

# **Truth in Taxation Public Hearing**

## **2026 Proposed Budget and Property Tax Levy**

### **MAYOR**

**Roger Reinert**

### **City Councilors**

**Wendy Durrwachter**

**Deborah DeLuca**

**Roz Randorf**

**Tara Swenson**

**Janet Kennedy**

**Azrin Awal**

**Arik Forsman**

**Lynn Marie Nephew**

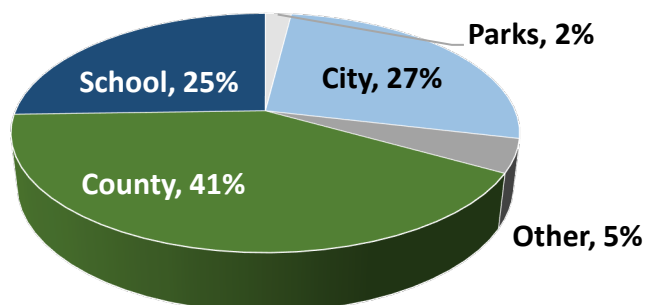
**Terese Tomanek**

**City Administrator's Office**  
**Matthew Staehling**



# City of Duluth Minnesota - 2026 Budget

## Breakdown of Average Homestead Property Tax Bill by Taxing Entity



## 2026 Proposed Property Tax Levy

	2025 Approved Levy	2026 Proposed Levy	2026 Amended Proposal*	Change In Levy (Amended vs 2025)
<b>General Operations Levy</b>				
General Operations	\$ 25,547,272	\$ 27,523,155	\$ 27,956,119	\$ 2,408,847
Provision for Tax Delinquency	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
<b>Total General Operations Levy</b>	<b>\$ 25,697,272</b>	<b>\$ 27,673,155</b>	<b>\$ 28,106,119</b>	<b>\$ 2,408,847</b>
<b>Supplemental Parks Levy</b>	<b>\$ 280,000</b>	<b>\$ 280,000</b>	<b>\$ 280,000</b>	<b>\$ -</b>
<b>Capital Projects Levy</b>	<b>\$ 4,547,400</b>	<b>\$ 4,547,400</b>	<b>\$ 4,547,400</b>	<b>\$ -</b>
Debt Service	\$ 7,564,200	\$ 7,564,200	\$ 7,564,200	\$ -
Infrastructure Permanent Improvements	\$ 280,000	\$ 280,000	\$ 280,000	\$ -
<b>Total Capital Projects Levy</b>	<b>\$ 7,844,200</b>	<b>\$ 7,844,200</b>	<b>\$ 7,844,200</b>	<b>\$ -</b>
<b>Street Light Levy</b>	<b>\$ 2,547,200</b>	<b>\$ 2,547,200</b>	<b>\$ 2,547,200</b>	<b>\$ -</b>
<b>Street Maintenance Levy</b>	<b>\$ 2,300,000</b>	<b>\$ 2,300,000</b>	<b>\$ 2,300,000</b>	<b>\$ -</b>
<b>Duluth Housing Trust Fund Levy</b>	<b>\$ 182,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (182,500)</b>
<b>Total City Property Tax Levy</b>	<b>\$ 43,398,572</b>	<b>\$ 45,191,955</b>	<b>\$ 45,624,919</b>	<b>\$ 2,226,347</b>
<b>Levy Increase</b>		<b>4.13%</b>	<b>5.13%</b>	
<b>General Operations Levy Increase</b>				<b>\$ 2,408,847 5.55%</b>
<b>Duluth Housing Trust Fund Levy</b>				<b>\$ (182,500) -0.42%</b>
<b>2026 Proposed City Tax Levy Increase</b>				<b>\$ 2,226,347 5.13%</b>
<b>New Construction Growth</b>				<b>\$ 621,622 1.43%</b>
<b>Net Property Tax Impact After Growth</b>				<b>\$ 1,604,725 3.70%</b>

\*The city council's amended proposal added 1% to the proposed levy, with a good faith intent to work toward the goal of achieving the original 4.13% tax levy.

**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

Parcel ID / #: XXX-XXXX-XXXXX

Property Description:  
LEGAL DESCRIPTION 1

Property :XXXXXX\DULUTH MN

## PROPOSED TAXES 2026

**THIS IS NOT A BILL. DO NOT PAY.**

Step	VALUES AND CLASSIFICATION		
1	Taxes Payable Year	2025	2026
	Estimated Market Value	288,812	288,812
	Homestead Exclusion	20,557	20,557
	Other Exclusions	0	0
	Taxable Market Value	268,255	268,255
	Class:	RES HSTD	RES HSTD
Step	PROPOSED TAX		
2	Property Taxes before credits		3,794.00
	School building bond credit		.00
	Agriculture market value credit		.00
	Other credits		.00
	Property Taxes after credits		3,794.00
Step	PROPERTY TAX STATEMENT		
3	Coming in 2026		
<p><b>The time to provide feedback on PROPOSED LEVIES is NOW</b></p> <p>It is too late to appeal your value without going to Tax Court.</p>			

### Proposed Property Taxes and Meetings by Jurisdiction for Your Property

Contact Information	Meeting Information	Actual 2025	Proposed 2026
STATE GENERAL TAX	No public meeting	.00	.00
<b>ST LOUIS COUNTY</b> St. Louis County Admin 100 N 5th Ave W, Room 202 Duluth, MN 55802 218-726-2383 www.stlouiscountymn.gov	12/02/2025 7:00 PM St. Louis County Courthouse - Duluth 100 N 5th Ave W Duluth, MN 55802	1,526.10	1,612.98
<b>CITY OF DULUTH</b> Duluth Budget Office 411 W 1st ST RM 120 Duluth, MN 55802 218-730-5195 https://duluthmn.gov/live-meeting	12/08/2025 6:00 PM City Hall 411 W 1st St Duluth, MN 55802	1,059.23	1,046.78
<b>SCHOOL DISTRICT: 709</b> School Voter Approved Levies - School Other Levies -		146.00 791.00	141.00 808.00
Duluth Public Schools 709 Portia-Johnson Drive Duluth, MN 55811 (218)336-8704 www.isd709.org	12/16/2025 6:15 PM District Service Ctr 709 Portia-Johnson Duluth, MN 55804		
<b>Special Taxing District(s) Total:</b>		166.51	185.16
<b>Tax Increment Tax -</b>		.00	.00
<b>Fiscal Disparity Tax -</b>		.00	.00

Total excluding any special assessments -

3,689.00

3,794.00

2.85 %

## **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.

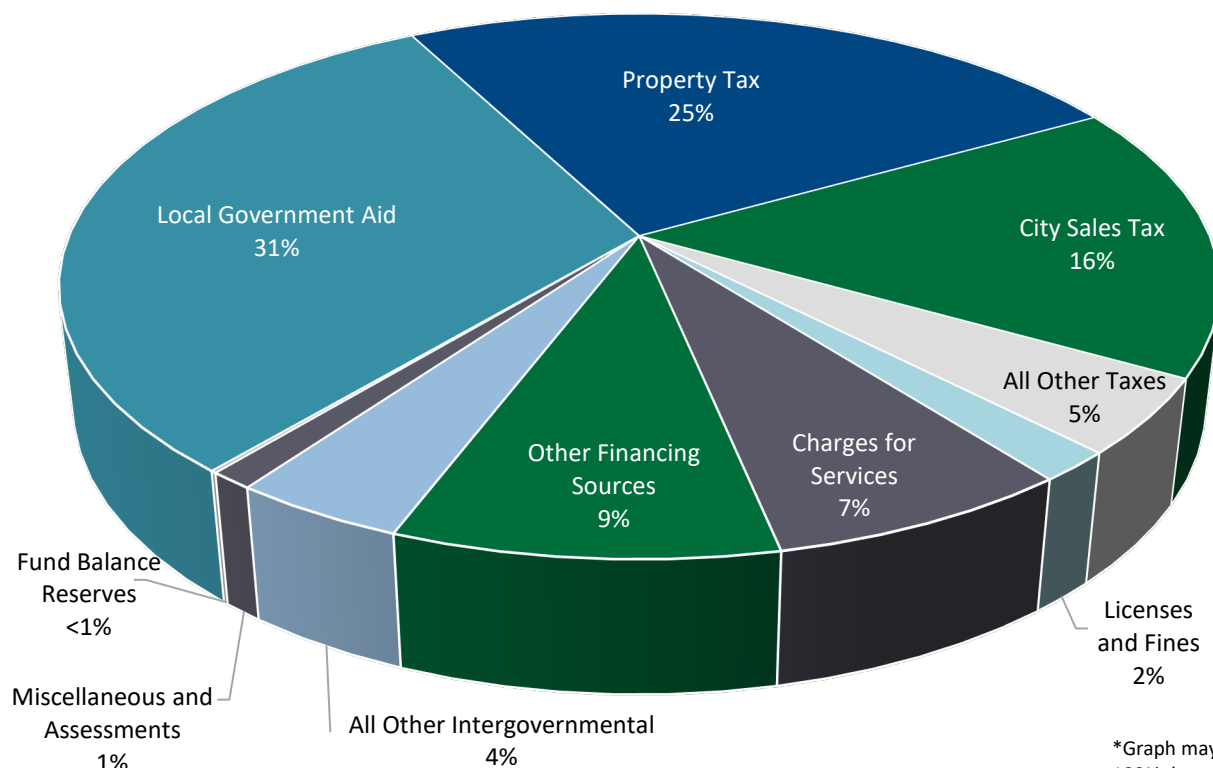
There are columns showing the actual 2025 property tax for each taxing authority compared to the proposed 2026 property tax.

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.

For 2025 and beyond, the maximum exclusion is \$38,000 and phases out for homesteads valued at \$517,200 or more.

# City of Duluth Minnesota - 2026 Budget

## 2026 General Fund Proposed Revenues



\*Graph may not add to 100% due to rounding

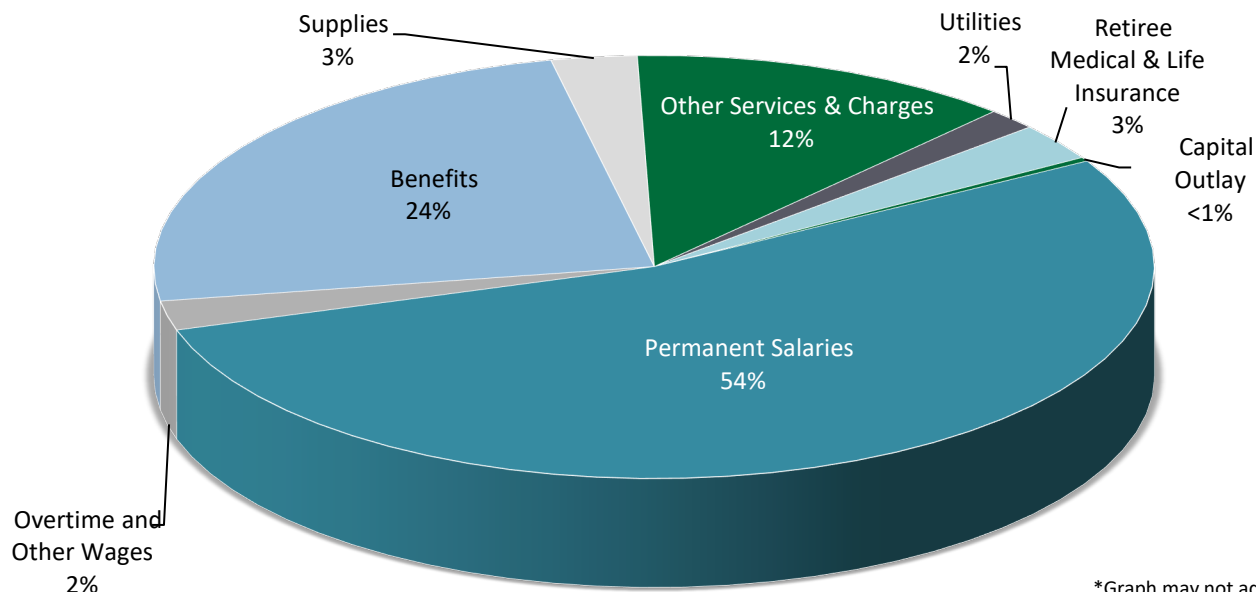
Local Government Aid	\$	35,231,100
Property Tax	\$	27,673,200
City Sales Tax	\$	18,486,500
All Other Taxes	\$	5,056,400
Licenses and Fines	\$	2,029,200
Charges for Services	\$	8,187,200
Other Financing Sources	\$	10,229,400
All Other Intergovernmental	\$	4,653,000
Miscellaneous and Assessments	\$	1,198,800
Fund Balance Reserves	\$	150,000
<b>TOTAL 2026 Revenues</b>	<b>\$</b>	<b>112,894,800</b>

This graph shows the major categories of revenues expressed as a percent of total General Fund revenues estimated for budget fiscal year 2026. 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 31% of all General Fund revenues. For this reason, we closely monitor local government aid every session at the State Legislature.

\*Property tax revenue assumes a 4.13% increase.

## City of Duluth Minnesota - 2026 Budget

### 2026 General Fund Proposed Expenditures



\*Graph may not add to 100% due to rounding

Permanent Salaries	\$	60,371,800
Overtime and Other Wages	\$	2,533,100
Benefits	\$	27,425,800
Supplies	\$	3,132,850
Other Services & Charges	\$	14,023,650
Utilities	\$	1,851,600
Retiree Medical & Life Insurance	\$	3,210,000
Capital Outlay	\$	346,000
TOTAL 2026 EXPENDITURES	\$	112,894,800

This graph shows the General Fund budget by expense category. The largest single category of expense is permanent salaries at 54% of all expenditures. When adding salaries to the cost of benefits, overtime, and other wages, the total is 83% of all budgeted expenditures. Other services and charges comprises 12% of the total; followed by supplies, utilities, and capital outlay combined for 4%.

## City of Duluth Minnesota - 2026 Budget

General Fund Expenditures	2023 Actual	2024 Actual	2025 Approved	2026 Proposed
<b>LEGISLATIVE AND EXECUTIVE</b>				
City Council	216,183	213,345	216,400	216,900
Mayor & City Administrator's Officer	1,535,967	1,060,622	1,371,000	1,391,300
Attorney's Office	2,724,817	3,087,769	3,074,500	3,598,900
DEPARTMENT TOTAL	4,476,967	4,361,736	4,661,900	5,207,100
<b>PROPERTY, PARKS, AND LIBRARIES</b>				
Park Maintenance	3,380,286	3,569,806	3,882,000	4,094,200
Library Services	5,308,231	5,640,361	5,639,400	6,107,400
Facilities Management	5,932,402	6,526,082	6,618,100	6,305,600
DEPARTMENT TOTAL	14,620,919	15,736,249	16,139,500	16,507,200
<b>ADMINISTRATIVE SERVICES</b>				
Human Resources	1,314,827	1,462,048	1,547,500	1,753,300
Information Technology	4,059,350	4,226,623	4,626,800	4,786,700
City Clerk	1,045,594	1,175,273	1,112,500	986,600
DEPARTMENT TOTAL	6,419,771	6,863,945	7,286,800	7,526,600
<b>FINANCE</b>				
Budget Office	982,962	1,059,356	1,023,000	1,127,400
Auditor's Office	1,461,287	1,555,617	1,480,800	1,626,600
Purchasing	624,639	678,150	667,000	719,100
DEPARTMENT TOTAL	3,068,889	3,293,123	3,170,800	3,473,100
<b>PLANNING AND ECONOMIC DEVELOPMENT</b>				
Planning and Development	1,618,252	1,795,595	1,781,700	1,845,500
Construction Services	2,446,486	2,475,107	2,462,700	2,696,800
DEPARTMENT TOTAL	4,064,738	4,270,702	4,244,400	4,542,300
<b>FIRE DEPARTMENT</b>				
Fire Administration	963,884	1,158,644	1,137,800	1,221,400
Fire Operations	18,485,062	21,287,083	20,182,700	21,256,000
Life Safety	1,466,934	1,782,166	1,989,800	2,169,400
DEPARTMENT TOTAL	20,915,880	24,227,893	23,310,300	24,646,800
<b>POLICE DEPARTMENT</b>				
	27,411,355	28,371,303	29,303,600	30,464,700
<b>PUBLIC WORKS</b>				
Director's Office	92,868	100,793	100,000	104,100
Street Maintenance	8,658,164	7,968,494	9,361,700	9,455,200
Transportation Engineering	2,064,479	3,024,630	2,272,700	2,494,500
DEPARTMENT TOTAL	10,815,510	11,093,917	11,734,400	12,053,800
<b>TRANSFERS</b>				
	21,128,980	46,791,790	9,577,400	8,473,200
<b>Total General Fund</b>	<b>112,923,009</b>	<b>145,010,658</b>	<b>109,429,100</b>	<b>112,894,800</b>

## City of Duluth Minnesota - 2026 Budget

\*All numbers in the millions

	2025 Approved Budget	2026 Proposed Budget	Variance 2025 Approved Budget vs 2026 Proposed Budget	
<b>REVENUES</b>				
Local Government Aid	35.23	35.23	-	0.00%
City Sales and Use Tax	17.75	18.48	0.73	4.11%
State Sales Tax Administration	(0.13)	-	0.13	0.00%
Property Tax	25.70	27.67	1.97	7.67%
Charges for Services	7.29	8.19	0.90	12.35%
Other Financing Sources	6.88	7.43	0.55	7.99%
Intergovernmental	4.66	4.65	(0.01)	-0.21%
Gas Utility in Lieu of Taxes	3.25	2.80	(0.45)	-13.85%
Minnesota Power Franchise Tax	3.85	4.01	0.16	4.16%
Licenses and Permits	2.18	1.83	(0.35)	-16.06%
All Other Taxes	1.04	1.05	0.01	0.96%
Miscellaneous	0.54	0.66	0.12	22.22%
Special Assessments	0.54	0.54	-	0.00%
Fines and Forfeits	0.20	0.20	-	0.00%
General Fund Reserves	0.45	0.15	(0.30)	-66.67%
<b>Revenue Totals</b>	<b>109.43</b>	<b>112.89</b>	<b>3.46</b>	<b>3.16%</b>
<b>EXPENDITURES</b>				
Salaries and Overtime	59.66	62.90	3.24	5.43%
Medical Insurance	13.35	14.05	0.70	5.24%
Benefits	12.38	13.38	1.00	8.08%
Retiree Medical & Life Insurance	3.21	3.21	-	0.00%
Other Services and Charges	4.85	5.06	0.21	4.33%
Supplies	3.75	3.13	(0.62)	-16.53%
Fleet	3.35	3.62	0.27	8.06%
Other Insurances	3.77	2.81	(0.96)	-25.46%
Utilities	2.03	1.87	(0.16)	-7.88%
Software & License Agreements	1.74	1.62	(0.12)	-6.90%
Professional Svs/Contracts	1.00	0.90	(0.10)	-10.00%
Capital Outlay	0.34	0.34	-	0.00%
<b>Expenditure Totals</b>	<b>109.43</b>	<b>112.89</b>	<b>3.46</b>	<b>3.16%</b>



# City of Duluth Minnesota - 2026 Budget

## Bridge Schedule Outlining Variances between 2026 Proposed Budget and 2025 Approved Budget

	\$ Variance in Millions	Narrative
<b>2025 Approved Revenues</b>	<b>109.43</b>	
Property Tax	1.97	The general fund's portion of the 4.13% property tax increase plus reallocation of Housing Trust Fund portion of the levy.
General Fund Reserves	(0.30)	Reduced use of reserves for City portion of the crisis response team.
Gas Utility in Lieu of Taxes	(0.45)	Forecasted lower costs for natural gas which reduces this revenue
City Sales and Use Tax	0.73	In reviewing monthly sales tax revenue, adjusting for inflation, and other economic indicators, this 4.1% increase is a conservative growth factor, and allows for sustainable increases to the general fund.
Charges for Services	0.90	Budget was adjusted to more closely align with prior years' actual revenue collected.
Minnesota Power Franchise Tax	0.16	Increase due to MN Power rate increases, MN Power franchise tax is based on their operating revenue
All Other Operating Revenues	0.45	All other changes throughout
Total Revenue Changes	3.46	
<b>2026 Proposed Revenues</b>	<b>112.89</b>	

## Bridge Schedule Outlining Variances between 2026 Proposed Budget and 2025 Approved Budget

	\$ Variance in Millions	Narrative
<b>2025 Approved Expenditures</b>	<b>109.43</b>	
Salaries and Benefits	4.94	Salary increases for staff along with corresponding benefits increases; medical 7.5% increase and the addition of MN Paid Leave
Utilities	(0.16)	Budget was adjusted to average utility usage
Supplies	(0.62)	Budget was adjusted to average supply usage
Fleet	0.27	Increase in cost of parts and labor
Other Insurances	(0.96)	Reduced insurance fund transfers due to sufficient fund balance
All other Operating Expenditures	(0.01)	All other changes throughout
Total Expense Changes	3.46	
<b>2026 Proposed Expenditures</b>	<b>112.89</b>	