

**Due to the COVID-19 concerns and social distancing recommendations, a virtual meeting is being offered. 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/88238187495>*

**NOTICE OF A SPECIAL MEETING
BONDURANT CITY COUNCIL
APRIL 1, 2024**

NOTICE IS HEREBY GIVEN that a Special Meeting of the City Council will be held at 5:45 PM on April 1, 2024, 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
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 4/1/2024
Public Hearing

TITLE: Property Tax Levy

CONTACT PERSON:

Marketa Oliver, City Administrator
Jene Jess, Finance Director

BRIEF HISTORY & ANALYSIS: This item is a public hearing on the Proposed Property Tax Levy. 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 form major commercial valuation increases.
- Investments: Increases in services include Public Safety, Public Works, and Library Services.

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 \$9,464 and has a total budget impact of \$12,441. 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. The impact on Bondurant's FY24 budget was estimated to be \$84,000 and the reimbursement from the State is anticipated to be \$47,389; leaving a net revenue loss of \$63,622. The FY25 estimated impact is \$103,320, of which \$47,562 will be projected to be reimbursed, leaving a gap of \$55,758. Also, in 2022 the legislature approved a bill requested by then Department of Revenue Director, Kraig Paulsen, without a fiscal note or analysis that combined residential and multi-family residential into one category. This artificially increased the residential rollback rate. SF181 was then introduced and passed in 2023 in an attempt to correct the earlier error, creating a chaotic budgeting environment for local governments. It means that valuations and rollback designations that had been in place since November had to be reworked in March. The impact on Bondurant meant that the City was not able to lower its levy rate as much as was intended, the planned expansion of law enforcement had to be delayed, and City revenues decreased by approximately \$112,000.

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 \$621,519, equivalent to 14.51% of property taxes and state reimbursement revenues.

FUNDING SOURCE: All

STAFF RECOMMENDATION: Hold public hearing.

APPROVED FOR SUBMITTAL:

ATTACHMENTS:

1. Proposed Property Tax Levy Notice
2. Fact Sheet

CITY NAME: NOTICE OF PUBLIC HEARING - CITY OF BONDURANT - PROPOSED PROPERTY TAX LEVY **CITY #:** 77-715
BONDURANT Fiscal Year July 1, 2024 - June 30, 2025

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

Meeting Date: 4/1/2024 Meeting Time: 05:45 PM Meeting Location: 200 Second Street NE, Bondurant, IA 50035

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)
 www.cityofbondurant.com

City Telephone Number
 (515) 967-2418

Iowa Department of Management	Current Year Certified Property Tax 2023 - 2024	Budget Year Effective Property Tax 2024 - 2025	Budget Year Proposed Property Tax 2024 - 2025
Taxable Valuations for Non-Debt Service	409,145,205	499,978,457	499,978,457
Consolidated General Fund	3,400,549	3,400,549	4,034,461
Operation & Maintenance of Public Transit	0	0	0
Aviation Authority	0	0	0
Liability, Property & Self Insurance	0	0	77,572
Support of Local Emergency Mgmt. Comm.	0	0	7,320
Unified Law Enforcement	0	0	0
Police & Fire Retirement	0	0	0
FICA & IPERS (If at General Fund Limit)	143,708	143,708	104,106
Other Employee Benefits	113,075	113,075	0
Capital Projects (Capital Improv. Reserve)	0	0	0
Taxable Value for Debt Service	495,245,732	618,647,969	618,647,969
Debt Service	1,150,570	1,150,570	1,480,715
CITY REGULAR TOTAL PROPERTY TAX	4,807,902	4,807,902	5,704,174
CITY REGULAR TAX RATE	11.26219	9.17479	10.84075
Taxable Value for City Ag Land	4,161,691	5,528,236	5,528,236
Ag Land	12,501	12,501	16,605
CITY AG LAND TAX RATE	3.00375	2.26130	3.00375
Tax Rate Comparison-Current VS. Proposed			
Residential property with an Actual/Assessed Value of \$100,000	Current Year Certified 2023/2024	Budget Year Proposed 2024/2025	Percent Change
City Regular Resident	615	502	-18.37
Commercial property with an Actual/Assessed Value of \$100,000	Current Year Certified 2023/2024	Budget Year Proposed 2024/2025	Percent Change
City Regular Commercial	615	502	-18.37

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 at \$100,000 Actual/Assessed Valuation.

Reasons for tax increase if proposed exceeds the current:

Valuation grew 22% due to economic development efforts. New valuation has produced an increase in dollars to be collected and used for fire & library personnel & commodities' increases. An increase in dollars collected doesn't necessarily mean an increase to individual property owners.

Tax Rate Hearings Fact Sheet:

1. 3 Different Sections; City County, and Your School District:

- Hearing Time.
- Hearing Place.
- Proposed tax rate.
- Proposed tax dollars.

2. Hearing Information:

- Date: April 1, 2024
- Time: 5:45 PM
- Discussion Topic: Tax rate (No other business allowed)

3. City of Bondurant:

- Proposed Tax Rate: Decreasing for individual taxpayers.
- Proposed Tax Dollars: Increasing due to strategic growth plan.
- Reason for Increase: The increase is based on the strategic growth plan for the City developed by Council as a result of the investment in economic development.
- Source of Increase: Additional property taxes from major commercial valuation increases (e.g., Amazon).

4. Investments:

- Increase in services: Public safety, public works, and library services.

5. City Hearing:

- Date: April 1, 2024
- Time: 5:45 PM

6. Separate Meetings:

- Polk County and School District will hold separate meetings.
- Place, dates and times listed on the letter.

7. Regular Council Meeting:

- Scheduled immediately after the tax rate hearing at 6:00 PM