

ITEM # 3g 39
DATE: 02-09-21
02-23-21

COUNCIL ACTION FORM

SUBJECT: RESOLUTION SETTING FEBRUARY 23, 2021 AS THE DATE OF PUBLIC HEARING TO ADOPT A MAXIMUM CITY PROPERTY TAX LEVY FOR FISCAL YEAR 2021/22

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. **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. Please note that the debt service levy is excluded from the maximum levy resolution since issuers of general obligation bonds are required to levy taxes required to repay the bonds without restriction.** 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 fits within our established budget process but requires 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 9 budget wrap-up session that could result in adjustments to the maximum levy rate. City Finance staff will make any adjustments needed during the meeting and Council will set the hearing on the maximum levy with those decisions incorporated.

The deadline for adoption of the budget is March 31 to allow time for notice and the additional hearing. However, adoption of a maximum levy resolution after the public

hearing on February 23 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 23, 2021, as the date to hold a public hearing and adopt a resolution establishing the City of Ames maximum property tax levy for fiscal year 2021/22 as determined in the February 9, 2021 Council meeting.
2. Delay the hearing and resolution establishing the City of Ames maximum property tax levy for fiscal year 2021/22.

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, thereby establishing February 23, 2021, as the date to hold a public hearing and adopt a resolution establishing the City of Ames maximum property tax levy for fiscal year 2021/2022 as determined in the February 9, 2021 Council meeting.