



PRESENTATION FOR THE PROPOSED
2025 BUDGET & 2024 LEVY

CITY OF HIBBING TRUTH-IN- TAXATION 12/4/2024





Purpose of Truth in Taxation

Enacted in 1988 to:

- Enhance participation in Minnesota's Property Tax System
- Educate the public on how property taxes are determined
- Encourage the public to understand the local government's budget process
- Encourage the public to become involved in helping local officials set spending priorities



Property Tax Cycle

JANUARY – County Assessor assesses both real and personal property (based off prior years' sales data)

BY MARCH 31 – Last day for County Auditor to send property tax statements to property owners (last years' levy, current years' budget)

MARCH/APRIL – Valuation notices sent to property owners (from January assessment). These values will be used in computing proposed tax statements in November & final tax statements following March.



Property Tax Cycle

APRIL/MAY – Local board of Appeal and Equalization convene. The time to appeal your valuation is at this time.

MAY 15 – First half of real property taxes due from statement received in March.

AUGUST 15 – Property tax refund returns (Form M1PR) due. You can claim your refund up to one years past this date. Refer to www.revenue.state.mn.us/property-tax-refund

SEPTEMBER 30 – Preliminary budget and levy must be adopted by this date. The levy in the preliminary budget is reflected in Proposed tax statements.



Property Tax Cycle

OCTOBER 15 – Second half of real property taxes due from statement received in March.

NOVEMBER 10-25 – Truth-in-taxation notices sent to property owners. Proposed tax statement is based off preliminary budgets and valuations sent in March.

NOVEMBER 25 – Truth-in-Taxation meetings may occur on or after this date.

DECEMBER – The City adopts its final budget and levy for taxes paid in following year. The final levy cannot exceed in the preliminary levy. December 31 is the last day for real property owners to file a homestead application with the assessor.



How was your proposed tax statement determined?

PROPOSED TAXES PAYABLE 2025				
THIS IS NOT A BILL. DO NOT PAY.				
VALUES AND CLASSIFICATION				
	Taxes Payable Year	2024	2025	
Step 1	Estimated Market Value	125,200	156,500	<i>Buyers/Sellers create the value - Assessor studies the market 40% of the first \$95,000, minus 9% of the value over \$95,000. No exclusion over \$517,200 (this was changed in 2023 legislative session for Pay 2025.)</i>
	Homestead Exclusion	25,972	32,465	
	Other Exclusions	0	0	
	Taxable Market Value	99,228	124,035	<i>EMV minus exclusions</i>
	Class:	Res Hmstd	Res Hmstd	<i>Classes and rates determined by the State i.e. hmstd, nonhmstd, commercial/indus., etc.</i>

Tax Market Value x Class Rate = **Tax Capacity of Property.**

The first \$500,000 in taxable market value of hmstd prop has rate of 1%. Remainder is 1.25%



How was your proposed tax statement determined?

STEP 2: DETERMINE TAX CAPACITY EXTENSION RATE AND NET PROPERTY TAXES PAYABLE

County levy + School levy + City levy	=	Tax Capacity Extension Rate
Tax Capacity of all property		(169%, for example)

Step	PROPOSED TAX	
	Property taxes before credits	2,096.19
2	School building bond credit	0
	Agriculture market value credit	0
	Other Credits	515.00
	Property taxes after credits	1,581.19

*=tax capacity of prop x tax capacity ext rate, for example
=124,035 x 1% x 169%
tax credits - in this example taconite supplemental aid
66% of homestead tax up to a max of \$515.00 (increased during 2024)*



Meetings by Jurisdiction (Hibbing 12/4/24 @6:00 pm)

Proposed Property Taxes & Meetings by Jurisdiction for Your Property

Contact Information

St. Louis County

Meeting Information

Actual 2024 Proposed 2025

City of Hibbing

School District

Special District

Total excluding any special assessments

\$\$\$

1581.19

***PROPOSED TAX STATEMENTS ARE PREPARED USING ALL JURISDICTIONS PRELIMINARY BUDGETS
THEY EXCLUDE ANY SPECIAL ASSESSMENTS**



Final Budget/Levy adoption

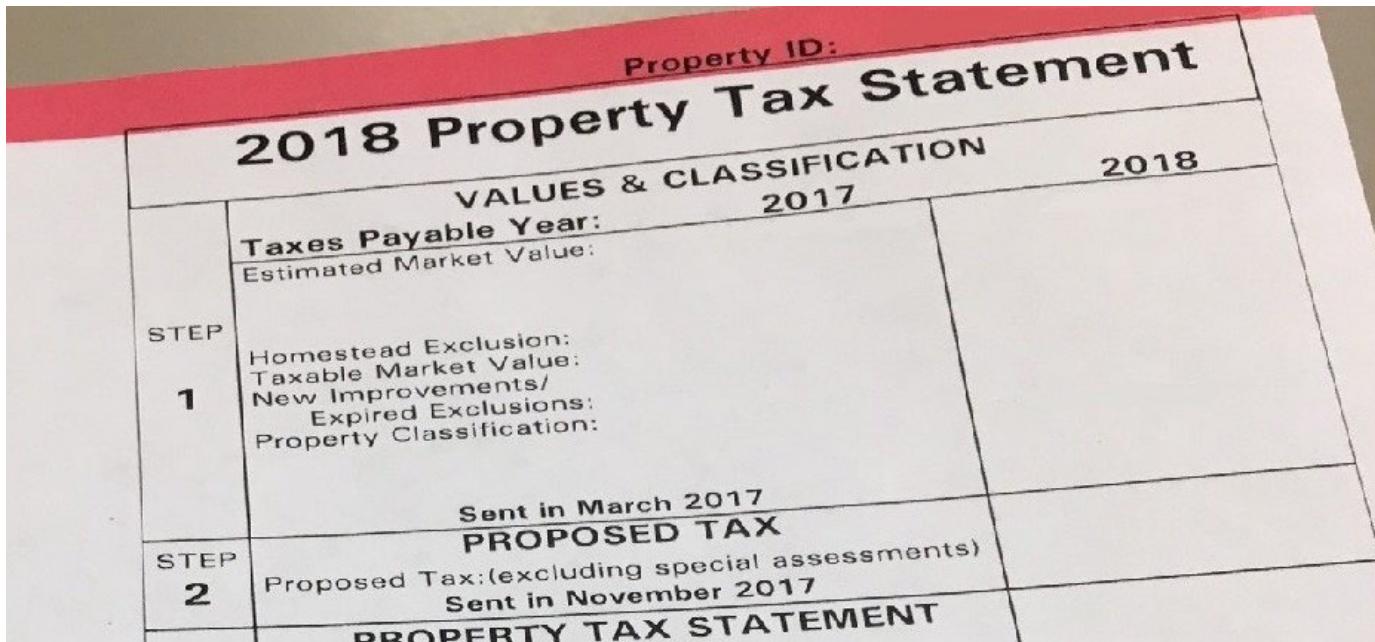
Final Budgets and Levy must be adopted before the end of December for certification to County Auditor

The final levy cannot exceed the preliminary levy. The City of Hibbing approved a preliminary levy increase of 9.35% over last year. The proposed final City levy is for a 3.47% increase over last year.

Final 2024 levy will be reflected in 2025 tax statements printed in March – Example on next slide



Example Property Tax Statement Received in March – Pay May & Oct

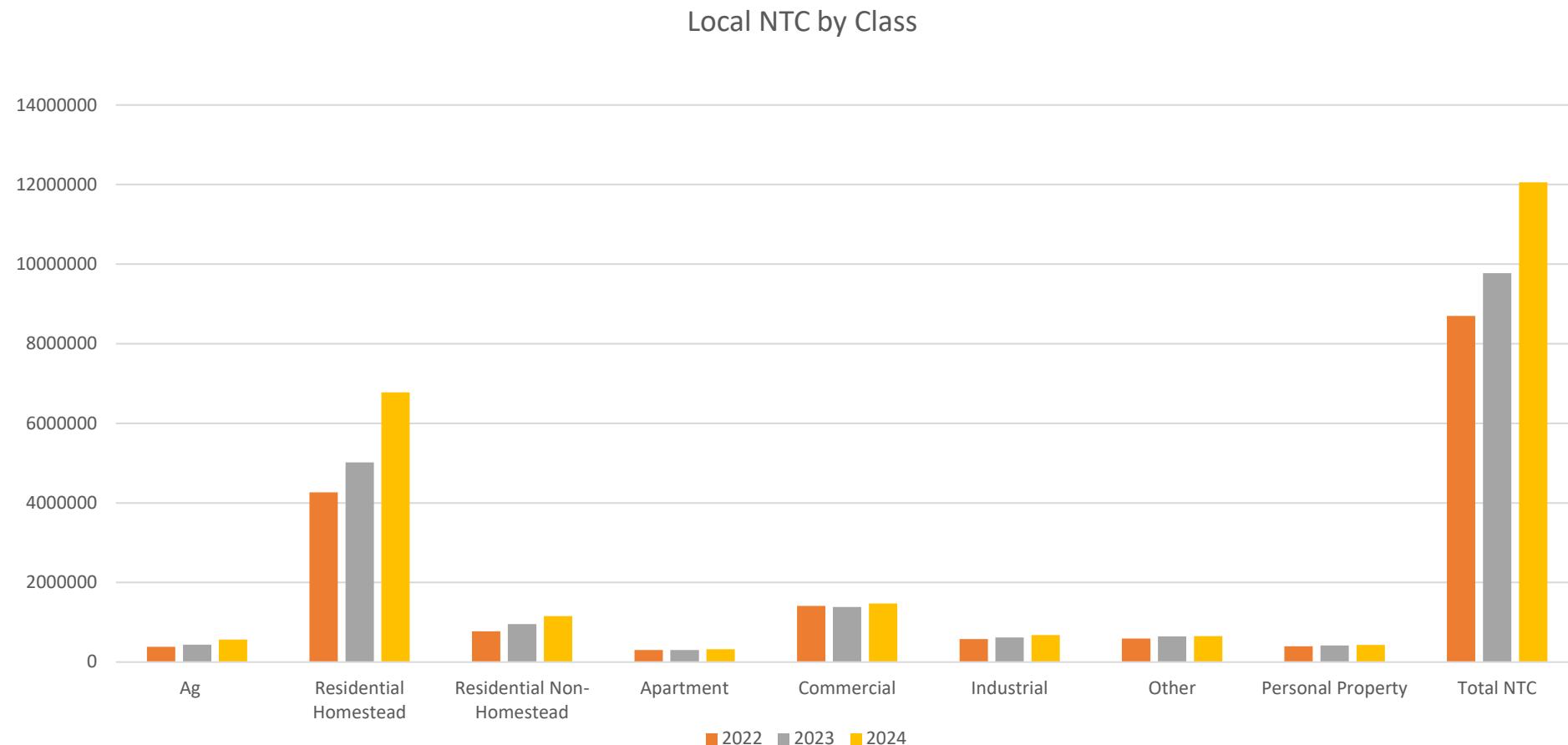


Final tax statement is sent in March with payment stubs to remit payment. Many properties have their payment escrowed with their mortgage.

Final adopted levy for all jurisdictions will be recalculated in final tax statement March 2025.



Local Net Tax Capacity of Hibbing



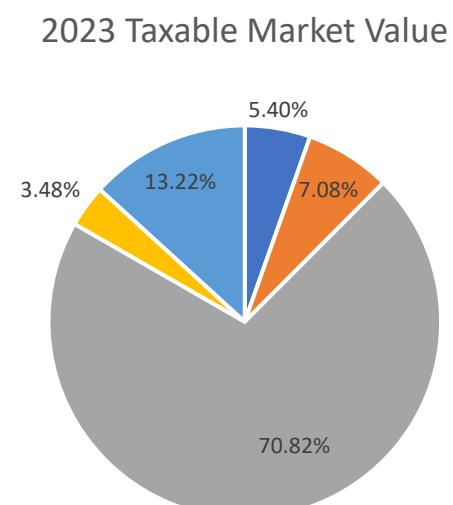


Taxable Market Value - Hibbing

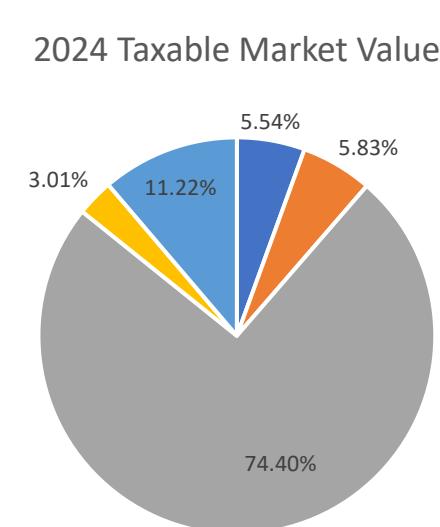
Taxable Market Value
739,831,872



Taxable Market Value
842,318,943



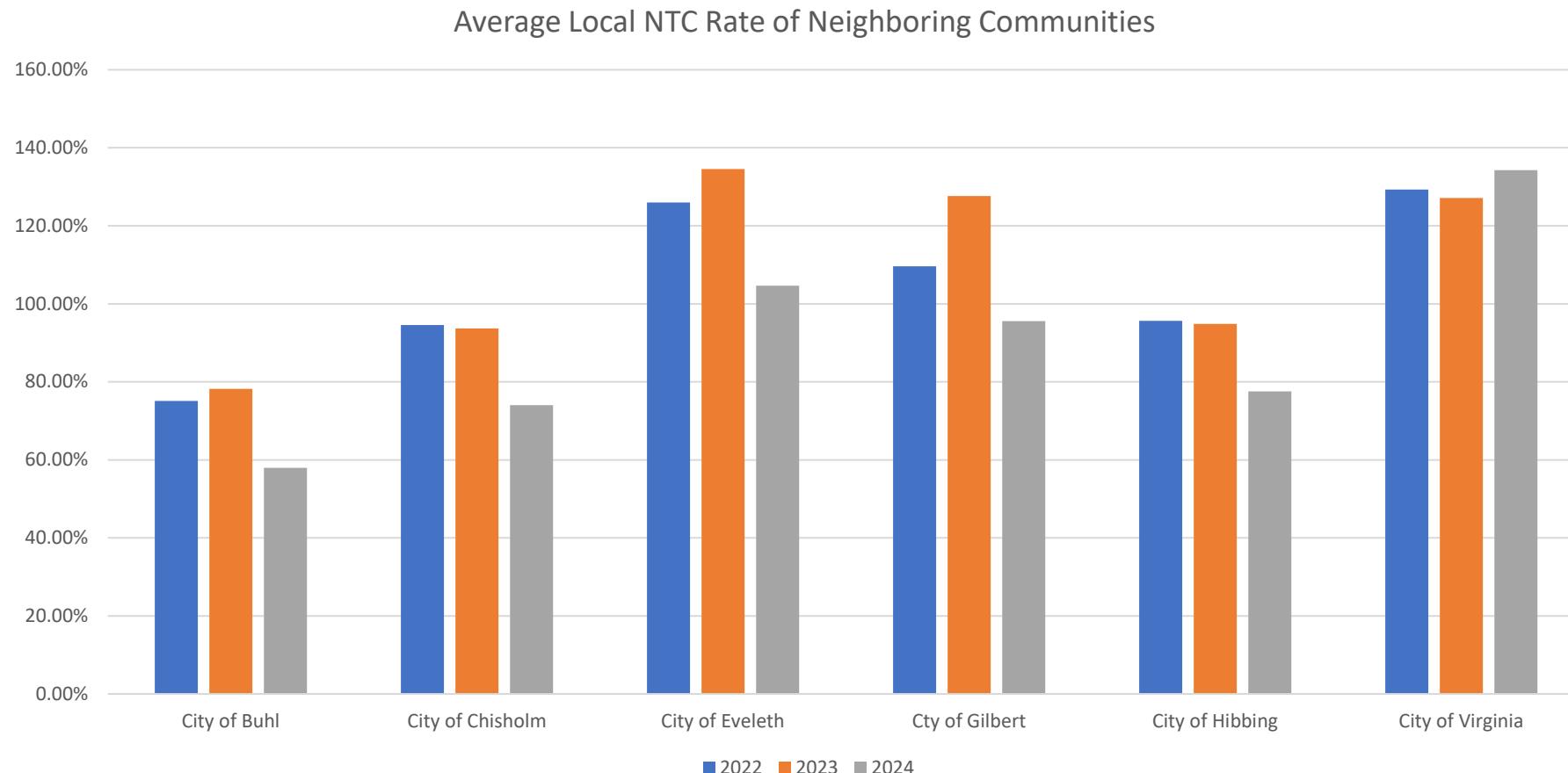
Taxable Market Value
1,062,856,252



■ Agricultural ■ Other ■ Residential ■ Apartment ■ Commercial/Industrial



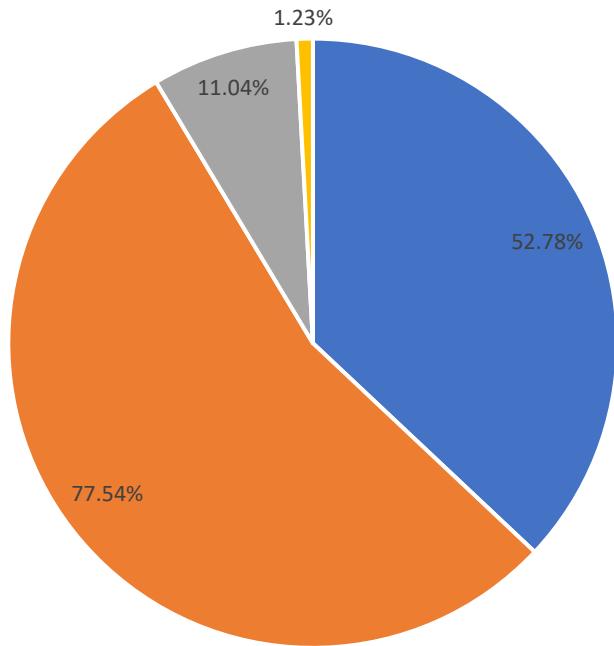
Average City NTC rate comparison





Average City NTC rate comparison

Average Local NTC Tax Rate by Entity



■ County ■ City ■ School District ■ Special Taxing District



Final Proposed 2025 City Budget

Where Does Your Tax Dollar Go?????





Final Proposed 2025 City Budget & Levy

The City of Hibbing is proposing an increase to the City levies of \$350,430 or 3.47% over last year & includes the following levies:

General Fund: \$6,616,867 (includes \$250K T/I to Library)

Library Fund: \$586,043

HEDA: \$105,177

Capital Fund: \$1,035,236

Permanent Improvement: \$1,216,243

Tax Abatement: \$75,000

Debt Service: \$538,040

OPEB (Other Post Employment Benefits): \$290,000

Total: \$10,462,606



General Fund (Major operating fund)

61 cents of every dollar is spent on general operations

Most significant changes to revenues (increasing by \$64,461):

- LGA (Local Government Aid) is largest revenue outside of taxes. LGA is increasing by \$12,963 in 2024 or 0.14%
- Increase in interest income - \$250,000 (Our fixed income securities with low yields are maturing)
- Elimination of transit grant income – Hibbing Area Transit discontinued on 8/1/24.
- Rental licensing revenue estimate removed – transition period of starting program.
- Ambulance revenue increased by \$100,000 – More ambulance transfers yield more income.
- Taconite school aid not expected for 2025 – decreased by \$65K
- State peace officer benefit fund had one-time funding in 2023 legislative session – increased budget from \$15K to \$185K

Most significant changes to expenditures (increasing by \$129,006):

- 2.5% pay increases per collective bargaining agreements + step increase in base pay structure
- New Code Enforcement Department created for rental compliance.
- Medical insurance increased 10% for active employees and early retirees.
- City services personnel budget is now getting split into respective departments – City Hall, Recreation, Parks, Memorial Building & Library.
- Elections budget reduced by 96% since 2025 isn't an election year.
- Transit budget eliminated due to Arrowhead Transit taking over on 8/1/24



General Fund (Major operating fund)

8 cents of every dollar of your city tax is for General Government operations

General Gov't Expenditures	2024 Budget	2025 Proposed	Increase/(Decrease)
Mayor & Council	\$185,918	\$195,731	\$9,813
Election/Voter Reg	\$113,800	\$ 5,100	(\$108,700)
City Clerk	\$295,046	\$299,715	\$4,669
Finance	\$758,584	\$808,244	\$49,660
City Administrator	\$223,726	\$244,683	\$20,957
Accounting/Auditing	\$ 56,900	\$ 56,900	\$0
Assessing	\$ 85,612	\$ 89,706	\$4,094
Legal	\$165,000	\$180,000	\$15,000
Human Resources	\$253,392	\$260,305	\$6,913
Building & Housing	\$293,653	\$318,820	\$25,167
Data Processing (IT)	\$237,874	\$265,900	\$28,026
City Hall	\$113,425	\$194,548	\$81,123
Total	\$2,782,930	\$2,919,652	\$136,722





General Fund (Major operating fund)

Public Safety

15 cents of every dollar of your city tax is for Police Department operations

Police Expenditures	2024 Budget	2025 Proposed	Increase/(Decrease)
Police Department	\$5,099,217	\$5,094,398	(\$4,819)
Animal Shelter	\$103,300	\$102,000	(\$1,300)
Prosecutorial Svcs	\$100,000	\$100,000	\$0
Total	\$5,302,517	\$5,296,398	(\$6,119)

*Moved Code Enforcers out of Police to new Department under Fire Dept. for 2025





General Fund (Major operating fund)

Public Safety

10 cents of every dollar of your city tax is for Fire/Ambulance Department operations

Fire/EMS Expenditures	2024 Budget	2025 Proposed	Increase/(Decrease)
Fire Department	\$978,591	\$985,748	\$7,157
Paid on Call FD	\$183,900	\$176,700	(\$7,200)
Code Enforcement	\$0	\$197,640	\$197,640
Emergency Management	\$12,000	\$15,000	\$3,000
Ambulance	\$3,461,048	\$3,634,890	\$173,842
Total	\$4,635,539	\$5,009,978	\$374,439





General Fund (Major operating fund)

Public Works

15 cents of every dollar of your city tax is for Public Works operations

Public Works Expenditures	2024 Budget	2025 Proposed	Increase/(Decrease)
Engineering	\$487,282	\$567,133	\$79,851
Streets & Alleys	\$3,024,258	\$3,263,262	\$239,004
Street Lighting	\$61,500	\$63,500	\$2,000
Public Works Garage	\$654,168	\$706,318	\$52,150
Total	\$4,227,208	\$4,600,213	\$373,005

*Streets & Alleys increase due to increased price in new grader lease & price of operating supplies.





General Fund (Major operating fund)

Culture & Recreation

7 cents of every dollar of your city tax is for Culture & Recreation operations

	2024 Budget	2025 Proposed	Increase/(Decrease)
Recreation Administration	\$52,400	\$196,212	\$143,812
Parks	\$201,684	\$865,403	\$663,719
Golf Course	\$77,410	\$217,574	\$140,164
Memorial Building	\$414,146	\$1,052,207	\$638,061
Bus Museum	\$23,000	\$22,565	\$ (435)
Mine View	\$36,490	\$33,890	\$ (2,600)
City Services	\$1,733,086	\$0	\$ (1,733,086)
Total	\$2,538,216	\$2,387,851	\$ (150,365)

*City Services Dept was eliminated and allocated to respective Departments where salary is incurred (includes City Hall & Library)





General Fund (Major operating fund)

Other Functions of Government

6 cents of every dollar of your city tax is for Other functions

Other Expenditures	2024 Budget	2025 Proposed	Increase/(Decrease)
Economic Development	\$205,119	\$214,549	\$9,430
Bus Transit	\$569,582	\$0	\$(569,582)
Cemetery	\$302,547	\$337,978	\$35,431
Judgements & Losses	\$10,000	\$10,000	\$0
Unallocated General	\$214,000	\$209,000	\$(5,000)
Unallocated Insurance	\$1,379,322	\$1,310,367	\$ (68,955)
Total	\$2,680,570	\$2,081,894	(\$598,676)

*Hibbing Area Transit was replaced by Arrowhead Transit on 8/1/2024. Insurance decreased because of the Number of retirees turning 65 and going onto Medicare.



Library Fund

Library

8 cents of every dollar of your city tax is for Library operations

Library Expenditures	2024 Budget	2025 Proposed	Increase/(Decrease)
Library	\$923,515	\$1,016,538	\$93,023
Total	\$923,515	\$1,016,538	\$93,023

\$586,043 minimum maintenance levy set by State
General Fund transfers in \$250,000 to fund deficit
Some new Maintenance and Supervisory salaries are allocated to this budget for 2025.





HEDA Fund

Hibbing Economic Development Authority

1 cent of every dollar of your city tax is for HEDA (Hibbing Economic Development Authority)

HEDA Expenditures	2024 Budget	2025 Proposed	Increase/(Decrease)
Economic Development	\$177,936	\$183,861	\$5,925
Total	\$177,936	\$183,861	\$5,925

Levy has been consistently set at \$105,177, and it remains unchanged for 2025.

Statutory maximum is 0.01813% of City's taxable market value.

The fund still has enough reserves to cover anticipated expenditures in excess of levy amount.



Capital Equip/Improvement Fund

Capital

10 cents of every dollar of your city tax is for capital outlay in 2025

- 2025 budgeted capital expenditures (\$5,000 + and last more than 1 year)

Street Sweeper
Wheel Loader
Clubhouse Remodel
(2) Police Cars
Lincoln Playground Donation
Finance Software
Carey Lake Road Rehab
ADA Bathrooms – Library
Columbarium
Police Drone (50% paid by grant)

Last year's Capital levy was \$795,398. This year's proposed levy is \$1,035,236 to fulfill City's 2025 capital needs.



Permanent Improvements Fund

Permanent Improvements – Streets/Infrastructure

12 cents of every dollar of your city tax is for permanent improvements in 2025

2025 budgeted permanent improvements expenditures:

Sidewalk improvements (shared with residents)

Alleys (funds encumbered for 2025)

City paving - segments not eligible for MSA (Minnesota State Aid)

HPU Watermain Project infrastructure (sidewalk, curb & gutter)

Non-participating part of Zim Road Bridge Project (remaining is Bridge Bond Funds)

BNSF Railroad Crossing approaches (Year 1 of 3)

Last year's Permanent Imp. levy was \$1,112,236. This year's proposed levy is \$1,216,243 to fulfill City's 2025 Permanent Improvement needs.



Tax Abatement Fund

Tax Abatement

1 cent of every dollar of your city tax is for tax abatement in 2025

2025 levy for economic development tax abatement agreements:

- To incentivize economic development, the City may enter into a development agreement that involves tax abatement incentives. The City of Hibbing currently has 4 active agreements.
- This proposed levy remains unchanged from 2024 to 2025



Debt Service Levy

Debt Service

5 cents of every dollar of your city tax is for debt service in 2025

2025 levy for debt service – principal and interest payments:

- The City levies 105% of next years' debt service needs to cover principal and interest payments on existing debt.
- The City issued bonds in March 2024 to purchase Capital Equipment.
- The overall debt service levy was reduced from \$596,000 in 2024 to a proposed 2025 levy of \$538,040



OPEB (Other Post Employment Benefits)

OPEB Levy

3 cents on the dollar of your city tax is for OPEB in 2025

2025 levy for OPEB:

-The City of Hibbing has an accrued liability of \$30M for post employment benefits of employees. This amount will be paid over many years. The \$290K levied for these benefits goes into a fund to pay for benefits of retirees (similar to a pension fund).



HRA Levy

Housing & Redevelopment Authority

- An HRA is designated by State law as a special taxing district.
- The HRA may levy a tax upon all taxable property within the City with consent via Resolution by City Council
- The maximum levy of the HRA is 0.0185% of the previous year's estimated market value of the City.
- HRA's levy request has been unchanged at \$50,000 for many years.
- Housing needs assessment shows Hibbing has many unmet housing needs.
- HRA initially requested an increase for 2025 to \$150,000 to assist with housing projects and grant matching.
- Proposing this year's increase to \$100,000 for the Final pay 2025 Levy



Airport Levy

Range Regional Airport Authority

- Chisholm/Hibbing Airport Authority was created by State law in 1994.
- Airport may levy tax on all taxable property, according to the total tax capacity in each city, in the city of Chisholm and in the city of Hibbing, to provide funds for the operation of the authority.
- A joint meeting of the city councils must be convened annually for the purpose of either adopting or rejecting said levy.
- The airport is requesting a pay 2025 levy of \$821,000 which is an increase of \$23,632 or 2.96% from \$797,368 requested for taxes paid in 2024.





Business-Type Activities

Sewer Fund (paid with utility fees rather than levy)

Sewer Fund Exp	2024 Budget	2025 Proposed	Increase/(Decrease)
Waste Treatment Plant	\$1,575,604	\$1,731,050	\$155,446
Sanitary & Storm Sewer	\$1,359,996	\$2,569,141	\$1,209,145
Debt Service	\$867,560	\$868,100	\$540
Misc (inc. Depreciation)	\$1,528,333	\$1,535,446	\$7,113
Total	\$5,331,493	\$6,703,737	\$1,372,244

Rate Study with Baker Tilly in progress. Budgeted 1% increase to rates per previous study
Large increase to Sanitary & Storm is for sewer lining project per CIP





Business-Type Activities

Sanitation Fund (paid with utility fees rather than levy)

Sanitation Fd Exp	2024 Budget	2025 Proposed	Increase/(Decrease)
Sanitation	\$3,200,598	\$3,286,905	\$86,307
Recycling Center	\$35,156	\$37,359	\$2,203
Debt Service	\$0	\$0	\$0
Misc (inc. Depreciation)	\$303,619	\$401,959	\$98,340
Total	\$3,539,373	\$3,726,223	\$186,850

- No projected rate increases for 2025
- Dept heads looking into operations to improve efficiency and promote cost savings
- 2025 F-550 Container Handler & 2025 Rapid Reil Garbage Truck budgeted for 2025 – catching up replacing old equipment





Property Tax Relief

- Property Tax Refunds
<https://www.revenue.state.mn.us/property-tax-refund>
- Senior Citizens' Property Tax Deferral Program
<https://www.revenue.state.mn.us/property-tax-deferral-senior-citizens>
- Market Value Exclusion for Veterans with a Disability
<https://www.revenue.state.mn.us/market-value-exclusion-veterans-disability>
- Other Property Tax Programs
<https://www.revenue.state.mn.us/property-tax-programs>



Questions/Comments

Questions about the City's Budget:
Sheena Mulner – Finance Director/Treasurer
218-312-1602

Questions about your classification or assessed value:
Rodella LaFreniere – Principal Appraiser
218-262-6087

