



**AGENDA ITEM EXECUTIVE SUMMARY**

Agenda Item number: IC

Title:

**Public Hearing - Proposed 2020 Property Tax Levy – City Operating Levy**

Presenter:

Chris Minick, Finance Director

Meeting: Public Hearing

Date: December 7, 2020

Proposed Cost: \$-0-

Budgeted Amount: \$ N/A

Not Budgeted:

**Executive Summary** *(if not budgeted please explain):*

Staff will present the proposed tax levy for the 2020 levy year. As discussed at the November 2 City Council meeting, this year’s operating tax levy contemplates an increase in the tax levy proportionate to the increase in inflation as measured by the Consumer Price Index (CPI) – 2.30%. While the amount of the operating levy is increasing, the City’s tax rate will remain the same or perhaps increase slightly because the percentage increase in the levy is approximately equal to the increase in the value of the City’s property tax base as measured by the Equalized Assessed Valuation (EAV) of the City. The EAV of the City is not finalized at this time so staff is unable to calculate the precise property tax rate for the City’s tax levy; however, staff estimates that the EAV will increase by approximately 2.25%.

The levy amount presented incorporates the amount necessary for principal and interest payments on the City’s general obligation bond issues. It is anticipated that the debt service property tax levies will be abated in their entirety. The City has historically made these principal and interest payments from the general revenue stream rather than the property tax revenue stream. The amounts presented below are after the abatement process is completed. This abatement process lowers the property tax bills of City residents and the amount of property taxes paid to the City. Without the abatement, the City’s tax levy would be increased by \$ \$10,836,271 for payment of principal and interest on the City’s bonds.

Staff is requesting an increase of 2.3% in the amount of the operating levy to \$13,069,216. The EAV of the City is estimated to increase by approximately 2.25%. When combined with the proposed 2.30% increase in the amount of the operating levy, the City’s property tax rate should essentially remain consistent at approximately \$0.828 per \$100 of EAV. Depending on the final EAV of the City, it is possible that the tax rate could increase slightly to \$0.8283 per \$100 of EAV. As stated previously, the EAV of the City will not be finalized until 2021 so it is not possible to calculate a precise tax rate for the City at this time. The operating levy request of the City is generally in line with Tax Cap Legislation (PTELL) even though the City is not subject to PTELL legislation because St Charles is a Home Rule Community.

The City’s property tax rate is remaining essentially consistent, so any increase in the property tax bill would be the result of an increase in property value as measured by a property’s EAV. The City portion of the tax bill for a \$300,000 property was \$778.25 for the 2019 levy payable in calendar year 2020. If the property’s valuation remains the same for 2020, the City portion of the tax bill will be \$778.64, an increase of \$0.39 annually. If the property experiences a 2.25% increase in its value (the 2020 value of the property is \$306,750 rather than \$300,000) the City portion of the property tax bill will increase to \$797.28, a \$19.03 annual increase because of the increase in the value of the property.

**Attachments** *(please list):*

**Recommendation/Suggested Action** *(briefly explain):*

**Staff Presentation and Public Comment**