

Truth in Taxation Public Hearing
2023 Proposed Budget and Property Tax Levy
City of Duluth, Minnesota

Mayor Emily Larson

CITY COUNCILORS

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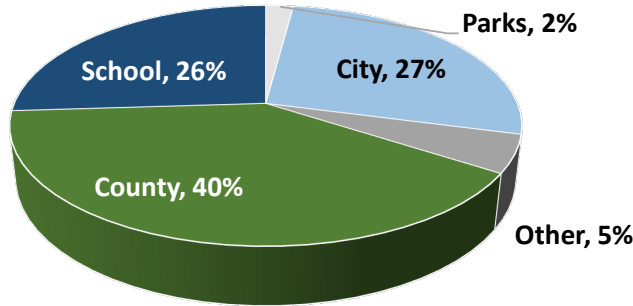
CHIEF ADMINISTRATIVE OFFICER

Noah Schuchman



City of Duluth Minnesota - 2023 Budget

Breakdown of Average Homestead Property Tax Bill by Taxing Entity



2023 Proposed Property Tax Levy

	2022 Approved Levy	2023 Proposed Levy	Change In Levy
General Operations Levy			
General Operations	\$ 25,237,726	\$ 28,497,026	\$ 3,259,300
Provision for Tax Delinquency	\$ 150,000	\$ 150,000	\$ -
Total General Operations Levy	\$ 25,387,726	\$ 28,647,026	\$ 3,259,300
Supplemental Parks Levy	\$ 280,000	\$ 280,000	\$ -
Capital Projects Levy			
Debt Service	\$ 7,307,600	\$ 7,357,600	\$ 50,000
Infrastructure Permanent Improvements	\$ 280,000	\$ 280,000	\$ -
Total Capital Projects Levy	\$ 7,587,600	\$ 7,637,600	\$ 50,000
Street Light Levy	\$ 2,447,200	\$ 2,547,200	\$ 100,000
Street Maintenance Levy	\$ 2,300,000	\$ 2,300,000	\$ -
Duluth Housing Trust Fund Levy	\$ 292,500	\$ 292,500	\$ -
Total City Property Tax Levy	\$ 38,295,026	\$ 41,704,326	\$ 3,409,300

General Operations Levy Increase	\$ 3,259,300	8.51%
Capital Projects Levy - Increased Interest Costs	\$ 50,000	0.13%
Street Light Levy - Increase in S&B + Materials	\$ 100,000	0.26%
2023 City Tax Levy Increase	\$ 3,409,300	8.90%

New Construction Growth	\$ 407,870	1.07%
Net Property Tax Impact After Growth	\$ 3,001,430	7.83%

ST LOUIS COUNTY
 AUDITOR-TREASURER
 NANCY NILSEN
 100 N 5TH AVE W ROOM 214
 DULUTH MN 55802
 www.stlouiscountymn.gov

Taxpayer # xxxxxx
 Current Resident
 Address Line 1
 Address Line 2
 Address Line 3

Property Information

Parcel ID / #: xxx-xxxx-xxxxx

Property Description:
 Legal Description 1

Propert : xxx\DULUTH

PROPOSED TAXES 2023		
THIS IS NOT A BILL. DO NOT PAY.		
Step	VALUES AND CLASSIFICATION	
	Taxes Payable Year	2022 2023
1	Estimated Market Value	213,100 213,100
	Homestead Exclusion	18,061 18,061
	Other Exclusions	0 0
	Taxable Market Value	195,039 195,039
	Class:	RES HMSTD RES HMSTD
Step	PROPOSED TAX	
2	Property Taxes before credits	2,978.00
	School building bond credit	.00
	Agriculture market value credit	.00
	Other credits	.00
	Property Taxes after credits	2,978.00
Step	PROPERTY TAX STATEMENT	
3	Coming in March 2023	
The time to provide feedback on PROPOSED LEVIES is NOW		
It is too late to appeal your value without going to Tax Court.		

Proposed Property Taxes and Meetings by Jurisdiction for Your Property			
Contact Information	Meeting Information	Actual 2022	Proposed 2023
State General Tax	No public meeting	.00	.00
ST LOUIS COUNTY St. Louis County Admin 100 N 5th Ave W, Room 202 Duluth, MN 55802 218-726-2383 EXT 2 www.stlouiscountymn.gov	11/21/2022 7:00 PM City of Virginia Courthouse 11/28/2022 7:00 PM St. Louis County Courthouse - Duluth	1,315.31	1,187.58
CITY OF DULUTH Budget Manager 411 W 1st ST RM 120 Duluth, MN 55802 (218)730-5195 https://duluthmn.gov/live-meeting/	12/05/2022 7:00 PM City Hall 411 W 1st St Duluth, MN 55802	924.10	866.15
SCHOOL DISTRICT: 709 Voter Approved Levies - School Other Levies - School		139.45 738.63	117.70 656.33
ISD 709 Business Services 4316 Rice Lake RD STE 108 Duluth, MN 55811 (218)336-8704 www.isd709.org	12/20/2022 6:00 PM East HS Media Center 301 N 40th Ave E Duluth, MN 55804		
Special Taxing District(s):		115.51	150.24
Tax Increment Tax		.00	.00
Fiscal Disparity Tax - see www.house.leg.state.mn.us/hrd/pubs/ficaldis.pdf for information on fiscal disparity tax		.00	.00
Total excluding any special assessments	3	3,233.00	2,978.00

TAX BILL FOOTNOTES

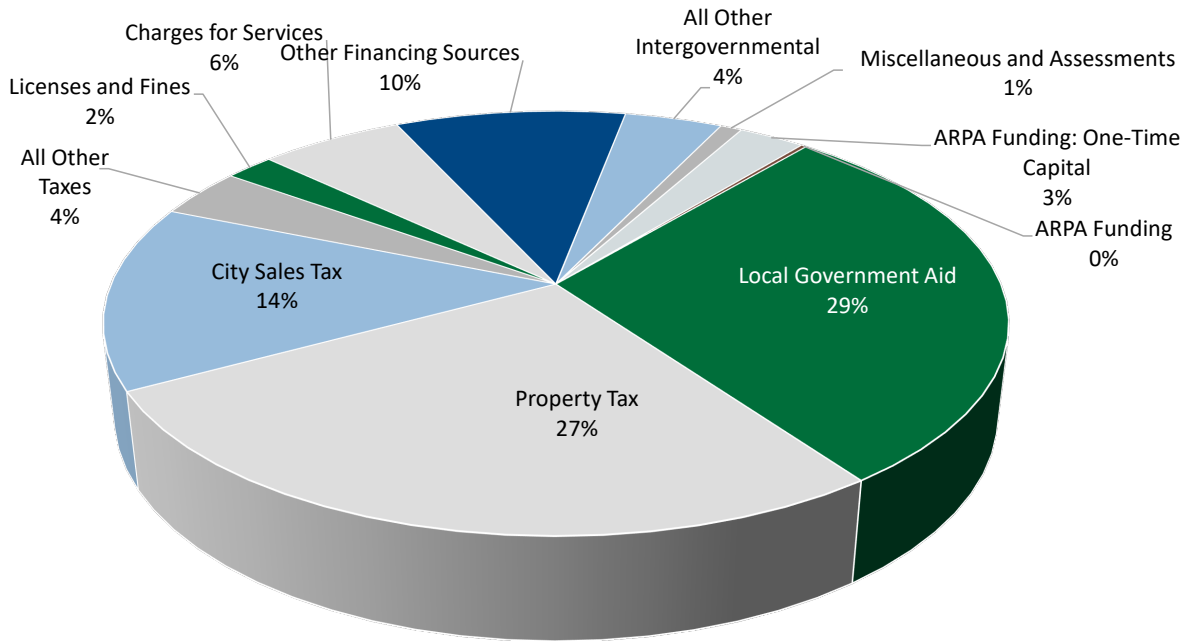
Classification changes can significantly impact an individual's property tax burden. For example, homestead properties are taxed at a different rate than non-homestead, seasonal, or commercial/industrial.

Market Value and Tax Capacity Value are used to apply the various tax rates against the property to figure the tax bill. An increase can occur due to new construction or reassessments.

There are columns showing the actual 2022 property tax for each taxing authority compared to the proposed 2023 property tax.

If the overall tax bill is significantly higher than the previous year's, the property taxpayer may file for a refund from the State of Minnesota. This can take the form of a rebate on increases over 12%, with a \$100 minimum increase; or the circuit breaker program based on ability to pay.

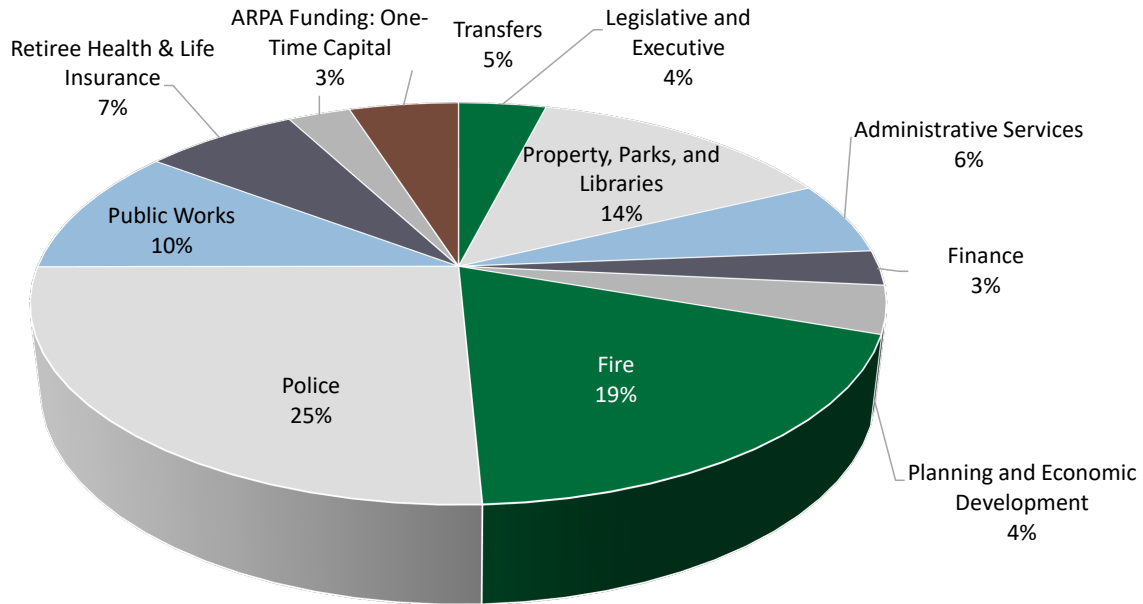
2023 General Fund Proposed Revenues



Local Government Aid	\$ 30,807,800
Property Tax	\$ 28,647,100
City Sales Tax	\$ 15,000,000
All Other Taxes	\$ 3,998,700
Licenses and Fines	\$ 2,208,600
Charges for Services	\$ 6,493,400
Other Financing Sources	\$ 10,442,600
All Other Intergovernmental	\$ 4,422,600
Miscellaneous and Assessments	\$ 984,000
ARPA Funding: One-Time Capital	\$ 3,000,000
ARPA Funding	\$ 245,000
TOTAL 2023 Revenues	\$ 106,249,800

This graph shows the major categories of revenues expressed as a percent of total General Fund revenues estimated for budget fiscal year 2023. The City's policy of maintaining a diverse revenue base is reflected in the categories of revenues listed above, with almost 200 separate budgeted sources of revenue. Although the City does have a wide variety of revenues, the reader will note the City's relative dependence on Local Government Aid, which constitutes 29% of all General Fund revenues and does not adjust for inflation. For this reason, we closely monitor Local Government Aid every session at the State Legislature.

2023 General Fund Proposed Expenditures



Legislative and Executive	\$ 4,192,100
Property, Parks, and Libraries	\$ 14,732,200
Administrative Services	\$ 6,261,600
Finance	\$ 2,998,500
Planning and Economic Development	\$ 4,072,100
Fire	\$ 20,089,400
Police	\$ 27,301,700
Public Works	\$ 10,957,200
Retiree Health & Life Insurance	\$ 7,399,100
ARPA Funding: One-Time Capital	\$ 3,000,000
Transfers	\$ 5,245,900
TOTAL 2023 EXPENDITURES	\$ 106,249,800

This graph shows the General Fund departmental budgets as a percent of the total General Fund expenditures for budget fiscal year 2023. The largest category of expense is public safety with the Police and Fire departments comprising 45% of the total; followed by Property, Parks, and Libraries department at 14%. The General Fund portion of the Public Works department comprises 10% of the total. Retiree health care and Life Insurance comprises 7% of the total. The remaining five departments totaled together (including ARPA One-Time Capital within Transfers) are 24%, with no department exceeding 8%.

City of Duluth Minnesota - 2023 Budget

General Fund Expenses	2020 Actual	2021 Actual	2022 Approved	2023 Proposed
LEGISLATIVE AND EXECUTIVE				
City Council	178,810	190,035	206,500	204,400
Mayor's Office	751,878	767,907	823,700	837,500
Chief Administrative Officer	439,791	467,764	481,500	493,800
Attorney's Office	2,392,214	2,333,590	2,318,700	2,656,400
DEPARTMENT TOTAL	3,762,693	3,759,296	3,830,400	4,192,100
PROPERTY, PARKS, AND LIBRARIES				
Park Maintenance	3,790,320	3,368,463	3,299,500	3,553,400
Library Services	3,846,931	4,848,566	5,062,200	5,249,900
Facilities Management	4,518,354	5,106,255	5,259,500	5,928,900
DEPARTMENT TOTAL	12,155,605	13,323,284	13,621,200	14,732,200
ADMINISTRATIVE SERVICES				
Human Resources	1,186,646	1,188,621	1,238,300	1,279,300
Information Technology	3,460,963	3,669,897	3,682,600	4,067,000
City Clerk	849,548	794,455	874,300	915,300
DEPARTMENT TOTAL	5,497,157	5,652,973	5,795,200	6,261,600
FINANCE				
Budget Office	978,873	959,584	950,400	996,800
Auditor's Office	1,217,538	1,241,123	1,241,300	1,360,000
Purchasing	600,997	584,872	622,800	641,700
DEPARTMENT TOTAL	2,797,408	2,785,579	2,814,500	2,998,500
PLANNING AND ECONOMIC DEVELOPMENT				
Planning and Development	1,353,171	1,468,593	1,523,400	1,683,200
Construction Services	2,069,508	2,181,228	2,223,200	2,388,900
DEPARTMENT TOTAL	3,422,679	3,649,821	3,746,600	4,072,100
FIRE DEPARTMENT				
Fire Administration	583,137	675,376	768,500	976,600
Fire Operations	17,008,875	16,725,650	17,011,300	17,576,900
Life Safety	1,076,633	1,334,244	1,326,900	1,535,900
DEPARTMENT TOTAL	18,668,645	18,735,270	19,106,700	20,089,400
POLICE DEPARTMENT				
	24,688,591	24,542,954	26,406,600	27,301,700
PUBLIC WORKS				
Director's Office	99,846	87,716	89,600	91,800
Street Maintenance	7,693,802	7,214,840	8,325,400	8,732,500
Transportation Engineering	1,955,690	2,035,158	2,024,900	2,132,900
DEPARTMENT TOTAL	9,749,338	9,337,714	10,439,900	10,957,200
TRANSFERS				
	12,452,736	13,058,511	13,568,300	15,645,000
Total General Fund	93,194,852	94,845,402	99,329,400	106,249,800

City of Duluth Minnesota - 2023 Budget

	2022 Approved Budget	2023 Proposed Budget	Variance 2022 Approved Budget vs 2023 Proposed Budget	
			\$	%
REVENUES				
Local Government Aid	30.67	30.81	0.14	0.5%
City Sales and Use Tax	14.50	15.00	0.50	3.4%
Property Tax	25.39	28.64	3.25	12.8%
Charges for Services	6.16	6.49	0.33	5.4%
Other Financing Sources	6.09	6.44	0.35	5.8%
Intergovernmental	4.25	4.42	0.17	4.0%
Gas Utility in Lieu of Taxes	2.90	4.00	1.10	37.9%
Minnesota Power Franchise Tax	2.59	3.10	0.51	19.7%
ARPA - One Time Capital Needs	-	3.00	3.00	100.0%
Licenses and Permits	1.76	1.90	0.14	8.0%
All Other Taxes	0.92	0.91	(0.01)	-1.4%
Miscellaneous	0.47	0.55	0.08	17.0%
Special Assessments	0.50	0.44	(0.06)	-12.0%
Fines and Forfeits	0.38	0.30	(0.08)	-21.1%
Fund Balance Reserves	0.20	-	(0.20)	-100.0%
ARPA Operations Funding	2.55	0.24	(2.31)	-90.6%
Revenue Totals	99.33	106.24	6.91	6.96%
EXPENDITURES				
Salaries and Overtime	50.75	52.66	1.910	3.76%
Medical Insurance	11.92	13.60	1.680	14.09%
Benefits	10.71	10.89	0.180	1.68%
Retiree Medical & Life Insurance	7.40	7.40	-	0.00%
Other Services and Charges	6.04	5.77	(0.274)	-4.54%
Supplies	3.28	3.52	0.240	7.32%
ARPA - One Time Capital Needs	-	3.00	3.000	100.00%
Fleet	2.73	2.94	0.210	7.69%
Worker's Compensation	2.73	2.10	(0.630)	-23.08%
Utilities	1.48	1.91	0.430	29.05%
Software & License Agreements	1.18	1.34	0.164	13.90%
Professional Svs/Contracts	0.80	0.80	0.004	0.50%
Capital Outlay	0.31	0.31	-	0.00%
Expenditure Totals	99.33	106.24	6.91	6.96%

City of Duluth Minnesota - 2023 Budget

Bridge Schedule Outlining Variances between 2022 Approved Budget and 2023 Proposed Budget

	\$ Variance in Millions	Narrative
2022 Approved Revenues	99.33	
Property Tax	3.25	The general fund's portion of the proposed 8.9% property tax levy increase
ARPA - One-time Capital needs	3.00	Use of one-time ARPA funding for one-time capital expenditures
Gas Utility	1.10	One time increase tied to the price of gas
All Other Operating Revenues	0.86	All other changes throughout
City Sales and Use Tax	0.50	Based on inflation adjusted numbers for this year, GDP projections showing a shrinking economy, and a steady decline in personal savings across U.S.
Minnesota Power Franchise Tax	0.51	Increase due to MN Power rate increases and newly occupied large facilities
ARPA Funding	(2.31)	Decreasing the 2022 ARPA funds used to cover revenue shortfalls
Total Revenue Changes	6.91	
2023 Proposed Revenues	106.24	
2022 Approved Expenditures	99.33	
Salaries and Benefits	3.77	Step/Longevity Increases for staff along with corresponding benefits and medical
ARPA - One-time Capital needs	3.00	Use of one-time ARPA funding for one-time capital expenditures
Utilities	0.43	Rate increases and cost of gas
Supplies	0.23	Motor Fuel cost increases
All other Operating Expenses	(0.73)	All other changes throughout
Fleet	0.21	Cost of parts/sublet labor and cost of motor fuels
Total Expense Changes	6.91	
2023 Proposed Expenditures	106.24	