



City of Grand Island

Tuesday, August 24, 2021

Council Session

Item E-3

Public Hearing on City General Property and CRA Tax Requests

Council action will take place under Resolutions item I-7.

Staff Contact: Patrick Brown

Council Agenda Memo

From: Patrick Brown, Finance Director

Meeting: August 24, 2021

Subject: General Property Tax Request for City and CRA

Presenter(s): Patrick Brown, Finance Director

Background

Legislative Bill 103 was signed into law in 2019 stating if the annual assessment of property would result in an increase in the total property taxes levied by a county, municipality, school district, learning community, sanitary and improvement district, natural resources district, educational service unit, or community college, as determined using the previous year's rate of levy, such political subdivision's property tax request for the current year shall be no more than its property tax request in the prior year, and the political subdivision's rate of levy for the current year shall be decreased accordingly when such rate is set by the county board of equalization pursuant to section 77-1601 of the Revised Statutes of Nebraska.

If the City of Grand Island seeks to set its property tax request at an amount that exceeds its property tax request from the prior year, it may do so after holding a public hearing and by passing a resolution or ordinance.

Discussion

2021 Valuations for the City of Grand Island increased over the 2020 valuation by \$219,672,163 or 6.45%. If the City applies the FY2020-2021 mill levy of 0.3650 to the new valuation of \$3,626,392,825, the City's Property Tax revenue would be \$13,236,452, a tax increase of \$801,811 over the prior year.

If the City applies the FY2020-2021 Property Tax Ask to the new valuation there would be no tax increase and the mill levy would decrease to 0.3236 for the City.

The Community Redevelopment Authority (CRA) is requesting the mill levy be the same as last year and is requesting \$745,146 in Property Tax. The following is a breakdown of mill levies for City General and CRA property tax request.

Entity	2021 Mill Levy	2022 Proposed Mill Levy
City General Property Tax Levy	0.3445	0.3236
City General Property Tax Levy for CRA	0.0205	0.0205
Total General Property Tax Levy	0.3650	0.3441

The Administrations recommendation is based on several key points:

- The General Fund Cash Reserves will be substantial higher than is recommended by the City's Fiscal Policies. Forecast for the FY2021 ending reserves is at 78% and the Fiscal Policies recommends 20%-30%. The American Rescue Plan (ARP) and CARES Act funds are in the General Fund which makes up \$8 million of the anticipated \$30m ending balance. FY2022 projects a cash reserve balance of 52.3% by September 30, 2022. The reduction in cash reserves is due in part to moving the ARP funds to the Wastewater Fund for the anticipated Airport Authority sewer project and financing the Transfer Station upgrade.
- There are several reasons why the General Fund cash balance has increased. It is due, in part to the passage of the 2018 Sales Tax measure. The 2018 Sales Tax raised the sales tax rate by .5% which authorized those funds to be spent on infrastructure and public safety equipment. Prior to the sales tax measure, these funds were coming from the General Fund. Not only has the Sales Tax measure provided property tax relief, it also eliminated the Wheel Tax.

Historical Sales Tax Comparison				
Month	2020-2021	2019-2020	2018-2019	2017-2018
October (August Sales)	\$ 1,057,781	\$ 1,188,794	\$ 1,075,924	\$ 1,119,883
November (September Sales)	\$ 1,174,042	\$ 1,171,705	\$ 1,117,435	\$ 1,072,596
December (October Sales)	\$ 1,149,438	\$ 1,081,071	\$ 951,082	\$ 953,390
January (November Sales)	\$ 1,078,953	\$ 1,139,676	\$ 1,063,966	\$ 1,050,638
February (December Sales)	\$ 1,355,388	\$ 1,382,855	\$ 1,198,305	\$ 1,274,948
March (January Sales)	\$ 1,037,466	\$ 952,840	\$ 874,532	\$ 919,814
April (February Sales)	\$ 1,001,105	\$ 1,043,773	\$ 717,073	\$ 920,792
May (March Sales)	\$ 1,321,216	\$ 1,044,475	\$ 1,127,306	\$ 1,050,343
June (April Sales)	\$ 1,304,190	\$ 841,215	\$ 1,050,553	\$ 922,793
July (May Sales)	\$ 1,295,614	\$ 1,050,249	\$ 1,132,561	\$ 1,085,910
August (June Sales)	\$ 1,359,265	\$ 1,137,414	\$ 1,148,371	\$ 612,804
September (July Sales)		\$ 1,146,471	\$ 1,084,297	\$ 1,096,061
Subtotal Sales Tax for the General Fund (General Government spending)	\$ 13,134,457	\$ 13,180,537	\$ 12,541,406	\$ 12,079,972
Budget	\$ 11,125,000	\$ 12,500,000	\$ 12,931,309	\$ 12,677,755
2004 Sales Tax - Restricted to Infrastructure Projects	\$ 2,626,891	\$ 2,636,107	\$ 2,508,671	\$ 2,416,574
2018 Sales Tax - Restricted to Infrastructure Projects and Public Safety Equipment	\$ 5,253,783	\$ 5,272,215	\$ 1,766,313	-
Total Sales Tax received by the City	\$ 21,015,132	\$ 21,088,859	\$ 16,816,390	\$ 14,496,546

- The City in the last three years has been a good steward of the taxpayer's money. Administration takes a hard look at hiring additional staff and looks at ways to do the job at hand more effectively and efficiently. Staff is the City's greatest and biggest asset and the most expensive which in turn deserves the highest scrutiny.

City Council should keep in mind that historically personnel services expense increases have exceeded annual City revenue growth.

- Mayor Steele is planning a Council Retreat in the fall regarding the cash reserve balance, potential projects to fund, and reviewing the City's fiscal policies.

Recommendation

Approve decreasing the mill levy to 0.3441 in order to request \$11,734,634 (same as last year) of Property Tax for City general and increasing the Property Tax for CRA to \$745,146 for FY2022 for a total request of \$12,479,780.

Sample Motion

Move to approve the General Property Tax Request for City and CRA.