



CITY COUNCIL SPECIAL MEETING MINUTES-TRUTH IN TAXATION
TUESDAY DECEMBER 5, 2023

CITY COUNCIL TRUTH IN TAXATION MEETING TIME: 6:00 PM

1. Call to Order

Pursuant to due call and notice thereof, a special meeting, Truth in Taxation Hearing for 2024 City Operations. Independence City Council was called to order by Mayor Johnson at 6:00 p.m.

Attendees: Mayor Johnson, Councilor Betts, Councilor Spencer, Mark Kaltsas, Amber Simon and Steve McDonald.

2. Truth in Taxation Hearing

This meeting is to deal with the budget the city has prepared for 2024 for city operations.

It is required by law to be held before the final levy is given to Hennepin County for the taxpayers. We are going to be dealing with the city budget.

We have a couple people in the audience. Are you here for your own personal valuation? Yes. Please go to the microphone and introduce yourself.

Charlie Johnson – I own 1410/1470 County Rd 90 – Industrial on the other side of Hwy 12 (formerly Hagen warehouse). I received my tax statement and met with Dave Thompson the Hennepin County Assessor on the property. We had a conversation on the property based on values. He was there to take a look at the new building constructed getting square footage, taking pictures etc...

I received my 2024 tax statement for 1470 County Rd 90. The tax increase was 23.5% for one year. From 47K to 58K. When I bought the building, it was 40K. I thought the 23.5% was for the new building but it is not.

Mayor Johnson – the valuations from last year for the city of Independence, residential went up 8.6%, AG went up 7.7%, commercial up 17% and industrial up 37% across the board for Independence specifically. The value is the percentage of increase.

Kaltsas – The city sets a tax rate for the city portion of your taxes, which is only about 30% of your total tax bill. Hennepin County is about 30%, the schools 25% and the other 5% are your mosquito control district, watershed district. The city will adopt a budget tonight. Our increase is 5% but our tax rate which your valuation to determine how much you pay. It is going down. If your value stayed the same year over year, the city portion of your taxes would go down. But that is not how it works. The county does the assessments for the city. They provide the valuation for the property. He does it on a complicated/sophisticated methodology. What they told us is county wide commercial has

gone up. There has been a huge increase in sales and the prices paid for commercial. Independence doesn't have very much commercial. On average our commercial properties year over year are seeing an average of about 17%.

Charlie Johnson – The building that was just purchased that is older. The taxes went up 41.5%. I need to pass that on to my tenants. That is difficult for tenant to absorb that. The company has been there since the building was built. We are not in Plymouth, we have cows and Wright County is 5 miles away.

Kaltsas – There is a process you would need to go through. If you want to stay after I can meet with you regarding the process.

Truth in Taxation Hearing – Steve McDonald made the following observations

The overall levy is \$3.8M, increase 213K from prior year. Overall general fund is up 6.33% when you factor in all the debt service levy's, the overall city increase is 5.88%. The League of MN Cities shows the average levy increases statewide is over 8%. Hennepin County is 8% as well. Looking through the list we were on the lower half of the increases. Several were 10-20% year over year. Every city has a different situation.

Comparable are Corcoran, Greenfield, and Dayton. Corcoran and Dayton have grown a lot in the past years. Tax capacity rate, this year 31.47% tax rate which is a decrease from prior year. Over the past 7 years it has hovered just below 40% but with valuation increases. The actual rate has decreased each year for the last 3 years.

Levy from 2018-2024 the makeup has stayed similar. Majority of revenue comes from taxes 80%. This year more license and permits issued. Expenditures 50% of what you spend is for fire and police. Streets are 18%. Financial Admin is 17%.

Some of the changes General Fund. General fund tax levy increased 6.33% over prior year. The tax rate calculates down to 31.47% from prior year's tax rate was 33.01%. Court fines revenue projection increased 4.76% from the 2023 budget. A transfer in was established from the COVID funds earned in 2021 to offset \$37,500 annually for the next 3 years. Fire services decreased -5.14% from the 2023 budget. Streets increased by 7.78% due to increase in wages, supplies and seal coating/tiling. League of Minnesota Cities Insurance was budgeted with 5% increase over prior year. Worker's comp insurance was budgeted with 10% increase over prior year.

Recommended action is to approve the final levy and budget as presented and certified to the county.

Kaltsas - We will adopt the budget during our City Council Meeting.

3. Adjourn.

Motion by Spencer, seconded by Betts to adjourn the meeting at 6:21pm. Ayes: Johnson, Spencer and Betts. Nays: None. Absent: Grotting and McCoy None. Abstain. None. MOTION DECLARED CARRIED. 3-0

Respectfully submitted,

Carrie Solien, Recording Secretary