

# MARSHALLTOWN

— I O W A —

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## FINANCE DEPARTMENT

February 24, 2022

To: Mayor Joel Greer  
Members of the City Council

From: Diana Steiner, Finance Director

Re: Approval of Maximum Property Tax Levy Dollars for FY23

**Background:** Senate File 634, also known as the “Truth in Taxation bill, required a new budget practice starting with the FY21 budget request and thereafter. Normally, governments focus on the property tax levy rate, which for Marshalltown is currently at \$15.36 per \$1,000 of taxable valuation. When property tax valuations increase, the local government has a chance of keeping up with inflation. The legislature wanted the taxpayers to see how much more in dollars the City receives, regardless if the levy rate changes. Therefore, local governments are now required to publish and have a public hearing on the amount of requested dollars for certain specified levies. The levies not included are the levies that were voted on (library, band), the debt service levy and the capital projects levy. If the City is going to exceed 2 percent growth in dollars in a budget, the Council must approve a resolution with a 2/3 vote. The notification of a public hearing must be published in the local newspaper and posted on the City’s website and other social media accounts. This occurred on February 16, 2022 for the public hearing to take place on February 28, 2022. After the public hearing, the resolution passing the maximum property tax levy dollars must be maintained on the City’s website permanently and the proof of publication and resolution must be submitted to the County Auditor.

Attached is the document that was approved by the Council on January 24, 2022. The first column of numbers is the levy amounts for FY22. The second column of tax levies is the same amount as the first column. The third column shows what the City is requesting in dollars for FY23. The city continues to use the maximum for the regular general levy of \$8.10 and the emergency levy of \$0.27, which in dollars increases the amount the city receives by \$142,428. The City is requesting the same amount for the Civic Center levy and a decrease in funds in the Police and Fire Retirement since the employer’s share of MFPRSI decreased from 26.18% to 23.9%. The remaining levies represent an increase over the current fiscal year. The Transit levy dollar amount has been restored to pre-pandemic levels (see separate discussion item on the Council Agenda January 24). Liability and property insurance are based on a 12% increase from the revised FY22 budget, which also is expecting a 12% increase this April 1st. The Local Emergency levy reflects a 4% increase. The payroll rates did not increase for the City’s share of IPERS and FICA, but the dollars change when you factor in the increased wages from COLA’s and step increases. The Other

Employee Benefits is showing an increase over last year's levied amount of \$154,808 from due to an anticipated increase in health insurance 1/1/23 of 10%, just like the increase of 10% that we saw in 1/1/22. The City was recently notified that its workers comp premium will increase July 1, 2022 by \$54,521, of which the General Fund portion is @ \$35,000. The City will utilize the cash balance in Fund 112 Employee Benefit Fund to cover this increase to the General Fund. The Special Revenue Funds and Enterprise Funds will cover the increase on their own funding sources.

What this report is showing is that if we levied the same amount of dollars in FY23 as FY22, the rate for these specific levies would be \$13.10958 as compared to the rate in FY22 of \$13.355 due to increased valuations. However, there are budgeted increases in wages, benefits, insurance, etc. so we are requesting an increase of \$423,288 to maintain our existing programs at the same level as the current fiscal year, which increases the rate by 3.49%.

During the budget process, Council indicated that they wanted to maintain the overall levy rate, which is \$15.36 per \$1,000 of taxable valuations, when factoring in all levies and we were able to accomplish that by using Local Option Sales Tax fund balance.

**Attachment:** Publication for Hearing Notice of Max Prop Tax Dollars FY23

cc: Jessica Kinser, City Administrator