



Legislation Text

File #: 16-0672R, **Version:** 1

RESOLUTION PROPOSING THE SUM TO BE RAISED BY TAXATION FOR GENERAL PURPOSES FOR THE YEAR 2017.

CITY PROPOSAL:

RESOLVED, that pursuant to Minnesota Statutes, Section 275.065, the city council adopts the following proposed tax levy:

Section 1. The sum to be raised by taxation for the year 2017 for general operations is hereby determined to be the sum of \$25,448,392 which sum is levied against the taxable property of the city of Duluth and appropriated to the various accounts of the city, as set forth in the following sections, viz:

Section 2. There will be levied for the support of the general fund the sum of \$14,448,200.

Section 3. There will be levied for the support of the street lighting fund the amount of \$1,087,592.

Section 4. There will be levied for the support of the street maintenance utility fund the amount of \$2,800,000

Section 5. For the payment of debt, there will be levied for the general obligation debt fund the sum of \$6,832,600.

Section 6. That pursuant to Laws of Minnesota 1971, Chapter 824, to pay for the portion of the cost of local improvements which will not sustain a special assessment, there will be levied for the permanent improvement fund the sum of \$280,000.

STATEMENT OF PURPOSE: This resolution sets the maximum property tax levy for the year 2017.

The city council must approve and certify a proposed tax levy to St. Louis County no later than September 30. The council must adopt the final levy in December of the same or a lesser amount.

The 2017 levy reflects a total increase in the General Operations and Capital Projects Levies of 1.98% and the revenue-neutral swap of the current monthly Street Fee into the city portion of the property tax. Added together, the levy will increase 14.92%. This levy recognizes that the monthly Street Fee then goes away, and that the value of the street fee will be held in a dedicated Streets Fund which cannot be used for anything other than streets.

As proposed, the average homeowner (\$160,000 homestead) will see a reduction of about \$18 in what they are paying to the City of Duluth, while a homeowner of a homestead property valued at \$225,000 will pay approximately \$3 more annually.

Rolling the street fee of \$2.8Million into the property tax levy will allow for greater stability and reliability for long term streets planning and reconstruction than an annually-changing and politically charged discussion about the streets fee.

Because Duluth has experienced an expanded tax base of 4% this year, the overall impact to property owners in Duluth is even smaller. Currently, the City of Duluth receives the smallest portion of overall property tax, behind St. Louis County and ISD 709. Despite the proposed increased, the City still believes we will be smallest portion of the overall tax bill.

The council will have the opportunity to discuss budget priorities and the funding for these priorities before the final levy is set in December.