

**Participants wishing to speak on a topic should message the meeting moderator. All participants are asked to mute their individual computers at times when they are not speaking to minimize background noise. Join: <https://us02web.zoom.us/j/89685689710>*

**NOTICE OF A SPECIAL MEETING
BONDURANT CITY COUNCIL
MARCH 24, 2025**

NOTICE IS HEREBY GIVEN that a Special Meeting of the City Council will be held at 5:45 PM on March 24, 2025, in the Bondurant City Center, 200 Second Street, Northeast, Bondurant, Polk County, Iowa. Said meeting is open, and the public is encouraged to attend.

AGENDA

1. Roll Call
2. Call to Order and Declaring a Quorum
3. Perfecting and Approval of the Agenda
4. **Public Hearing**
 - a. Property Tax Levy Hearing for FY26
5. Adjournment

The Bondurant City Council maintains the right to waive the first and second readings of ordinances presented and may pass the third and final reading of the same ordinance within the same council meeting.

Any person with a disability who requires a modification or accommodation in order to participate in the meeting, or any person with limited English proficiency (LEP) who requires language assistance to communicate with the City Council during the meeting, should contact the City Clerk, (515) 967-2418 or shagan@cityofbondurant.com, no fewer than two business days prior to the meeting to enable the City of Bondurant to make reasonable arrangements to assure accessibility or language assistance for the meeting.



**BUSINESS OF THE CITY COUNCIL
BONDURANT, IOWA
AGENDA STATEMENT**

Item No. 4.a.
For Meeting of 3/24/2025
Public Hearing

TITLE: Property Tax Levy Hearing for FY26

CONTACT PERSON:

Marketa Oliver, ICMA-CM, SPHR, City Administrator
Jene Jess, Finance Director

BRIEF HISTORY & ANALYSIS: This item is a public hearing on the Proposed Property Tax Levy for FY26. The hearing notice was submitted through the State budget system portal as required by the Department of Management and duly published as required by law. Highlights for the City of Bondurant for the purpose of this public hearing include:

- Proposed Tax Rate: Decreasing for individual taxpayers.
- Proposed Tax Dollars: Increasing due to a strategic growth plan.
- Reason for the increase: The increase is based on the strategic growth plan for the City developed by the City's elected officials as a result of investment in economic development.
- Source of Increase: Additional property taxes from major commercial valuation increases and an increase in the rollback percentage.
- Investments: Increases in services include Public Safety (Fire/EMS) and Public Works.

The City is required to hold a separate meeting specifically for the Proposed Property Tax Levy with no other items on the agenda. This hearing is required under House File 718 passed the State Legislature in 2023. HF718, the "property tax reform" bill was passed. This bill did a number of things, including:

- Consolidated levies and created a newly-defined adjusted city general fund levy (ACGFL);
- Limited levies based on property tax valuation growth "tiers", providing a formula in State Code that determines the maximum general fund levy, driving the levy down based on the formula related to growth;
- Created a new homestead exemption for residential property owners of age 65 or more and shifted the financial impact to local government;

- Provided a military service exemption expansion and shifted the financial impact to local government;
- Revised provisions for property tax abatement agreements and added further limitations on residential abatement, removing the school levy from abatement;
- Required County Auditors to create reports to distinguish revaluation and other additions to the tax base;
- Required "truth in taxation" statements to be mailed to each property owner;
- Changed budget timelines, forms, hearings, and processes;
- Dictated bond election dates, requiring a single date annually for bond elections; and
- Set new limitations for general corporate purpose bonding.

The impact of this bill is far-reaching. Aside from removing decision making authority from local elected officials, it has a dramatic impact on local government finances, especially for small communities that are growing quickly, such as Bondurant. For the general fund levy, using an estimation tool provided by the State Department of Management, staff developed the projection of the impact of HF718 on the City over the next four years. The legislation reduces the City's ability to collect approximately \$1.6M over the next four years. Additionally, the expansion and shift of Senior and Military exemptions reduces the City's general fund collection by an estimated \$15,562 and has a total budget impact of \$50,576 for FY26. Current State legislation applies the residential rollback to the full valuation of daycare facilities. The impact of this legislation would be \$21,225 to the general fund and \$30,054 to the full budget. This recent legislation is in addition to change made by the State Legislature in 2022 to the Business Property Tax Credit (BPTC) that it offered to businesses under the 2013 legislation that devalued business and commercial properties. The 2022 legislation shifted the cost of the BPTC onto cities and cities were told that they would be reimbursed for the cost, yet reimbursement does not fully cover the loss. The FY26 impact is estimated to be \$61,063 to the general fund. **When all the reductions are added together from the legislation passed by the State Legislature in the past three years alone, the total impact on the general fund is \$707,783, equivalent to 16.53% of property taxes and state reimbursement revenues.**

The City has absorbed these reductions by delaying planned expansion of law enforcement and revising long-term staffing plans; however, the continued erosion of local resources and local control is extremely concerning.

Additionally, State legislators recently introduced companion bills for the most sweeping property tax reform in nearly 50 years in Iowa. The property tax bills (HSB 313/SB 1208) do the following:

- Phase out rollbacks over a 5-year period;
- Currently implement a 2% hard cap revenue restriction;

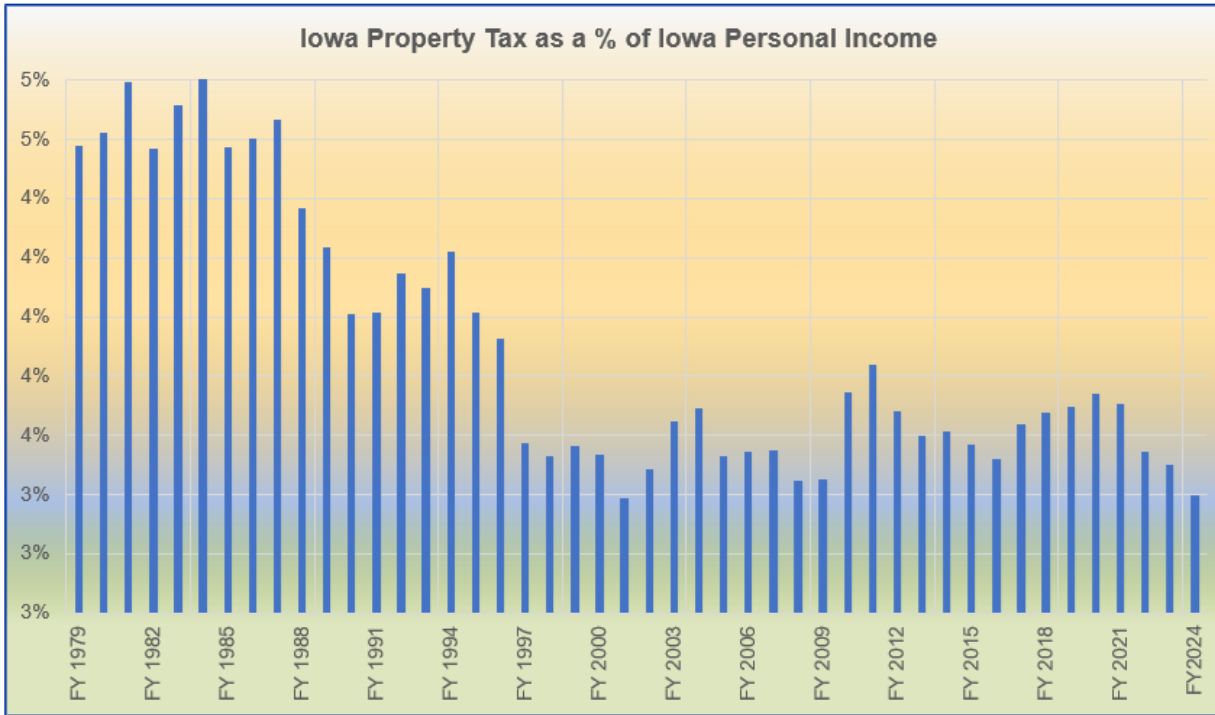
- Revenue restriction excludes new growth; however, does not include TIF at this time, which is problematic to development and development agreements;
- Eliminate the State's allocation to reimburse the Business Property Tax Credit that was included in HF 718;
- The homestead credit (and State funding for such) is phased out and replaced with a homestead exemption, shifting the funding responsibility to local governments;
- Increase the veteran/military property tax exemption from \$4,000 to \$7,000;
- Provide a \$25k homestead exemption; and
- For schools, lower uniform levy to \$2.97 and streamlines the school funding formula.

The definition is not clear on how Tax Increment Finance (TIF) is treated in relation to the 2% cap.

- Need to verify how property tax abatement at expiration is handled.
- The Department of Management confirmed that County Auditors should be tracking tax abatement in the new construction valuation data.

The effects of this bill at this point appear to be less of a property tax reduction and more of a property tax shift to small business and residential properties. The legislators introducing the bills have offered to give cities two weeks to comment and work up amendments to help make the bills better and more functional.

Below is a chart with information from the Iowa State Legislature's Fiscal Services Bureau showing property taxes as a percentage of personal income. They are at an all-time low.

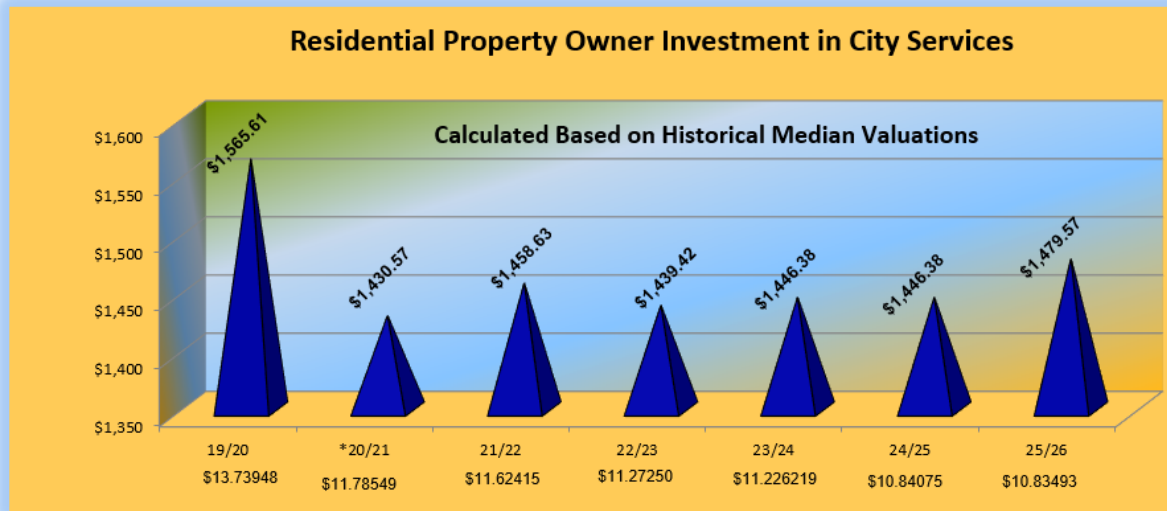


Source: Fiscal Service Division - State Legislature

Below is a chart and graph showing the investment a residential property owner with a median valued property makes in city services, both historically and prospectively with the proposed levy rate. Between 2020 and early 2025, the Consumer Price Index (CPI) for the Midwest region increased by approximately 22.32%. At the same time, the calculated investment in city services has declined by 5.5%, due to Bondurant's elected leadership's actions to pursue economic development and organizational efficiencies.

Multi-Year Overview
Calculated City Services Investment Based on Annual Median Residential Valuation

Year	19/20	*20/21	21/22	22/23	23/24	24/25
Median Assessed Value (as of January 1 year prior prior to start of the FY)	\$200,200	\$220,400	\$222,450	\$235,900	\$235,000	\$287,900
Rollback Percentage	56.918	55.0743	56.4094	54.1302	54.65010	46.34280
Taxable Value	\$113,950	\$121,384	\$125,483	\$127,693	\$128,428	\$133,421
Tax Rate per \$1000	\$13.73948	\$11.78549	\$11.62415	\$11.27250	\$11.26219	\$10.8407
Calculated City Service Investment	\$1,585.61	\$1,430.57	\$1,458.63	\$1,439.42	\$1,446.38	\$1,446.38



FUNDING SOURCE: All

STAFF RECOMMENDATION: Hold public hearing.

APPROVED FOR SUBMITTAL:

ATTACHMENTS:

1. Local Government Property Valuation System Max Levy Hearing

CITY NAME: NOTICE OF PUBLIC HEARING - CITY OF BONDURANT - PROPOSED PROPERTY TAX LEVY **CITY #:** 77-715
BONDURANT Fiscal Year July 1, 2025 - June 30, 2026

The City Council will conduct a public hearing on the proposed Fiscal Year City property tax levy as follows:

Meeting Date: 3/24/2025 **Meeting Time:** 05:45 PM **Meeting Location:** Bondurant City Hall, 200 2nd Street NE, Bondurant, Iowa 50035 or via Zoom at <https://us02web.zoom.us/j/89685689710?pwd=tM8MagFoySmIXvOQ5kZFIljFgDVeTd.1>

At the public hearing any resident or taxpayer may present objections to, or arguments in favor of the proposed tax levy. After the hearing of the proposed tax levy, the City Council will publish notice and hold a hearing on the proposed city budget.

City Website (if available)
 cityofbondurant.com

City Telephone Number
 (515) 630-6981

Iowa Department of Management	Current Year Certified Property Tax 2024 - 2025	Budget Year Effective Property Tax 2025 - 2026	Budget Year Proposed Property Tax 2025 - 2026
Taxable Valuations for Non-Debt Service	499,978,457	515,041,746	515,041,746
Consolidated General Fund	4,034,461	4,034,461	4,114,864
Operation & Maintenance of Public Transit	0	0	0
Aviation Authority	0	0	0
Liability, Property & Self Insurance	77,572	77,572	89,200
Support of Local Emergency Mgmt. Comm.	7,320	7,320	4,666
Unified Law Enforcement	0	0	0
Police & Fire Retirement	0	0	0
FICA & IPERS (If at General Fund Limit)	104,106	104,106	240,149
Other Employee Benefits	0	0	0
Capital Projects (Capital Improv. Reserve)	0	0	0
Taxable Value for Debt Service	618,647,969	671,490,172	671,490,172
Debt Service	1,480,715	1,480,715	1,475,284
CITY REGULAR TOTAL PROPERTY TAX	5,704,174	5,704,174	5,924,163
CITY REGULAR TAX RATE	10.84075	10.40534	10.83493
Taxable Value for City Ag Land	5,528,236	5,465,018	5,465,018
Ag Land	16,605	16,605	16,416
CITY AG LAND TAX RATE	3.00375	3.03842	3.00375
Tax Rate Comparison-Current VS. Proposed			
Residential property with an Actual/Assessed Valuation of \$100,000/\$110,000	Current Year Certified 2024/2025	Budget Year Proposed 2025/2026	Percent Change
City Regular Residential	502	565	12.55
Commercial property with an Actual/Assessed Valuation of \$300,000/\$330,000	Current Year Certified 2024/2025	Budget Year Proposed 2025/2026	Percent Change
City Regular Commercial	2,217	2,526	13.94

Note: Actual/Assessed Valuation is multiplied by a Rollback Percentage to get to the Taxable Valuation to calculate Property Taxes. Residential and commercial properties have the same rollback percentage through \$150,000 of actual/assessed valuation.

Reasons for tax increase if proposed exceeds the current:

Bondurant recently grew by 2,023 residents and is collecting \$80,403 more in CGFL property tax revenues than last year due to increased valuation through the City's past economic development efforts. The additional funds are being used to enhance Fire/EMS.

