



City of Hanover

*2023 Truth in
Taxation Public
Meeting*

December 5, 2023

Truth in Taxation - Public Meeting

Purpose

Held prior to approval of the final budget and levy for the upcoming tax year.

Provide the public with information about the proposed levy and budget.

Give the public an opportunity to ask questions.

Nine Factors that Influence the Total Tax Levy

- Property Market Value
- Tax Capacity
- Property Class Rates
- State Aid
- County Budget/Tax Levy
- School Operating Levy
- School District Voter Approved Debt Obligations
- City Budget/Tax Levy
- Special State Laws; *for example, homestead credits*

How Property Tax System Works

- Assessor sets proposed property values as of January 1 for the following year taxes. Values are based on comparable sales.
- These values are sent to the County Auditor. Auditor then sends property-specific notices to property owners notifying of the value change. Included in the notice is the information about the Board of Review meeting.
- City Council conducts Board of Review meeting in April of each year; this is when residents can question their proposed values.
- Values are then finalized and set for calculating the taxes.
- City and other jurisdictions adopt levy and budgets in December. Tax rates are calculated by County based on the levies adopted by each jurisdiction.

New Residential Construction

Increase in permitting activity 2021-Present = Community Growth

Year	New Single Family	New Townhome/Villa	New Multi-Family	Total New Dwelling Units
2012	13			13
2013	44			44
2014	30			30
2015	18	3		21
2016	28	2	24	54
2017	7	1		8
2018	10	2		12
2019	14	3		17
2020	20	2		22
2021	63	10	24	97
2022	63	15		78
2023				71 so far

Hanover Households Data – Estimated Population Increase Since April 2022

(State Demographer + New Construction Building Permits x Average Household Size)

**New construction permits issued in 2023 as of November 17, 2023*

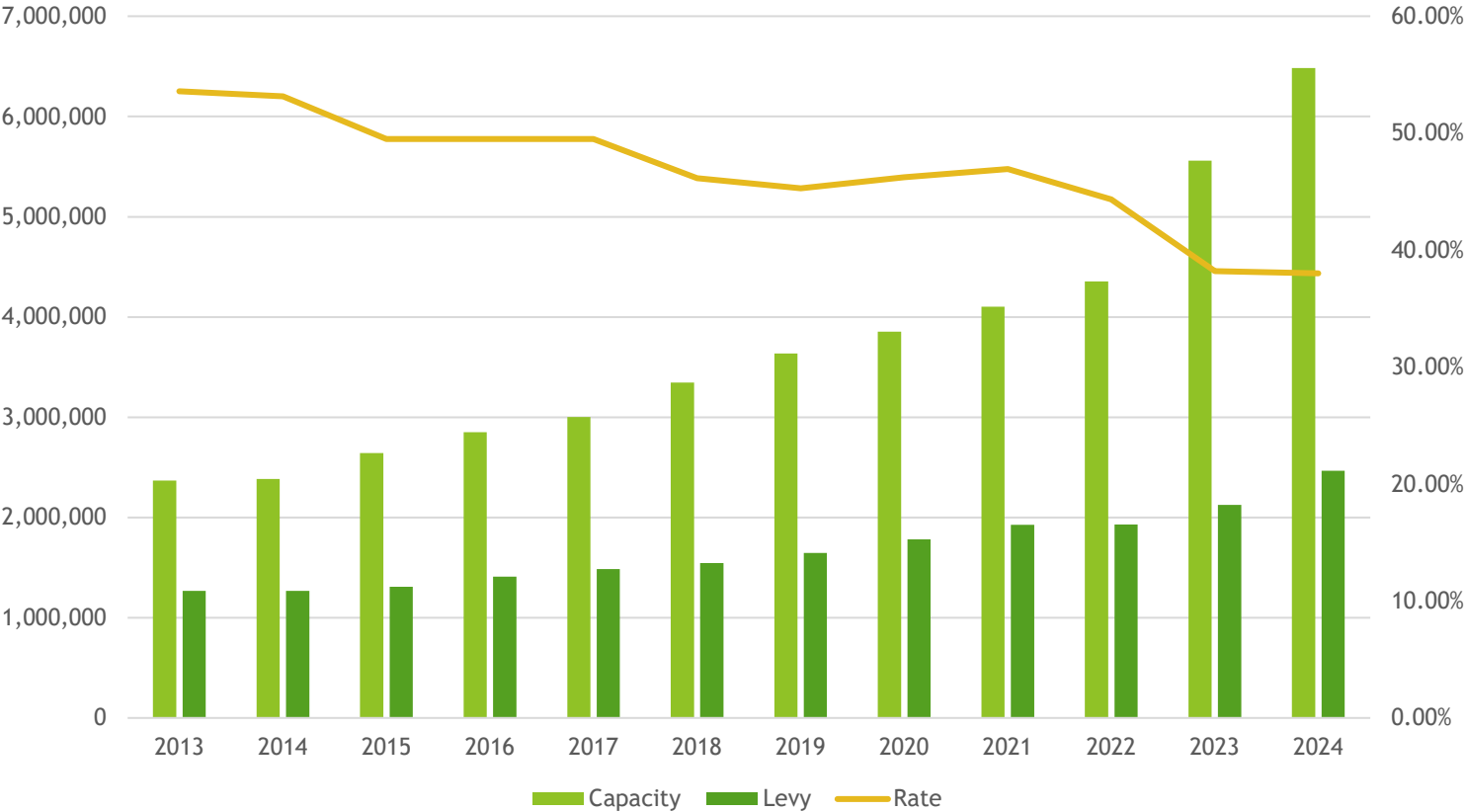
	New Residential Units (Building Permits)	Average Hanover Household is about 3 residents	Estimated Population Increase	Total Population Estimate
April 2022 Households (starting number)	-----	-----	-----	3,874
2022	78	X3	234	4,108
2023	71*	X3	213	4,321

RESIDENTIAL GROWTH - NEW CONSTRUCTION

Effects of Growth on Budget

- ▶ Reduced tax rate for past 3 years in a row, down about 15% over the last ten years - 53.16% in 2014 to 38.01% proposed for 2024
 - ▶ Tax valuations from 2022 construction now included - Wright County portion info: \$28 million from new homes constructed in 2022; \$59 million increase from existing home values during that time
- ▶ More people and households needing services, but also more households to share in overall needs - need to adjust and balance
- ▶ Increase in levy required to meet needs for larger and still growing population, but Council has held tax rate steady or reduced for last 3 years

Tax Capacity, Tax Levy and Tax Rate Comparison



Notable 2024 Levy Impact Items

- ▶ Public Safety Increased Costs - 27% overall increase
 - ▶ 28% Increase in Law Enforcement contract costs over 2023
 - ▶ 18% Increase for Hanover Fire Department services
- ▶ Public Works Increased Budget - 32% overall increase
 - ▶ Public Works Department budget - snowplowing, street maintenance, parks/facilities/fleet maintenance
 - ▶ Capital Projects Policy - depend on saving for future expenses instead of assessing or bonding as other communities do
 - ▶ 11% Increased Capital Contributions in keeping with capital plan practices

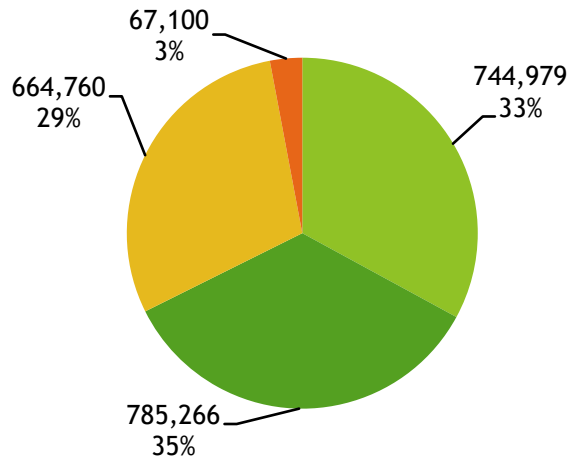
Breakdown of Certified 2024 Preliminary Property Tax Levy

	<u>2023</u>	<u>2024</u>
General Fund Levy	\$1,163,581	\$1,397,508
Fire Protection Levy	\$148,291	\$178,464
Debt Services Levy	\$109,904	\$108,434
<u>Capital Improvement Levy</u>	<u>\$702,526</u>	<u>\$780,508</u>
<u>Total City Levy</u>	<u>\$2,124,300</u>	<u>\$2,464,914</u>
EDA	\$49,000	\$63,452
<u>Total Hanover Property Tax Levy</u>	<u>\$2,173,300</u>	<u>\$2,528,366</u>

Change 2023 to 2024: \$355,066

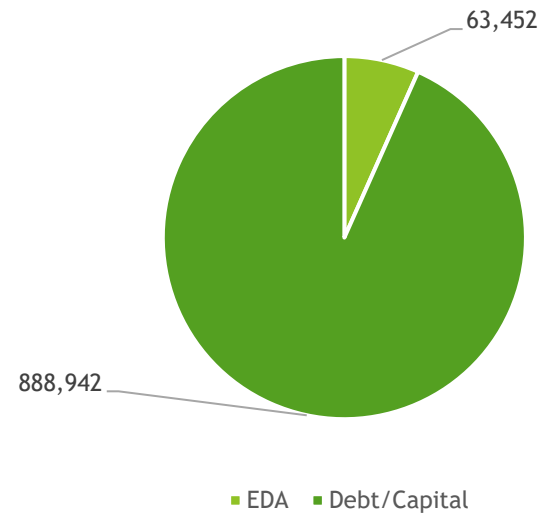
General Fund Expenditures & Other Property Tax Funded Activities

General Fund Expenditures



General Fund Budget
\$2,262,105

Other Tax Supported Expenditures



Other Services
\$952,394

Property Value Tax Statement

Hennepin County

2023 Home Value = \$462,000

2024 Home Value = \$506,400

2023 Actual **Total** Tax = \$5,599.88

2024 Proposed **Total** Tax = \$5,681.98

2023 Actual **City** Tax = \$1,786.54

2024 Proposed **City** Tax = \$1,928.51

City's Percent of Total Tax = 33.9%

*Information provided by Hennepin County

Property Value Tax Statement

Wright County

2023 Home Value = \$376,400

2024 Home Value = \$410,423

2023 Actual **Total** Tax = \$4,376.00

2024 Proposed Total Tax = \$4,366.00

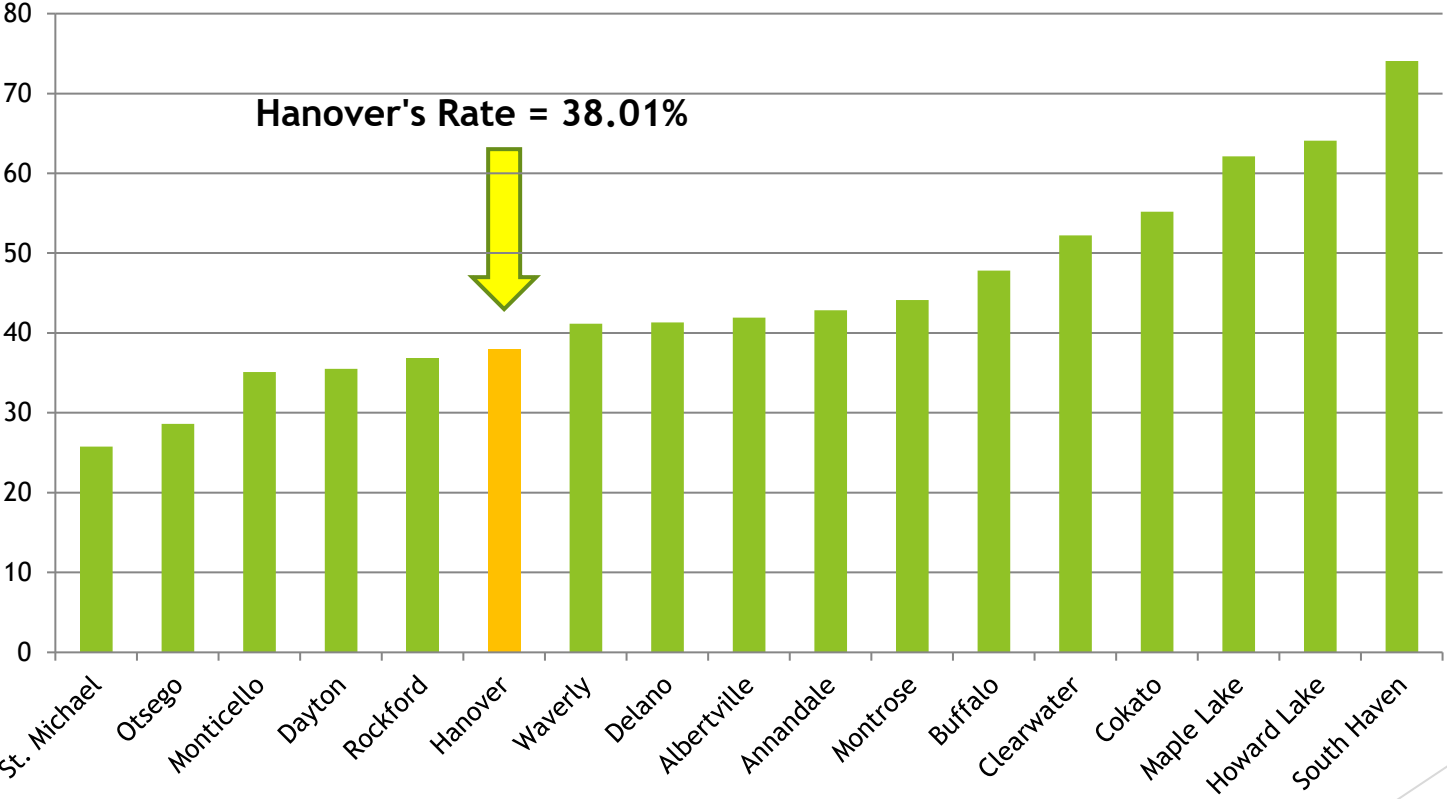
2023 Actual **City** Tax = \$1,418.00

2024 Proposed **City** Tax = \$1,560.04

City's Percent of Total Tax = 35.7%

*Information provided by Wright County

Hanover's 2024 Tax Rate Compared to Other Wright County Cities (proposed)



**data received from Wright County*

Are City Taxes a Good Value?

Some of the services you get for your City Tax Dollars:

- Police Patrol, Crime Lab, and Other Police Services
- Criminal Prosecution
- Fire and Emergency Medical Response
- Street Maintenance/Improvement, Snowplowing and other street services
- Parks, Trails, and Recreation
- Single-sort Curbside Recycling
- Planning & Zoning Administration and Code Enforcement
- City Council, Planning Commission, Park Board, EDA
- Misc. Items – Elections, Assessing, Newsletters, Historical Bridge, Dog Control, Street Lights, Event Support, Holiday Lights, Compost Site, Cemeteries, Senior Center, Library, Clean-up Day, Emergency Sirens, Community Hall Facility Overhead, Business Incentive Programs, Low Interest Business Loans, Emergency Management Services

Final 2024 Property Tax Levy and Budget Adoption:

**City Council Meeting December 5, 2023
Following the Truth in Taxation Hearing
Hanover City Hall**

Questions or Comments on the 2024 Property Tax Levy and Budget?

Thank you