

Truth in Taxation Public Hearing  
2025 Proposed Budget and Property Tax Levy  
City of Duluth, Minnesota

Mayor Roger Reinert

CITY COUNCILORS

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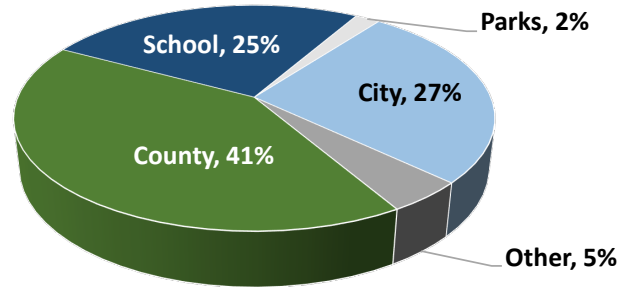
City Administrator

David Montgomery



# City of Duluth Minnesota - 2025 Budget

## Breakdown of Average Homestead Property Tax Bill by Taxing Entity



## 2025 Proposed Property Tax Levy

	2024 Approved Levy	2025 Proposed Levy	Change In Levy	
<b>General Operations Levy</b>				
General Operations	\$ 29,305,129	\$ 25,547,272	\$ (3,757,857)	
Provision for Tax Delinquency	\$ 150,000	\$ 150,000	\$ -	
<b>Total General Operations Levy</b>	<b>\$ 29,455,129</b>	<b>\$ 25,697,272</b>	<b>\$ (3,757,857)</b>	
<b>Supplemental Parks Levy</b>	<b>\$ 280,000</b>	<b>\$ 280,000</b>	<b>\$ -</b>	
<b>Capital Projects Levy</b>				
Capital Funding	\$ -	\$ 4,547,400	\$ 4,547,400	
Debt Service	\$ 7,564,200	\$ 7,564,200	\$ -	
Infrastructure Permanent Improvements	\$ 280,000	\$ 280,000	\$ -	
<b>Total Capital Projects Levy</b>	<b>\$ 7,844,200</b>	<b>\$ 12,391,600</b>	<b>\$ 4,547,400</b>	
<b>Street Light Levy</b>	<b>\$ 2,547,200</b>	<b>\$ 2,547,200</b>	<b>\$ -</b>	
<b>Street Maintenance Levy</b>	<b>\$ 2,300,000</b>	<b>\$ 2,300,000</b>	<b>\$ -</b>	
<b>Duluth Housing Trust Fund Levy</b>	<b>\$ 182,500</b>	<b>\$ 182,500</b>	<b>\$ -</b>	
<b>Total City Property Tax Levy</b>	<b>\$ 42,609,029</b>	<b>\$ 43,398,572</b>	<b>\$ 789,543</b>	
<b>General Operations Levy Increase</b>			<b>\$ (3,757,857)</b>	<b>-8.82%</b>
<b>Capital Projects Levy</b>			<b>\$ 4,547,400</b>	<b>10.67%</b>
<b>2025 City Tax Levy Increase</b>			<b>\$ 789,543</b>	<b>1.85%</b>
<b>New Construction Growth</b>			<b>\$ 789,543</b>	<b>1.85%</b>
<b>Net Property Tax Impact After Growth</b>			<b>\$ -</b>	<b>0.00%</b>

**ST LOUIS COUNTY**  
 Auditor-Treasurer  
 Nancy Nilsen  
 100 N 5th Ave W Room 214  
 Duluth MN 55802  
 www.stlouiscountymn.gov

Taxpayer #   xxxxxxx  
 CURRENT RESIDENT  
 ADDRESS LINE 1  
 ADDRESS LINE 2  
 ADDRESS LINE 3

**Property Information**

Parcel ID / #: XXX-XXXX-XXXXX

Property Description:  
 LEGAL DESCRIPTION 1

Property : XXXXXX\DULUTH MN

<b>PROPOSED TAXES 2025</b>		
<b>THIS IS NOT A BILL. DO NOT PAY.</b>		
Step	VALUES AND CLASSIFICATION	
	Taxes Payable Year	2024                      2025
<b>1</b>	Estimated Market Value	272,754                      272,754
	Homestead Exclusion	12,692                      22,002
	Other Exclusions	0                              0
	Taxable Market Value	260,062                      250,752
	Class:	RES HMSTD                      RES HMSTD
Step	PROPOSED TAX	
<b>2</b>	Property Taxes before credits	3,446.00
	School building bond credit	.00
	Agriculture market value credit	.00
	Other credits (ex. taconite, disaster)	.00
	Property Taxes after credits	3,446.00
Step	PROPERTY TAX STATEMENT	
<b>3</b>	Coming in 2025	
<b>The time to provide feedback on          PROPOSED LEVIES is NOW</b>		
<b>It is too late to appeal your value without going to Tax Court.</b>		

**Proposed Property Taxes and Meetings by Jurisdiction for Your Property**

Contact Information	Meeting Information	Actual 2024	Proposed 2025
State General Tax	No public meeting	.00	.00
<b>ST LOUIS COUNTY</b>			
St. Louis County Admin 100 N 5th Ave W, Room 202 Duluth, MN 55802 218-726-2383 www.stlouiscountymn.gov	11/18/2024 7:00 PM City of Virginia Courthouse 11/25/2024 7:00 PM St. Louis County Courthouse - Duluth	1,472.52	1,423.83
<b>CITY OF DULUTH</b>			
Duluth Budget Office 411 W 1st ST RM 120 Duluth, MN 55802 (218)730-5195 <a href="https://duluthmn.gov/live-meeting">https://duluthmn.gov/live-meeting</a>	12/09/2024 7:00 PM City Hall 411 W 1st St Duluth, MN 55802	1,071.65	989.10
<b>SCHOOL DISTRICT: 709</b>			
Voter Approved Levies		188.12	137.77
Other Levies		796.39	739.96
Duluth Public Schools 709 Portia Johnson Drive Duluth, MN 55811 (218)336-8704 www.isd709.org	12/17/2024 6:00 PM District Service Ctr 709 Portia-Johnson Duluth, MN 55804		
<b>Special Taxing District(s) Total:</b>		152.32	155.34
<b>Tax Increment Tax</b>		.00	.00
<b>Fiscal Disparity Tax</b>		.00	.00

**Total excluding any special assessments**

3

3,681.00

3,446.00

## **TAX BILL FOOTNOTES**

Classification changes can significantly impact an individual's property tax burden. For example, homestead properties are taxed at a different rate than non-homestead, seasonal, or commercial/industrial.

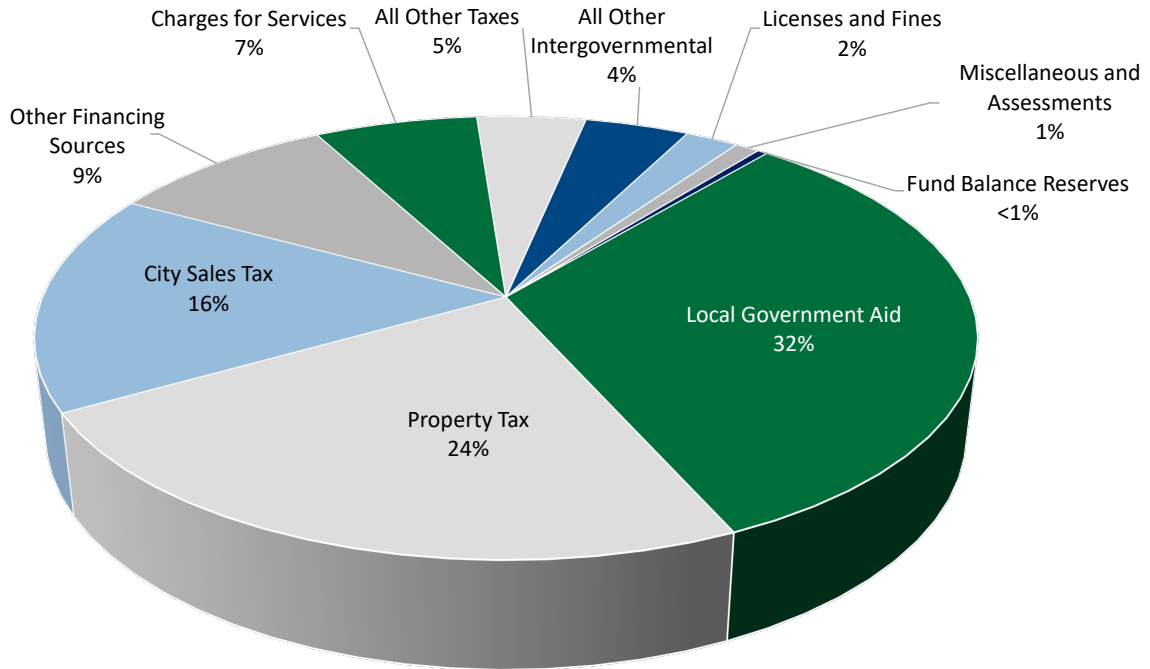
Market Value and Tax Capacity Value are used to apply the various tax rates against the property to figure the tax bill. An increase can occur due to new construction or reassessments.

There are columns showing the actual 2024 property tax for each taxing authority compared to the proposed 2025 property tax.

If the overall tax bill is significantly higher than the previous year's, the property taxpayer may file for a refund from the State of Minnesota. This can take the form of a rebate on increases over 12%, with a \$100 minimum increase; or the circuit breaker program based on ability to pay.

One major change from 2024 to 2025 is the Homestead Market Value Exclusion. In 2024, the maximum exclusion was \$30,400 phasing out at homesteads valued at \$413,800 or more. For 2025 and beyond, the maximum exclusion is \$38,000 and phases out for homesteads valued at \$517,200 or more.

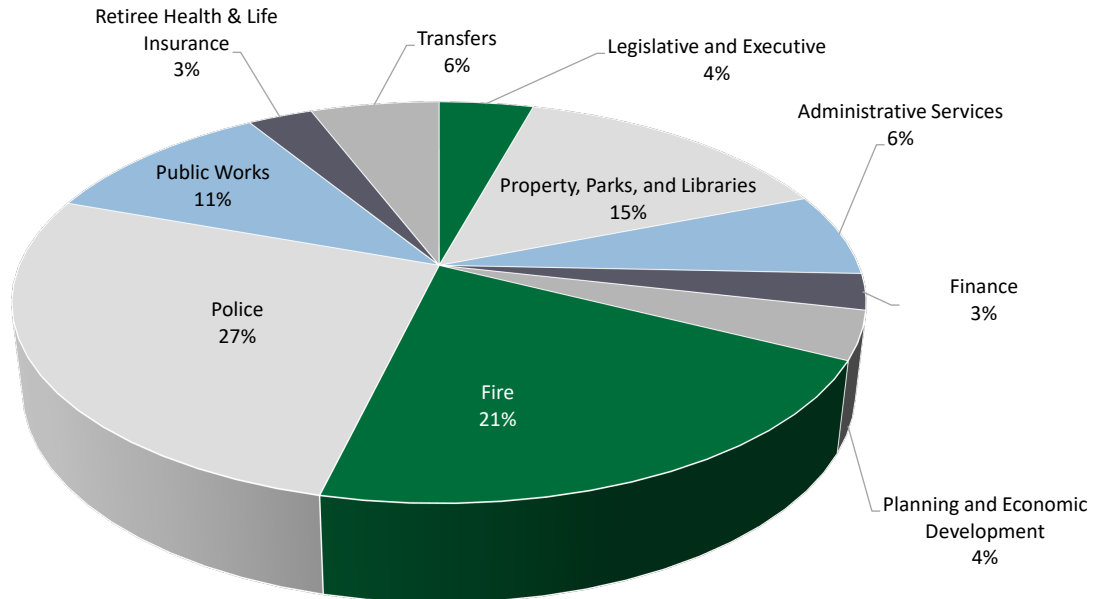
## 2025 General Fund Proposed Revenues



Local Government Aid	\$ 35,231,100
Property Tax	\$ 25,697,300
City Sales Tax	\$ 17,617,300
Other Financing Sources	\$ 10,127,500
Charges for Services	\$ 7,293,800
All Other Taxes	\$ 4,888,400
All Other Intergovernmental	\$ 4,660,000
Licenses and Fines	\$ 2,384,700
Miscellaneous and Assessments	\$ 1,079,000
Fund Balance Reserves	\$ 450,000
<b>TOTAL 2025 Revenues</b>	<b>\$ 109,429,100</b>

This graph shows the major categories of revenues expressed as a percent of total General Fund revenues estimated for budget fiscal year 2025. The City's policy of maintaining a diverse revenue base is reflected in the categories of revenues listed above, with almost 200 separate budgeted sources of revenue. Although the City does have a wide variety of revenues, the reader will note the City's relative dependence on Local Government Aid, which constitutes 32% of all General Fund revenues and does not adjust for inflation. For this reason, we closely monitor Local Government Aid every session at the State Legislature.

## 2025 General Fund Proposed Expenditures



Legislative and Executive	\$	4,661,900
Property, Parks, and Libraries	\$	16,139,500
Administrative Services	\$	7,286,800
Finance	\$	3,170,800
Planning and Economic Development	\$	4,244,400
Fire	\$	23,310,300
Police	\$	29,303,600
Public Works	\$	11,734,400
Retiree Health & Life Insurance	\$	3,205,000
Transfers	\$	6,372,400
<b>TOTAL 2025 Expenditures</b>	<b>\$</b>	<b>109,429,100</b>

This graph shows the General Fund departmental budgets as a percent of the total General Fund expenditures for budget fiscal year 2025. The largest category of expense is public safety with the Police and Fire departments comprising 48% of the total; followed by Property, Parks, and Libraries department at 15%. The General Fund portion of the Public Works department comprises 11% of the total. Retiree health care and Life Insurance comprises 3% of the total. The remaining five departments totaled together are approximately 23%.

# City of Duluth Minnesota - 2025 Budget

<b>General Fund Expenditures</b>	<b>2022 Actual</b>	<b>2023 Actual</b>	<b>2024 Approved</b>	<b>2025 Proposed</b>
<b>LEGISLATIVE AND EXECUTIVE</b>				
City Council	187,959	216,183	204,400	216,400
Mayor's Office	769,707	897,419	839,700	838,800
City Administrator's Officer	478,509	638,548	524,800	532,200
Attorney's Office	2,474,159	2,724,817	2,783,200	3,074,500
<b>DEPARTMENT TOTAL</b>	<b>3,910,334</b>	<b>4,476,967</b>	<b>4,352,100</b>	<b>4,661,900</b>
<b>PROPERTY, PARKS, AND LIBRARIES</b>				
Park Maintenance	3,184,584	3,380,286	3,710,200	3,882,000
Library Services	4,589,457	5,308,231	5,630,100	5,639,400
Facilities Management	5,521,182	5,932,402	6,184,900	6,618,100
<b>DEPARTMENT TOTAL</b>	<b>13,295,223</b>	<b>14,620,919</b>	<b>15,525,200</b>	<b>16,139,500</b>
<b>ADMINISTRATIVE SERVICES</b>				
Human Resources	1,195,818	1,314,827	1,407,200	1,547,500
Information Technology	3,735,585	4,059,350	4,236,500	4,626,800
City Clerk	832,285	1,045,594	1,068,500	1,112,500
<b>DEPARTMENT TOTAL</b>	<b>5,763,688</b>	<b>6,419,771</b>	<b>6,712,200</b>	<b>7,286,800</b>
<b>FINANCE</b>				
Budget Office	996,486	982,962	1,039,600	1,023,000
Auditor's Office	1,269,329	1,461,287	1,538,100	1,480,800
Purchasing	565,444	624,639	652,400	667,000
<b>DEPARTMENT TOTAL</b>	<b>2,831,259</b>	<b>3,068,889</b>	<b>3,230,100</b>	<b>3,170,800</b>
<b>PLANNING AND ECONOMIC DEVELOPMENT</b>				
Planning and Development	1,601,406	1,618,252	1,777,200	1,781,700
Construction Services	2,290,794	2,446,486	2,586,000	2,462,700
<b>DEPARTMENT TOTAL</b>	<b>3,892,200</b>	<b>4,064,738</b>	<b>4,363,200</b>	<b>4,244,400</b>
<b>FIRE DEPARTMENT</b>				
Fire Administration	858,264	963,884	1,011,000	1,137,800
Fire Operations	18,186,733	18,485,062	19,327,900	20,182,700
Life Safety	1,338,342	1,466,934	1,742,100	1,989,800
<b>DEPARTMENT TOTAL</b>	<b>20,383,339</b>	<b>20,915,880</b>	<b>22,081,000</b>	<b>23,310,300</b>
<b>POLICE DEPARTMENT</b>				
<b>DEPARTMENT TOTAL</b>	<b>26,239,729</b>	<b>27,411,355</b>	<b>27,421,300</b>	<b>29,303,600</b>
<b>PUBLIC WORKS</b>				
Director's Office	93,103	92,868	94,500	100,000
Street Maintenance	8,528,961	8,658,164	9,503,700	9,361,700
Transportation Engineering	2,078,384	2,064,479	2,208,200	2,272,700
<b>DEPARTMENT TOTAL</b>	<b>10,700,448</b>	<b>10,815,510</b>	<b>11,806,400</b>	<b>11,734,400</b>
<b>TRANSFERS</b>				
<b>DEPARTMENT TOTAL</b>	<b>24,159,611</b>	<b>21,128,980</b>	<b>24,612,400</b>	<b>9,577,400</b>
<b>Total General Fund</b>	<b>111,175,831</b>	<b>112,923,009</b>	<b>120,103,900</b>	<b>109,429,100</b>

## City of Duluth Minnesota - 2025 Budget

	2024 Approved Budget	2025 Proposed Budget	Variance 2024 Approved Budget vs 2025 Proposed Budget	
			\$	%
<b>REVENUES</b>				
Local Government Aid	35.18	35.23	0.06	0.2%
City Sales and Use Tax	16.00	17.75	1.75	10.9%
State Sales Tax Administration	(0.22)	(0.13)	0.09	0.0%
Property Tax	29.46	25.70	(3.76)	-12.8%
Charges for Services	6.94	7.29	0.35	5.1%
Other Financing Sources	8.30	6.88	(1.42)	-17.1%
Intergovernmental	4.55	4.66	0.11	2.4%
Gas Utility in Lieu of Taxes	2.70	3.25	0.55	20.4%
Minnesota Power Franchise Tax	3.61	3.85	0.24	6.7%
Licenses and Permits	2.11	2.18	0.07	3.3%
All Other Taxes	1.06	1.04	(0.02)	-2.3%
Miscellaneous	0.55	0.54	(0.01)	-1.1%
Special Assessments	0.44	0.54	0.10	22.7%
Fines and Forfeits	0.23	0.20	(0.03)	-13.0%
General Fund Reserves	9.20	0.45	(8.75)	100.0%
<b>Revenue Totals</b>	<b>120.10</b>	<b>109.43</b>	<b>(10.67)</b>	<b>-8.88%</b>
<b>EXPENDITURES</b>				
Salaries and Overtime	58.15	59.66	1.51	2.59%
Medical Insurance	13.19	13.35	0.16	1.25%
Benefits	11.56	12.37	0.81	7.01%
Retiree Medical & Life Insurance	7.73	3.21	(4.53)	-58.55%
Other Services and Charges	6.03	5.35	(0.68)	-11.27%
Supplies	3.54	3.75	0.21	5.93%
Fleet	3.15	3.35	0.20	6.48%
Worker's Compensation	2.08	3.27	1.20	57.75%
Utilities	2.00	2.03	0.03	1.56%
Software & License Agreements	1.49	1.74	0.25	17.00%
Professional Svcs/Contracts	1.37	1.00	(0.37)	-27.28%
Capital Outlay	0.62	0.35	(0.27)	-43.55%
One-Time Expenditures	9.20	-	(9.20)	100.00%
<b>Expenditure Totals</b>	<b>120.10</b>	<b>109.43</b>	<b>(10.67)</b>	<b>-8.88%</b>



# City of Duluth Minnesota - 2025 Budget

## Bridge Schedule Outlining Variances between 2024 Approved Budget and 2025 Proposed Budget

	\$ Variance in Millions	Narrative
<b>2024 Approved Revenues</b>	<b>120.10</b>	
Property Tax	(3.76)	The City reduced the general fund portion of the property tax levy and increased the City's capital projects levy for the Consolidated Maintenance Facility.
Local Government Aid	0.06	0.16% increase to Local Government Aid allocation approved by state legislature
General Fund Reserves	(8.75)	Using \$450K from the general fund balance resulting from the HRA TIF decertification will be allocated to extend the crisis response team contract for one year. In 2024 we used \$9.2M for one-time investments in streets and equipment.
Gas Payment in Lieu of Taxes	0.55	Projected Natural Gas Revenues based on May forecast of PILOT.
One-Time Incubator Proceeds	(1.42)	Reduced the one-time Incubator Building proceeds.
City Sales and Use Tax	1.75	In reviewing monthly sales tax revenue, adjusting for inflation, and other economic indicators, this increase is a conservative growth factor, and allows for sustainable increases to the general fund.
Minnesota Power Franchise Tax	0.24	Increase due to MN Power rate increases, and historical usage, MN Power franchise tax is based on their operating revenue.
All Other Operating Revenues	0.66	All other changes throughout
Total Revenue Changes	(10.67)	
<b>2025 Proposed Revenues</b>	<b>109.43</b>	

# City of Duluth Minnesota - 2025 Budget

## Bridge Schedule Continued

	\$ Variance in Millions	Narrative
<b>2024 Approved Expenditures</b>	<b>120.10</b>	
Salaries and Benefits	2.48	Salary Increases of 2.5% and corresponding benefit increases; medical 1% increase
One-Time Expenditures	(9.20)	In 2024 we used \$9.2M for one-time investments in streets and equipment.
Utilities	0.03	Projected rate increases
Supplies	0.21	Repair and Maintenance Cost Increases in Facilities and Parks Maintenance \$111K, Motor Fuel cost increases \$43K & Police Uniforms \$38K
Fleet	0.20	Cost of parts, fleet rate increase, and sublet labor
Capital Outlay (Library Materials)	(0.27)	In 2024 a portion of the library materials was funded with a one-time allocation of \$200K.
Retiree Medical & Life Insurance	(4.53)	Reduced the General Fund transfer for Retiree Medical insurance & applied savings to Consolidated Maintenance Facility.
All other Operating Expenditures	0.40	All other changes throughout
Total Expense Changes	(10.67)	
<b>2025 Proposed Expenditures</b>	<b>109.43</b>	