

ITEM #: 13
DATE: 03-28-23
DEPT: FINANCE

COUNCIL ACTION FORM

SUBJECT: RESOLUTION SETTING APRIL 11, 2023, AS THE DATE OF PUBLIC HEARING TO ADOPT A MAXIMUM CITY PROPERTY TAX LEVY FOR FISCAL YEAR 2023/2024

BACKGROUND:

During the 2019 Legislative session, changes were made to the Code of Iowa that altered the process for adoption of annual budgets for cities. One of stated purposes of the new legislation was to improve transparency and disclosure of proposed property tax increases for local government.

Per Iowa Code section 384.15A, cities must now hold a public hearing and adopt a maximum property tax levy in any year the city expects to adopt a budget that includes a levy of property taxes (excluding debt service) exceeding 102 percent of the prior budget. Additionally, the Code requires that notice of the hearing be included on the City internet site and primary social media account. The approval of the maximum levy requires a two-thirds majority vote of the Council.

As a growing City, Ames routinely adopts a budget that includes a levy of property taxes that exceeds 102 percent of the prior year. **Ames has also followed a longtime policy of complete and full disclosure for the proposed and adopted budget, including the levy of property taxes and the impact on the various classes of property. Because of this, compliance with the Iowa Code changes fits within our established budget process, but will require an additional hearing and posting of property tax levy information in the format established by the State of Iowa.**

Attached is the draft form providing notice of public hearing for the maximum levy rate. City staff has incorporated adjustments that the City Council discussed and approved as part of the budget preparation process.

The deadline for adoption of the FY 2023/24 budget was extended by the Legislature this year from March 31 to April 30. This extension was to allow for additional time for cities to review their budgets and make modifications that resulted from the change in the residential rollback calculations.

In order to comply with the statutory completion guidelines, staff anticipates holding the maximum levy hearing on April 11, and at the same meeting setting April 25 as the date of public hearing for the final adoption of the budget. Assuming there are no material changes or challenges, and the budget is adopted April 25, staff anticipates submitting the required documents to the Iowa Department of Management and the Story County

Auditor for approval immediately following the April 25 meeting.

ALTERNATIVES:

1. Establish April 11, 2023, as the date to hold a public hearing and adopt a resolution establishing the City of Ames maximum property tax levy for fiscal year 2023/24.
2. Delay the hearing and resolution establishing the City of Ames maximum property tax levy for fiscal year 2023/2024.

CITY MANAGER'S RECOMMENDED ACTION:

Holding a public hearing and adoption of a maximum property tax levy is required to proceed with the City Manager's recommended budget and any modifications made by City Council. Therefore, it is recommended that City Council approve Alternative No. 1, as described above.

**NOTICE OF PUBLIC HEARING - CITY OF AMES - PROPOSED PROPERTY TAX LEVY
Fiscal Year July 1, 2023 - June 30, 2024**

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

Meeting Date: 4/11/2023 **Meeting Time:** 06:00 PM **Meeting Location:** City Hall Council Chambers 515 Clark St Ames, IA

At the public hearing any resident or taxpayer may present objections to, or arguments in favor of the proposed tax levy. After adoption 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.cityofames.org

City Telephone Number
(515) 239-5113

	Current Year Certified Property Tax 2022 - 2023	Budget Year Effective Property Tax 2023 - 2024	Budget Year Proposed Maximum Property Tax 2023 - 2024	Annual % CHG
Regular Taxable Valuation	3,399,701,391	3,406,697,589	3,406,697,589	
Tax Levies:				
Regular General	18,744,553	18,744,553	21,603,178	
Contract for Use of Bridge			0	
Opr & Maint Publicly Owned Transit	2,034,090	2,034,090	2,062,823	
Rent, Ins. Maint. Of Non-Owned Civ. Ctr.			0	
Opr & Maint of City-Owned Civic Center			0	
Planning a Sanitary Disposal Project			0	
Liability, Property & Self-Insurance Costs			0	
Support of Local Emer. Mgmt. Commission			0	
Emergency			0	
Police & Fire Retirement	2,187,255	2,187,255	0	
FICA & IPERS			0	
Other Employee Benefits			0	
Total Tax Levy	22,965,898	22,965,898	23,666,001	3.04
Tax Rate	6.75527	6.74140	6.94690	

Explanation of significant increases in the budget:

The primary reasons for increases in the budget include increased employee salary and benefits costs.

If applicable, the above notice also available online at:

The official website of the City of Ames is www.cityofames.org/finance; the official Facebook page of the City of Ames is: www.facebook.com/cityofames; the official Twitter page of the City of Ames is: www.Twitter.com/cityofames.

*Total city tax rate will also include voted general fund levy, debt service levy, and capital improvement reserve levy.

**Budget year effective property tax rate is the rate that would be assessed for these levies if the dollars requested is not changed in the coming budget year