	Taxable	Valuation	dollars	dollars	dollars	dollars	
% Increase								from levy	from levy	from levy	from levy	
	20,000	26%	25,200	10,933	11,678	120	135	15	131	11	124	4
	50,000	26%	63,000	27,333	29,196	444	481	37	468	24	442	(2)
	100,000	26%	126,000	54,665	58,392	984	1,057	74	1,030	46	971	(12)
	125,000	26%	157,500	68,331	72,990	1,254	1,346	92	1,311	57	1,236	(17)
	150,000	26%	189,000	81,998	87,588	1,523	1,634	110	1,592	68	1,501	(23)
	175,000	26%	220,500	95,664	102,186	1,793	1,922	129	1,872	79	1,766	(28)
	200,000	26%	252,000	109,330	116,784	2,063	2,210	147	2,153	90	2,030	(33)
	225,000	26%	283,500	122,996	131,382	2,333	2,499	166	2,434	101	2,295	(38)
	250,000	26%	315,000	136,663	145,980	2,603	2,787	184	2,715	112	2,560	(43)
	275,000	26%	346,500	150,329	160,578	2,873	3,075	202	2,996	123	2,825	(48)
	300,000	26%	378,000	163,995	175,176	3,143	3,363	221	3,277	134	3,090	(53)
	325,000	26%	409,500	177,661	189,774	3,412	3,652	239	3,557	145	3,355	(58)
	350,000	26%	441,000	191,328	204,372	3,682	3,940	258	3,838	156	3,619	(63)
	375,000	26%	472,500	204,994	218,970	3,952	4,228	276	4,119	167	3,884	(68)
	400,000	26%	504,000	218,660	233,568	4,222	4,516	294	4,400	178	4,149	(73)

NOTE: The "dollars from levy" column is using the current Homestead Credit of \$4,850.

For those homeowners 65 or older - deduct an additional:

\$30.00 - 18.14001 levy

\$32.00 - 19.23737 levy