

# Property Tax Reform Cities



July 17, 2014

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## Property Tax Reform

- ▶ Simplification
  - Fewer separate levies and funds
- ▶ Consolidation
  - More flexible use of funds and better prioritization
- ▶ Transparency
  - Easier to understand

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## Major Categories

- ▶ General Fund Levy
- ▶ Capital Improvements
- ▶ Deficiency Levy Authority
- ▶ Special Assessments

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### General Fund Levy

- ▶ 20 current levies were previously dedicated to specific uses
- ▶ Now all 20 purposes are allowed under General Fund spending with full flexibility to prioritize
- ▶ No restrictions on use of funds

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### Capital Improvements Levy

- ▶ 7 current levies were previously dedicated to specific capital improvement uses
- ▶ Now a consolidated levy authority with full flexibility to use for building construction, fire halls and equipment, police station, jail, court, and urban renewal
- ▶ Levy available for cash expenditures on capital improvements or for debt service

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### Levies Not Changed

- ▶ Emergency - Disaster, Snow
- ▶ Airport
- ▶ Library
- ▶ Cemetery
- ▶ Aid for Public Transportation
- ▶ Municipal Arts Council
- ▶ Exempt Property Share of Fire Levy
- ▶ Job Development Authority
- ▶ Tax Increment Financing

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### Target Mill Levy Limits

- General Fund – 105 mills (80 with board discretion and 25 with voter approval)
- Capital Improvements – 10 mills by majority vote of the electors, 10 mills with 60% vote of electors
- Special Assessments and Deficiencies Unchanged
- All previous mill levies enacted by voter approval up to 105 mills may remain in place for 10 years through December 31, 2024.

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### Exceptions to Mill Levy Limits

- › Mill levies previously adopted through a Home Rule charter
- › Guaranteed "hold harmless" taxing authority at dollar spending of highest of previous 3 years
- › Current combined levies for General Fund may be retained for one year through December 31, 2016
- › After tax year 2016 the combined levy must be reduced by 25% of gap between combined 2015 mill levies and 105 mills unless protected by "hold harmless"
- › Home Rule charter authority for General Fund mills higher than 105 mills may be enacted at any time

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