

Residents of Van Meter:

The City Council will hold a public hearing on February 10th, 2020 at the Veterans Reception Center, 910 Main Street, to hear comments regarding the proposed maximum tax rate for Fiscal Year 2021.

This public hearing process is a new requirement established by our State Legislature to provide additional transparency to our taxpayers. The information required to be published in this public hearing notice is incomplete and confusing, so I wanted to take a moment to explain some of the information. As always, you are welcome to stop by City Hall or reach out with further questions.

The public hearing form presents financial information regarding the current fiscal cycle (July 2019 – June 2020) as well as proposed financial information for the next fiscal cycle (July 2020 – June 2021). I will refer to these fiscal years as FY20 and FY21 throughout this message.

Line 1 – Regular Taxable Valuation:

This line shows the City's taxable valuation for all taxable properties within our City limits. You will note that between FY20 and FY21, the City sees substantial growth in taxable valuation. This is due to an increase in the number of homes being built from year to year, properties coming off the City's tax abatement program, and the City releasing taxable valuation from our Tax Increment Finance district (TIF). Our Tax Increment Finance district includes protected property valuations that the City leverages for the specific purpose of paying Tax Increment Finance debt service.

Lines 2 through 13:

These lines show the specific dollar amounts generated by each general property tax levy.

Line 14:

This line shows the maximum revenue generated by these general property tax levies.

Line 15:

This line shows the maximum property tax levy rate for these general property tax levies. This is where the information becomes confusing and incomplete. This hearing notice simply presents the general property tax levies of the City and does not include other levies that make up your consolidated City tax rate, such as our debt service levy. This form would suggest that your

property tax levy for the current fiscal year should be \$12.97 when it is \$14.75 after adding in the debt service levy.

If we examine line 15 under the Budget Year Proposed Maximum Property Tax 2020/2021 column, this form suggests that our property tax levy for next fiscal year is \$12.20. Again, this information is inaccurate and incomplete as this form only accounts for general property tax levies and not the total consolidated levies of the City. The City will hold the FY21 budget hearing on March 9th, 2020 at which time the total property tax levy being proposed will be closer to the \$14.75 approved in FY20. The total property tax levy will not exceed \$14.75, but it will also not be \$12.20. At this time, the City does not have enough information available to determine what the actual total levy will be. What we can tell you is that your general property tax levy will not exceed \$12.20 and the consolidated levy for the City will not exceed \$14.75.

The last confusing item presented on this public hearing notice is the percentage of change, shown as 16.19%. We have seen a lot of people dwelling on this percentage of change in other communities due to not understanding what that number means. As presented above, this obviously does not mean that we will be paying 16.19% more in property taxes next year. What is actually proposed is a reduction in the general property tax levies from \$12.97 to \$12.20. What this 16.19% change represents is an increase of 16.19% more property being subject to our property tax levies for FY21 when compared to FY20. Again, this is a combination of naturally occurring growth, properties rolling off the City's tax abatement program, and properties being released from the Tax Increment Finance district.

If you have further questions, please do not hesitate to contact me at (515) 996-2644 or kmichel@vanmeteria.gov.

Sincerely,



Kyle Michel
City Administrator