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CITY OF MUSCATINE PRESS RELEASE

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PROPOSED BUDGET KEEPS PROPERTY TAX RATE UNCHANGED

Plenty of challenges ahead but balanced budget proposed for Council consideration

MUSCATINE, Iowa – The property tax rate for the City of Muscatine will remain unchanged for the ninth consecutive year according to the proposed 2020/2021 budget overview presented to the Muscatine City Council Thursday night. That is good news for the taxpayers of Muscatine.

Interim City Administrator Greg Jenkins and Finance Director Nancy Lueck have worked with department heads and staff preparing the Fiscal Year 2021 budget for Council's consideration.

"Each year there are numerous variables that factor into the decision making process," Lueck said. "This presents a significant challenge to staff to again balance the needs of the community and our ability to provide those needs."

The one constant, Lueck said, is the desire and dedication of City staff to provide the necessary services to the community.

Thursday's meeting will be followed by several weeks of presentations to the city Council by the various departments and outside agencies supported by the City of Muscatine. Most budget discussions will be held in the lower level conference room at Muscatine City Hall with the first session starting at 8 a.m. on Saturday, Feb. 1. Sessions will also be held on Feb. 4, 5, 6, 8, 11, 12, and 15.

A significant change, approved by the Iowa Legislature in 2019, to the annual city budget adoption process will be implemented this year as cities across the state are required to hold an additional public hearing to identify “a total maximum property tax dollars to be derived from certain levies in the budget for the next fiscal year”.

The public hearing and the passage of a resolution on the proposed maximum property tax dollars must proceed setting a public hearing on the adoption of the budget.

To help cities meeting the requirements of holding two public hearings, the State of Iowa moved back the deadline to file an approved budget with the county auditor for certification to March 31. The previous deadline was March 15.

The property tax rate has remained virtually the same for the past 11 years and has been at \$15.67209 per \$1,000 of taxable property valuation for the past nine years. The rate was \$15.77146 in 2010/2011 and 2011/2012.

The majority of revenue for the General Fund comes through the local property tax system. Property valuations provided by Muscatine County reflect an increase of just 0.85 percent in taxable values for 2020/2021, the smallest increase in many years and continues a general decline in increased taxable values.

A 1.84 percent increase in taxable values for 2019/2020 followed a 2.92 percent increase in 2018/2019 and a 2.95 percent increase for 2017/2018. The percentage is computed based on valuations and rollbacks on commercial and industrial properties, residential, multi-residential, railroads, and utilities. The lower increase includes a \$1.7 million decrease in taxable value (compared to 2019/2020) in multi-residential property valuations.

More property tax information can be found on the Iowa League of Cities website.

To maintain the level of city services and to avoid raising the property tax rate, the 2020/2021 proposed budget also keeps the Utility Franchise Fee at five percent, but that gives the City less flexibility in funding any further revenue reductions in the General Fund without an increase in property taxes or a decrease in service levels.

Challenges to the budget include the possibility of the State legislature further restricting or banning the use of ATE cameras. The FY 21 budget estimates ATE revenue at \$500,000. However, changes in the collection rates using the new municipal infraction process (approved by the City Council in 2019) are expected to be less than the previous process using a collection agency. The \$500,000 estimate is a decrease from previous years when the estimate was \$750,000.

The recommendations provided in the proposed 2020/2021 budget take into consideration the willingness to maintain a balance between the service levels provided and challenging departments, and the city organization as a whole, to maximize efficiency.

Citizens are welcome to attend any or all of the budget discussions but are reminded that there is no public comment until the public hearings (tentatively set for March 5 and 19). It is recommended that citizens who have questions or concerns keep a written record of those questions or concerns to be presented at the Public Hearing.

A complete schedule of the meetings along with additional information can be found at [2020/2021 Proposed Budget](#) on the Finance & Records page of the City of Muscatine web site.