REQUEST FOR COUNCIL ACTION

MEETING 237
DATE: 9/15/03

AGENDA SECTION: REPORTS AND RECOMMENDATIONS	ORIGINATING DEPT: Administration	ITEM NO. F-1
ITEM DESCRIPTION: ESTABLISHMENT OF A PRELIMINARY PROPERTY TAX FOR 2004		PREPARED BY: S. KVENVOLD

Pursuant to State law, the City Council is required to certify a preliminary property tax amount for the 2004 budget on or before September 15, 2003.

In addition, the City Council is required to establish a 2004 overall budget figure and chose the public hearing dates for the proposed 2004 budget.

The preliminary property tax figure is used by the County Assessor to send out "Truth in Taxation" notices to property owners to inform them of their probable 2004 taxes prior to City, County, and School District budget hearings.

The City Council will adopt the final 2004 property tax in late December, 2003. The City Council may adopt a final 2004 property tax levy which is less than the preliminary property tax figure, however, the final 2004 property tax levy may not exceed the preliminary figure.

The 2004 property tax levy is limited by State law. The City recently received its 2004 property tax levy limit. The State does not allow for any growth or inflation factors in determining the 2004 levy limit. The 2004 levy limit is basically taking the 2003 property tax levy and adding 60% of the local government aid reduction.

In addition to the base 2004 levy limit, the City can levy $61,804 due to higher pension costs.

The 2004 property tax levy is as follows:

Base 2004 levy limit	$27,128,028
Special levy for increased pension costs	$ 61,084
Total 2004 levy limit	$27,189,112
2003 property tax levy	$24,950,756

I am recommending that the Mayor and City Council establish the preliminary 2004 property tax figure at $27,189,112. As of this writing, I do not have information available to make an informed judgment on the 2004 budget needs. The departments' 2004 budget requests are in the process of being tabulated, the Mayor/Council will have a much better idea of 2004 budget needs and priorities in November and December, 2003.

COUNCIL ACTION: Motion by:_____ Second by:_____ to:

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The City Council is required to adopt a 2004 total budget amount at this time. This figure is meaningless since the Council may adopt any 2004 total budget figure when the 2004 budget is finalized and adopted.

I recommend a total 2004 budget figure of $130,000,000.

The City Council is also required to select public hearing dates for the 2004 budget. The City selects dates after the School Districts of Rochester and Stewartville and Olmsted County.

From the dates available to the City of Rochester, I would recommend that the City Council establish December 1, 2003 for the initial budget hearing, with a continuation hearing on December 15, 2003, if necessary, with the final budget adoption hearing on December 15, 2003.

COUNCIL ACTION REQUESTED:

1. Establish a 2004 preliminary property tax figure of $27,189,112.
2. Establish a 2004 total budget figure of $130,000,000.
3. Establish a public hearing date of December 15, 2003, for a budget continuation hearing, if needed and a public hearing date of December 15, 2003, for the final adoption of the 2004 budget and 2004-2009 CIP.

Rec'd 9/3/03

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COUNTY OF Olmsted

OLMSTED COUNTY PROPERTY
RECORDS & LICENSING
PROPERTY RECORDS & REVENUE
151 4TH STREET SE
ROCHESTER MN 55904-3717
507/285-8197 FAX 507/287-7186

To: City of Rochester

From: Dan Hall, Director of Property Records

The Olmsted County Board of Commissioners will hold their budget and levy hearing on December 4, 2003, continuation, if necessary, is December 16, 2003.

School District #534 will hold their hearing on December 1, 2003. Continuation, if necessary, on December 8.

School District #535 will hold their hearing on December 2, 2003. Continuation, if necessary, on December 9.

Please notify me as "soon" as your hearing dates have been set, but no later than September 15, 2003.

Also, please indicate the time and location for your hearings, such as building, room number etc. and the name and address of where people unable to attend the hearing may send their comments.

Thank you for your cooperation.

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