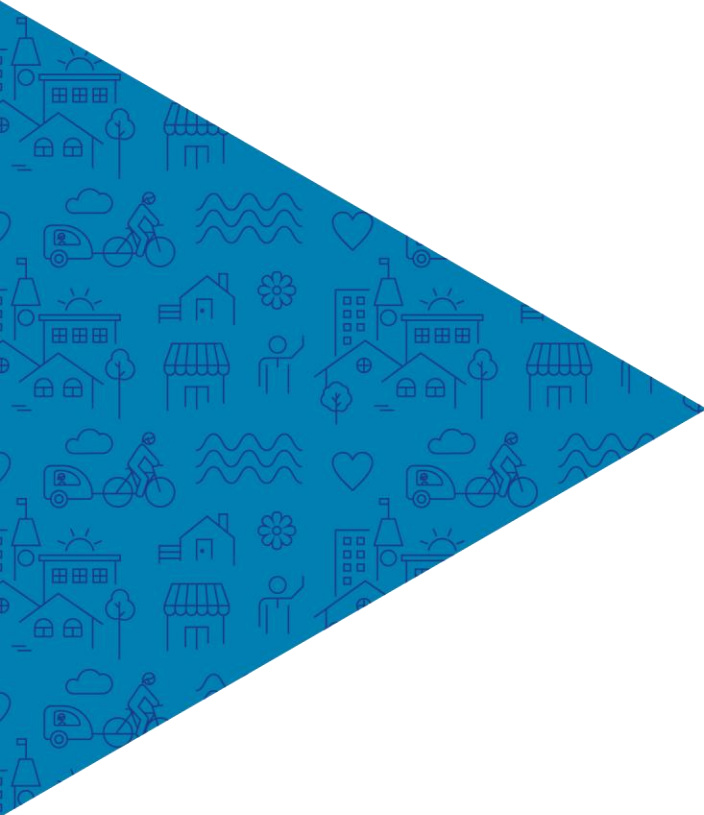


Revenue and Tax Policy Benchmarks and 2022 Tax Rates



PURPOSE

- To provide updated benchmark measures related to the City's Revenue and Tax Policy
- To seek direction on 2022 Tax Rates

REVENUE AND TAX POLICY

Distribution of property taxes among property classes:

1. Maintain current share of distribution of property taxes – allocate tax increase equally between the classes
2. Tax rates for light and major industry same as business
3. Farm tax rates set to achieve comparable to residential

IMPACT ON TAXPAYERS



*The diagram above assumes that there are no changes in the distribution of property tax funding between property classes.

Tax Rate Option 1: Equalize tax increase, industrial same as business (current tax policy)

Property Tax Increase 3.89%

	<u>Tax Ratio</u>	<u>Tax Share Excluding NMC</u>	<u>Tax Rate</u>	<u>Tax Change</u>	<u>2021 Tax Rates</u>
Residential	1.0000	52.55%	2.8874	3.85%	3.2209
Utility	12.1675	0.56%	35.1327	3.85%	35.6621
Major Industrial	3.6464	0.13%	10.5287	9.71%	10.7096
Light Industrial	3.6464	0.83%	10.5287	7.24%	10.7096
Business	3.6464	45.74%	10.5287	3.85%	10.7096
Rec/Non Profit	2.3579	0.19%	6.8083	3.85%	7.0635

Average residential property (\$966,000 assessed value) *increase* of \$104

Typical business property (\$683,000 assessed value) *increase* of \$262

Tax Rate Option 2: Equalize tax increase, for all classes (tax policy prior to 2007)

Property Tax Increase 3.89%

	<u>Tax Ratio</u>	<u>Tax Share</u> <u>Excluding NMC</u>	<u>Tax Rate</u>	<u>Tax Change</u>	<u>2021 Tax Rates</u>
Residential	1.0000	52.56%	2.8884	3.89%	3.2209
Utility	12.1678	0.56%	35.1450	3.89%	35.6621
Major Industrial	3.4517	0.12%	9.9698	3.89%	10.7096
Light Industrial	3.5312	0.81%	10.1994	3.89%	10.7096
Business	3.6465	45.76%	10.5323	3.89%	10.7096
Rec/Non Profit	2.3579	0.19%	6.8105	3.89%	7.0635

Average residential property (\$966,000 assessed value) *increase* of \$105

Typical business property (\$683,000 assessed value) *increase* of \$265

Tax Rate Option 3: Maintain business tax share at 48%, excluding NMC (tax policy 2012-2014 was to reduce to 48%)

Property Tax Increase 3.89%

	<u>Tax Ratio</u>	<u>Tax Share Excluding NMC</u>	<u>Tax Rate</u>	<u>Tax Change</u>	<u>2021 Tax Rates</u>
Residential	1.0000	50.27%	2.7624	-0.64%	3.2209
Utility	12.1676	0.54%	33.6121	-0.64%	35.6621
Major Industrial	3.9997	0.14%	11.0489	15.13%	10.7096
Light Industrial	3.9997	0.87%	11.0489	12.54%	10.7096
Business	3.9997	48.00%	11.0489	8.98%	10.7096
Rec/Non Profit	2.3579	0.18%	6.5135	-0.64%	7.0635

Average residential property (\$966,000 assessed value) *decrease* of \$17

Typical business property (\$683,000 assessed value) *increase* of \$617

Tax Rate Option 4: Hold ratios same as 2020 (tax policy for business ratio 2007-2011)

Property Tax Increase 3.89%

	<u>Tax Ratio</u>	<u>Tax Share Excluding NMC</u>	<u>Tax Rate</u>	<u>Tax Change</u>	<u>2021 Tax Rates</u>
Residential	1.0000	54.84%	3.0134	8.38%	3.2209
Utility	11.0720	0.53%	33.3642	-1.38%	35.6621
Major Industrial	3.3250	0.12%	10.0195	4.40%	10.7096
Light Industrial	3.3250	0.79%	10.0195	2.06%	10.7096
Business	3.3250	43.53%	10.0195	-1.17%	10.7096
Rec/Non Profit	2.1930	0.18%	6.6083	0.80%	7.0635

Average residential property (\$966,000 assessed value) *increase* of \$225

Typical business property (\$683,000 assessed value) *decrease* of \$87