

OLD CAF
ITEM # ~~3g-25a~~
DATE: ~~02-11-20~~
02-25-20

COUNCIL ACTION FORM

SUBJECT: MOTION SETTING FEBRUARY 25, 2020 AS THE DATE OF PUBLIC HEARING TO ADOPT A MAXIMUM CITY PROPERTY TAX LEVY FOR FISCAL YEAR 2020/21

BACKGROUND:

During the 2019 legislative session, changes were made to the Iowa Code that altered the process for adoption of annual budgets for cities. 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 of the Council.

One of stated purposes of the new legislation was to improve transparency and disclosure of proposed property tax increases for local government.

CITY OF AMES BUDGET AND PROPERTY TAX LEVY

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 policy of complete and full disclosure for the proposed and adopted budget, including the levy of property taxes and the impact of the various classes of property. Because of this, compliance with the Iowa Code changes will fit 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. **Council may make decisions as part of the February 11 budget wrap-up session that could result in adjustments to the maximum levy rate. City staff will make any adjustments needed during the meeting; the Council will then set the hearing on the maximum levy with those decisions incorporated.**

The deadline for adoption of the budget has changed from March 15 to March 31 to allow time for notice and the additional hearing. However, adoption of a maximum levy resolution after the public hearing on February 25 will be required to maintain the established budget schedule and to adopt a budget with funding adequate to meet service levels desired by Council.

ALTERNATIVES:

1. Establish February 25, 2020, as the date to hold a public hearing and adopt a resolution establishing the City of Ames maximum property tax levy for fiscal year 2020/21 as determined in the February 11, 2020 Council meeting.
2. Delay the hearing and resolution establishing the City of Ames maximum property tax levy for fiscal year 2020/21.

CITY MANAGER'S RECOMMENDED ACTION:

Holding a public hearing and adopting 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 the recommendation of the City Manager that the City Council approve Alternative No. 1, thereby establishing February 25, 2020, as the date to hold a public hearing and adopt a resolution establishing the City of Ames maximum property tax levy for fiscal year 2020/21 as determined in the February 11, 2020 Council meeting.

Please remember, the maximum property tax levy that is now required to be highlighted does not include the Debt Service Levy!