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2022 Budget Information Session



Outline

- Changes in the Economy
- What has happened since December 2020?
- What Services do City Property Taxes Fund?
- 2022 Budget Challenges
- 2022 Budget and Property Tax Timeline
- Where to find budget information?
- Where to provide feedback on the City's Budget?

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Lodging and Admission Tax Revenues

- 2019 actual Lodging and Admission Taxes were \$10.4 million
- 2020 actual Lodging and Admission Taxes were \$3.2 million
- 2021 budgeted Lodging and Admission Taxes are \$4.8 million
- Forecasting to not reach pre-pandemic revenues for five years.

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Changes in the Economy

- Economy is beginning to recover (varies by industry sector)
- Pent up travel and shopping demand
- Governor's executive orders ended, mask mandate ended, local state of emergency lifted.
- Housing market has continued to skyrocket, commercial values have decreased

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Impact of Market Property Valuations

- Market valuations have changed significantly from last year.
 - Residential +6.2% increase
 - Industrial +4.3% increase
 - Apartments +11.3% increase
 - Commercial -9.2% decrease
- The median value home has increased from \$286,400 to \$307,200
- Declining commercial and increased residential values will cause a shift in tax burden toward residential payers.

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Impact of Market Property Valuations

- The City's total property tax amount is allocated among property owners based on the value and type of their property.
- The conceptual 2022 tax levy proposed at the end of December 2020 was a 0% increase from the 2021 tax levy.
- Even if the overall property tax amount levied by the City is not increased in 2022, more of the share of property taxes will be paid by residential properties than commercial properties in 2022 than 2021 because residential values increased while commercial values declined.

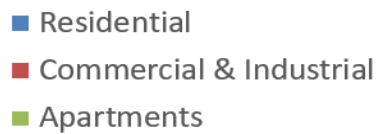
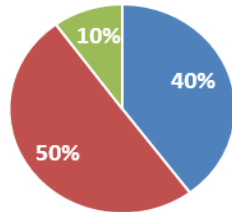
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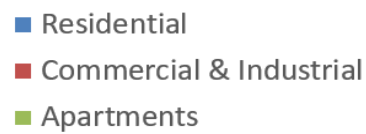
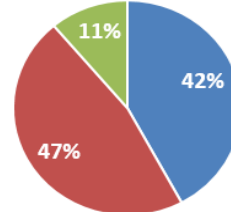


Impact of Market Property Valuations

Pay 2021 Gross Tax Capacity



Pay 2022 Gross Tax Capacity



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Impact to Median Value Home

- The 2021 monthly City property tax for the Median Value Home is \$91.06/month.
- The impact of the shift from commercial to residential with no increase to the overall tax levy is an increase to the Median Value Home in 2022 would be \$98.19/month. (An increase of \$7.13/month.)

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What has happened since December 2020

- City's Financial Position has Improved from this time last year
 - Lodging and Admission Taxes
 - Federal Assistance Grants have helped the strain on City budgets
 - Property Tax Collections back to 99%
 - City buildings opening and programs coming back
 - Employees transitioning back to work with both in person and remote hybrid office schedules

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What Services do City Property Taxes Fund?

- About 1/3 of property taxes go to the City (the other 2/3 go mostly to the School District and County)
- The City levied \$66.5 million in property taxes for 2021
- The majority (more than 80% funds Public Safety, Public Works, and Parks and Recreation.
- About 8% funds principal and interest payments for Debt issued to fund large capital improvements for facilities, roads, and parks.

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2022 Budget Challenges

- Department budgets were reduced or frozen for 2021 to improve long-term financial stability
- Still offering the majority of services, but costs have increased
- Supply and material costs for capital projects have experienced large increases
- Critical improvements needed for City Facilities
- Fire Department staffing

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Budget and Property Tax Timeline

- August 23 – 2022 Budget Discussion at City Council Meeting
- September 13 – Council sets 2022 Preliminary Tax Levy & Budget
- September 30 – Prelim. Tax Levy and Budget due to Hennepin County
- October – Public Budget Information Sessions
- November 22 – 2022 Budget Discussion at City Council Meeting
- December 6 – Truth-in-Taxation Public Hearing
- December 31 – Final Tax Levy and Budget due to Hennepin County

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Where to find Budget Information

- New dedicated page on the City of Bloomington's website

www.blm.mn/budget

Finance Links

[Capital Improvement Plan \(CIP\)](#)

[City budget](#)

Finance Department

[Financial reports](#)

[Local sales tax](#)

[Pay my utility bill](#)

[Purchasing](#)

[Property tax information](#)

[Utility Billing](#)

Finance Department



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Options to share feedback on the Budget

- Share them now at the end of this session
- Share them at the Budget Information Session in the Council Chambers on Wednesday, August 11th 5:00 – 7:00
- Share them during October public budget sessions (dates TBD)
- Let's Talk Bloomington Webpage
- Contact Budget Manager Kari Carlson at kcarlson@bloomingtonmn.gov or 952-563-8725
- Truth in Taxation Public Hearing December 6, 2021



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