

ITEM # 31  
DATE: 02-22-22

**COUNCIL ACTION FORM**

**SUBJECT: RESOLUTION SETTING MARCH 8, 2022, AS THE DATE OF PUBLIC HEARING ON ADJUSTED BUDGET FOR FY 2021/22 AND ADOPTION OF BUDGET FOR FISCAL YEAR 2022/23**

**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. 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.

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 the City's established budget process, but requires an additional hearing and posting of property tax levy information in the format established by the State of Iowa.

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 22 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. Adopt a resolution establishing the City of Ames maximum property tax levy for fiscal year 2022/23, and establish March 8, 2022, as the date of final public hearing on Adjusted Budget for FY 2021/22 and adoption of Budget for FY 2022/23.
2. Delay the hearing and resolution establishing the City of Ames maximum property tax levy for fiscal year 2022/23.

**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.