

Truth in Taxation Public Hearing
2024 Proposed Budget and Property Tax Levy
City of Duluth, Minnesota

Mayor Emily Larson

CITY COUNCILORS

Gary Anderson

Mike Mayou

Roz Randorf

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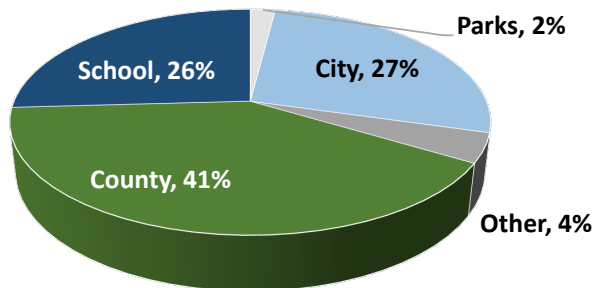
CITY ADMINISTRATOR

Noah Schuchman



City of Duluth Minnesota - 2024 Budget

Breakdown of Average Homestead Property Tax Bill by Taxing Entity



2024 Approved Property Tax Levy

	2023 Approved	2024 Approved Levy	Change In Levy
General Operations Levy			
General Operations	\$ 28,114,076	\$ 28,731,915	\$ 617,839
Housing Inspector Levy		\$ 110,000	\$ 110,000
Library Materials - Council Add		\$ 50,000	\$ 50,000
Portion of Fire 8% Market Increase - Council Add		\$ 413,214	\$ 413,214
Provision for Tax Delinquency	\$ 150,000	\$ 150,000	\$ -
Total General Operations Levy	\$ 28,264,076	\$ 29,455,129	\$ 1,191,053
Supplemental Parks Levy	\$ 280,000	\$ 280,000	\$ -
Capital Projects Levy			
Debt Service	\$ 7,357,600	\$ 7,564,200	\$ 206,600
Infrastructure Permanent Improvements	\$ 280,000	\$ 280,000	\$ -
Total Capital Projects Levy	\$ 7,637,600	\$ 7,844,200	\$ 206,600
Street Light Levy	\$ 2,547,200	\$ 2,547,200	\$ -
Street Maintenance Levy	\$ 2,300,000	\$ 2,300,000	\$ -
Duluth Housing Trust Fund Levy	\$ 292,500	\$ 182,500	\$ (110,000)
Total City Property Tax Levy	\$ 41,321,376	\$ 42,609,029	\$ 1,287,653
General Operations Levy Increase		\$ 617,839	1.50%
Housing Inspector Levy		\$ 110,000	0.27%
Library Materials - Council Add		\$ 50,000	0.12%
Portion of Fire 8% Market Increase - Council Add		\$ 413,214	1.00%
Capital Projects Levy - Capital Equipment needs		\$ 206,600	0.50%
Duluth Housing Trust Fund Levy		\$ (110,000)	-0.27%
2024 City Tax Levy Increase		\$ 1,287,653	3.12%
New Construction Growth		\$ 378,421	0.92%
Net Property Tax Impact After Growth		\$ 909,232	2.20%

ST LOUIS COUNTY
 AUDITOR-TREASURER
 NANCY NILSEN
 100 N 5TH AVE W ROOM 214
 DULUTH MN 55802
 www.stlouiscountymn.gov

Taxpayer # XXXXXX
 CURRENT RESIDENT
 ADDRESS LINE 1
 ADDRESS LINE 2
 ADDRESS LINE 3

Property Information

Parcel ID / #: XXX-XXXX-XXXXX

Property Description:
 LEGAL DESCRIPTION 1

Property: XXX ST\ DULUTH MN

PROPOSED TAXES 2024		
THIS IS NOT A BILL. DO NOT PAY.		
Step	VALUES AND CLASSIFICATION	
	Taxes Payable Year	2023 2024
1	Estimated Market Value	270,100 270,100
	Homestead Exclusion	12,931 12,931
	Other Exclusions	0 0
	Taxable Market Value	257,169 257,169
	Class:	RES HMSTD RES HMSTD
Step	PROPOSED TAX	
2	Property Taxes before credits	3,946.00
	School building bond credit	.00
	Agriculture market value credit	.00
	Other credits	.00
	Property Taxes after credits	3,946.00
Step	PROPERTY TAX STATEMENT	
3	Coming in 2024	
The time to provide feedback on PROPOSED LEVIES is NOW It is too late to appeal your value without going to Tax Court.		

Proposed Property Taxes and Meetings by Jurisdiction for Your Property			
Contact Information	Meeting Information	Actual 2023	Proposed 2024
State General Tax	No public meeting	.00	.00
ST LOUIS COUNTY			
St. Louis County Admin 100 N 5th Ave W, Room 202 Duluth, MN 55802 218-726-2383 EXT 2 www.stlouiscountymn.gov	11/20/2023 7:00 PM City of Virginia Courthouse 11/27/2023 7:00 PM St. Louis County Courthouse - Duluth	1,567.83	1,453.58
CITY OF DULUTH			
Duluth Budget Office 411 W 1st ST RM 120 Duluth, MN 55802 (218)730-5195 https://duluthmn.gov/live-meeting	12/11/2023 7:00 PM City Hall 411 W 1st St Duluth, MN 55802	1,130.40	1,056.72
SCHOOL DISTRICT: 709			
Voter Approved Levies		149.28	144.07
Other Levies		858.71	785.43
Duluth Public Schools 709 Portia Johnson Drive Duluth, MN 55811 (218)336-8704 www.isd709.org	12/19/2023 6:00 PM District Service Ctr 709 Portia-Johnson Duluth, MN 55804		
Special Taxing District(s) Total:		154.78	150.20
Tax Increment Tax		.00	.00
Fiscal Disparity Tax		.00	.00
Total excluding any special assessments		3,861.00	3,590.00

TAX BILL FOOTNOTES

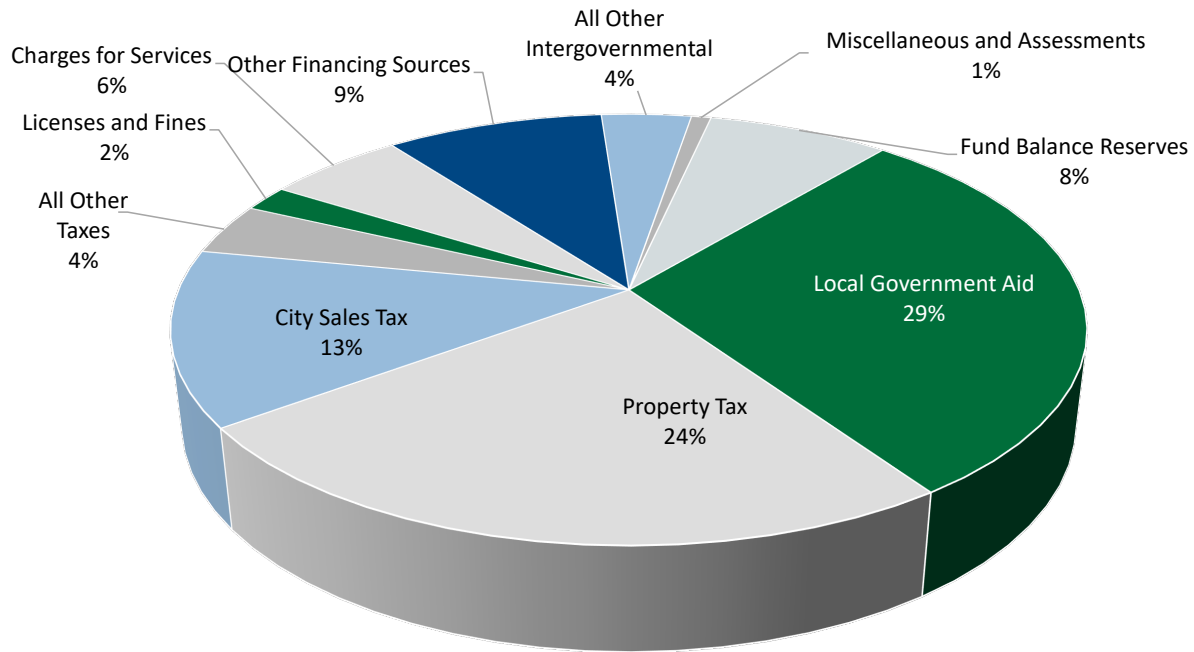
Classification changes can significantly impact an individual's property tax burden. For example, homestead properties are taxed at a different rate than non-homestead, seasonal, or commercial/industrial.

Market Value and Tax Capacity Value are used to apply the various tax rates against the property to figure the tax bill. An increase can occur due to new construction or reassessments.

There are columns showing the actual 2023 property tax for each taxing authority compared to the proposed 2024 property tax.

If the overall tax bill is significantly higher than the previous year's, the property taxpayer may file for a refund from the State of Minnesota. This can take the form of a rebate on increases over 12%, with a \$100 minimum increase; or the circuit breaker program based on ability to pay.

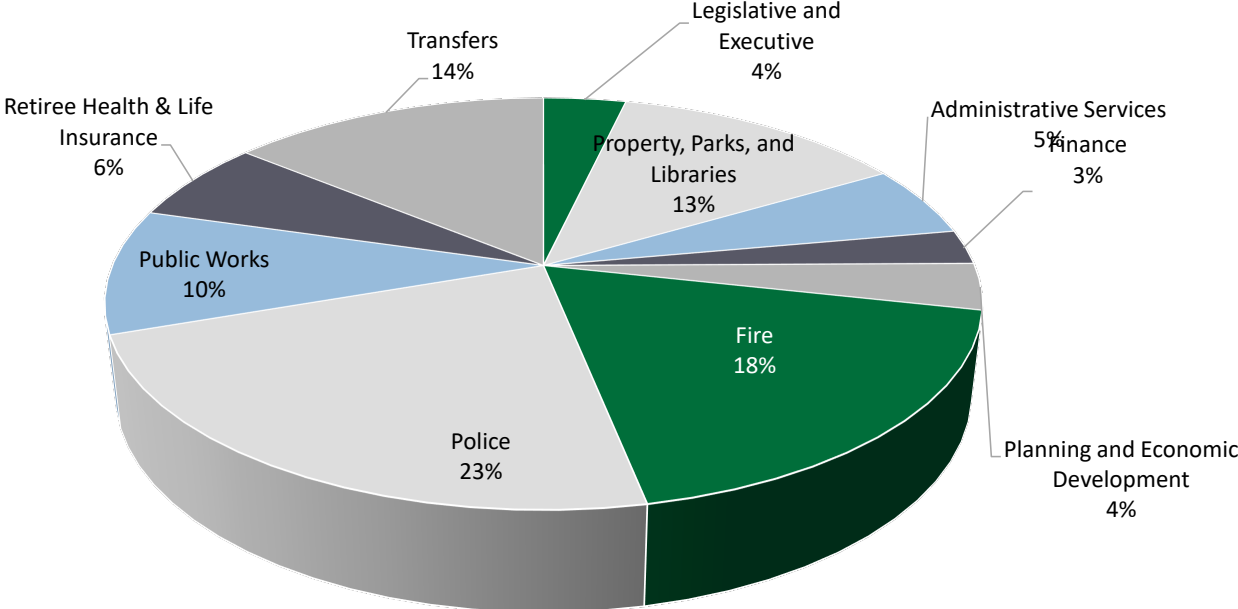
2024 General Fund Proposed Revenues



Local Government Aid	\$ 35,175,100
Property Tax	\$ 29,455,200
City Sales Tax	\$ 15,784,000
All Other Taxes	\$ 4,668,500
Licenses and Fines	\$ 2,337,700
Charges for Services	\$ 6,941,500
Other Financing Sources	\$ 10,999,400
All Other Intergovernmental	\$ 4,551,000
Miscellaneous and Assessments	\$ 991,500
Fund Balance Reserves	\$ 9,200,000
TOTAL 2024 Revenues	\$ 120,103,900

This graph shows the major categories of revenues expressed as a percent of total General Fund revenues estimated for budget fiscal year 2024. The City's policy of maintaining a diverse revenue base is reflected in the categories of revenues listed above, with almost 200 separate budgeted sources of revenue. Although the City does have a wide variety of revenues, the reader will note the City's relative dependence on Local Government Aid, which constitutes 29% of all General Fund revenues and does not adjust for inflation. For this reason, we closely monitor Local Government Aid every session at the State Legislature.

2024 General Fund Proposed Expenditures



Legislative and Executive	\$	4,352,100
Property, Parks, and Libraries	\$	15,525,200
Administrative Services	\$	6,712,200
Finance	\$	3,230,100
Planning and Economic Development	\$	4,363,200
Fire	\$	22,081,000
Police	\$	27,421,300
Public Works	\$	11,806,400
Retiree Health & Life Insurance	\$	7,731,400
Transfers	\$	16,881,000
TOTAL 2024 EXPENDITURES	\$	120,103,900

This graph shows the General Fund departmental budgets as a percent of the total General Fund expenditures for budget fiscal year 2024. The largest category of expense is public safety with the Police and Fire departments comprising 41% of the total; followed by Property, Parks, and Libraries department at 13%. The General Fund portion of the Public Works department comprises 10% of the total. Retiree health care and Life Insurance comprises 6% of the total. The remaining five departments totaled together are 30%.

City of Duluth Minnesota - 2024 Budget

General Fund Expenditures	2021 Actual	2022 Actual	2023 Approved	2024 Proposed
LEGISLATIVE AND EXECUTIVE				
City Council	190,085	187,959	204,400	204,400
Mayor's Office	767,907	769,707	823,200	839,700
Chief Administrative Officer	467,764	478,509	479,500	524,800
Attorney's Office	2,333,590	2,474,159	2,642,050	2,783,200
DEPARTMENT TOTAL	3,759,346	3,910,334	4,149,150	4,352,100
PROPERTY, PARKS, AND LIBRARIES				
Park Maintenance	3,368,463	3,184,584	3,539,200	3,710,200
Library Services	4,848,566	4,589,457	5,235,700	5,630,100
Facilities Management	5,106,255	5,521,182	5,914,800	6,184,900
DEPARTMENT TOTAL	13,323,284	13,295,223	14,689,700	15,525,200
ADMINISTRATIVE SERVICES				
Human Resources	1,188,621	1,195,818	1,265,200	1,407,200
Information Technology	3,669,897	3,735,585	4,052,800	4,236,500
City Clerk	794,456	832,285	901,100	1,068,500
DEPARTMENT TOTAL	5,652,974	5,763,688	6,219,100	6,712,200
FINANCE				
Budget Office	959,584	996,486	982,700	1,039,600
Auditor's Office	1,241,123	1,269,329	1,345,800	1,538,100
Purchasing	584,902	565,444	627,500	652,400
DEPARTMENT TOTAL	2,785,609	2,831,259	2,956,000	3,230,100
PLANNING AND ECONOMIC DEVELOPMENT				
Planning and Development	1,468,593	1,601,406	1,661,900	1,777,200
Construction Services	2,181,374	2,290,794	2,367,700	2,586,000
DEPARTMENT TOTAL	3,649,967	3,892,200	4,029,600	4,363,200
FIRE DEPARTMENT				
Fire Administration	675,376	858,264	962,500	1,011,000
Fire Operations	16,725,650	18,186,733	17,562,700	19,327,900
Life Safety	1,334,244	1,338,342	1,521,700	1,742,100
DEPARTMENT TOTAL	18,735,270	20,383,339	20,046,900	22,081,000
POLICE DEPARTMENT				
	24,542,954	26,239,729	27,259,200	27,421,300
PUBLIC WORKS				
Director's Office	87,716	93,103	91,800	94,500
Street Maintenance	8,014,840	8,528,961	8,711,300	9,503,700
Transportation Engineering	2,035,158	2,078,384	2,111,600	2,208,200
DEPARTMENT TOTAL	10,137,714	10,700,448	10,914,700	11,806,400
TRANSFERS				
	13,058,511	24,159,611	15,602,500	24,612,400
Total General Fund	95,645,629	111,175,831	105,866,850	120,103,900

City of Duluth Minnesota - 2024 Budget

	2023 Approved Budget	2024 Proposed Budget	Variance 2023 Approved Budget vs 2024 Proposed Budget	
			\$	%
REVENUES				
Local Government Aid	30.81	35.18	4.37	14.2%
City Sales and Use Tax	15.00	16.00	1.00	6.7%
State Sales Tax Administration		(0.22)	(0.22)	0.0%
Property Tax	28.26	29.46	1.20	4.2%
Charges for Services	6.49	6.94	0.45	6.9%
Other Financing Sources	6.44	8.30	1.86	28.8%
Intergovernmental	4.42	4.55	0.13	2.9%
Gas Utility in Lieu of Taxes	4.00	2.70	(1.30)	-32.5%
Minnesota Power Franchise Tax	3.10	3.61	0.51	16.5%
ARPA One-time Capital	3.00	-	(3.00)	-100.0%
Licenses and Permits	1.90	2.11	0.21	11.1%
All Other Taxes	0.91	1.06	0.15	16.8%
Miscellaneous	0.55	0.55	-	0.0%
Special Assessments	0.44	0.44	-	0.0%
Fines and Forfeits	0.30	0.23	(0.07)	-23.3%
ARPA Operations Funding	0.24	-	(0.24)	-100.0%
General Fund Reserves	-	9.20	9.20	100.0%
Revenue Totals	105.86	120.10	14.24	13.45%
EXPENDITURES				
Salaries and Overtime	52.28	58.15	5.88	11.24%
Medical Insurance	13.60	13.19	(0.41)	-3.05%
Benefits	10.89	11.56	0.67	6.15%
Retiree Medical & Life Insurance	7.40	7.73	0.33	4.48%
Other Services and Charges	5.77	6.03	0.26	4.53%
Supplies	3.52	3.54	0.02	0.57%
Fleet	2.94	3.15	0.21	7.14%
Worker's Compensation	2.10	2.08	(0.02)	-1.17%
Utilities	1.91	2.00	0.09	4.66%
Software & License Agreements	1.34	1.49	0.14	10.71%
Professional Svcs/Contracts	0.80	1.37	0.57	70.52%
Capital Outlay	0.31	0.62	0.31	100.00%
One-Time Expenditures	3.00	9.20	6.20	100.00%
Expenditure Totals	105.86	120.10	14.24	13.45%

City of Duluth Minnesota - 2024 Budget

Bridge Schedule Outlining Variances between 2023 Approved Budget and 2024 Proposed Budget

	\$ Variance in Millions	Narrative
2023 Approved Revenues	105.86	
Property Tax	1.20	The general fund's portion of the proposed 3.12% property tax levy increase
Local Government Aid	4.37	14% increase to Local Government Aid allocation approved by state legislature
General Fund Reserves	9.20	Use of one-time General Fund reserves for one-time capital needs and one-time staff payment
Gas Payment in Lieu of Taxes	(1.30)	Forecasted lower costs for natural gas which reduces this revenue
One-Time Cirrus Proceeds	1.86	Council approved resolution 23-0758R
City Sales and Use Tax	1.00	In reviewing monthly sales tax revenue, adjusting for inflation, and other economic indicators, this 6.7% increase is a conservative growth factor, and allows for sustainable increases to the general fund.
Minnesota Power Franchise Tax	0.51	Increase due to MN Power rate increases, MN Power franchise tax is based on their operating revenue
ARPA Funding	(3.24)	ARPA funds not used in 2024
All Other Operating Revenues	0.65	All other changes throughout
Total Revenue Changes	14.24	
2024 Proposed Revenues	120.10	

City of Duluth Minnesota - 2024 Budget

Bridge Schedule Continued

	\$ Variance in Millions	Narrative
2023 Approved Expenditures	105.86	
Salaries and Benefits	5.88	One-time pay bonuses, Fire 8% market adjustment, 3.5% salary increases, and step/longevity increases
One-Time Expenditures	6.20	Last year, one-time expenditures were \$3M funded by ARP, this year it's \$9.2M funded by General Fund reserves, leaving a change of \$6.2M
Utilities	0.09	Projected rate increases
Supplies	0.02	Motor Fuel cost increases
Fleet	0.21	Cost of parts, fleet rate increase, and sublet labor
Capital Outlay (Library Materials)	0.31	Ongoing Library materials increase of \$110K plus one-time Cirrus proceeds of \$200K
Other One-time Cirrus Expenditures	1.01	Chloride study, Sidewalk Study, Needle Pickup, Child Victim Support, Stepping on Up (Library materials in above line, and Fire portion in Salaries and Benefits)
All other Operating Expenses	0.53	All other changes throughout
Total Expense Changes	14.24	
2024 Proposed Expenditures	120.10	