

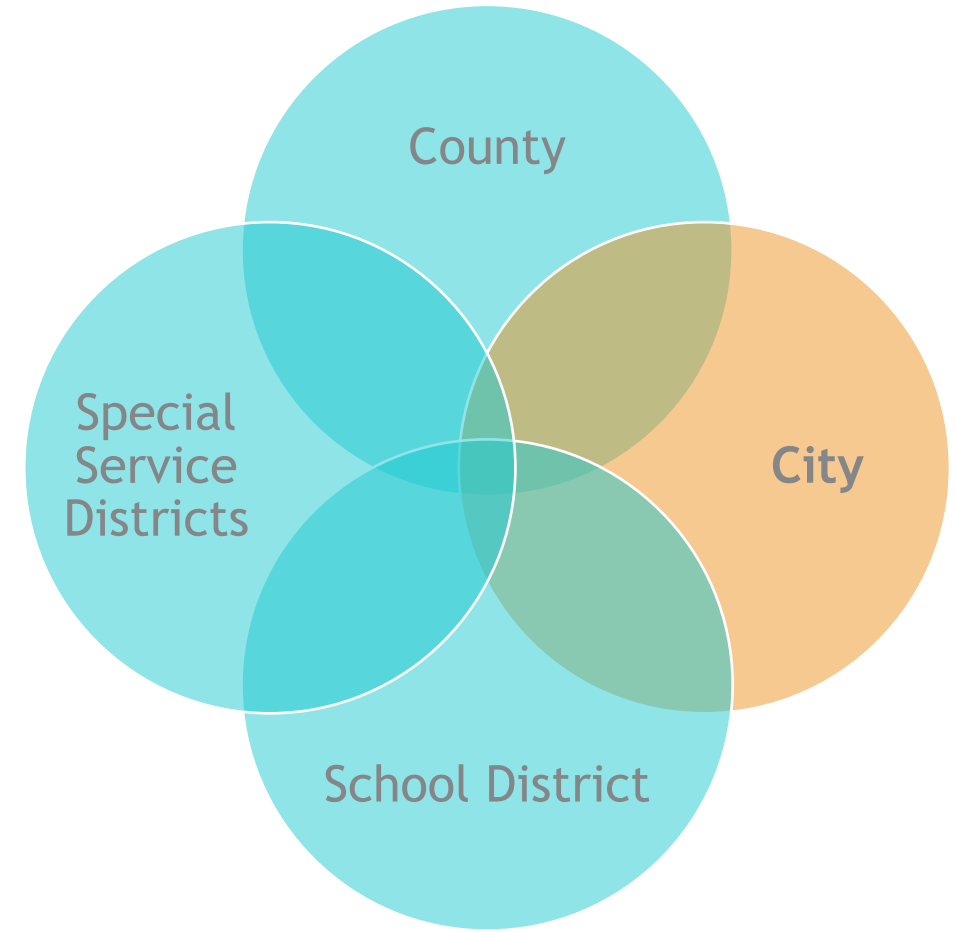


TRUTH IN TAXATION HEARING



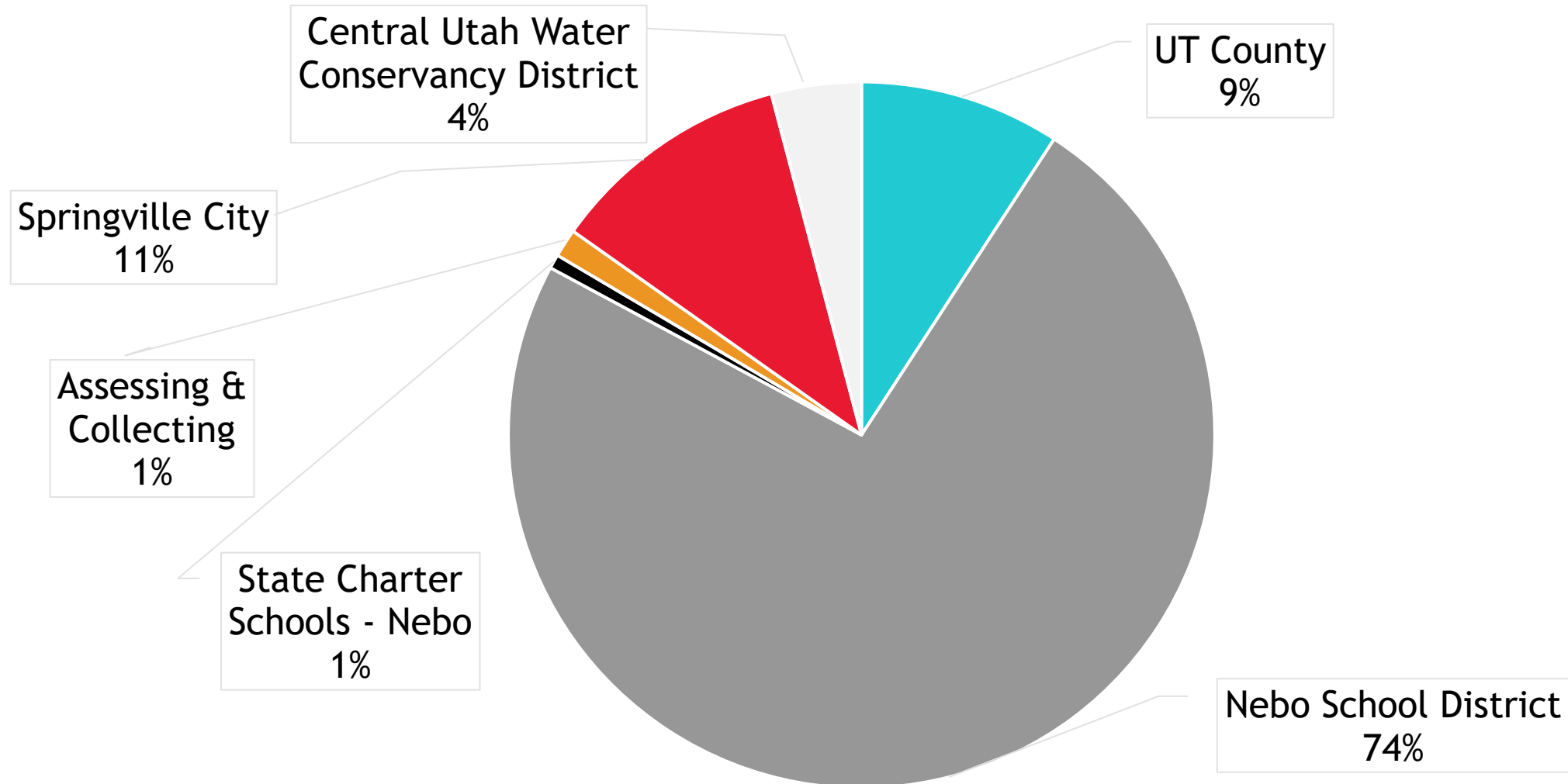
# UNDERSTANDING PROPERTY TAX

- Property in a given area subject to several taxing entities
- Each entity is guaranteed the prior year's tax revenue regardless of property value
- Truth in Taxation required if entity proposes more tax revenue than the previous year excepting "new growth"





# PROPERTY TAX AREAS



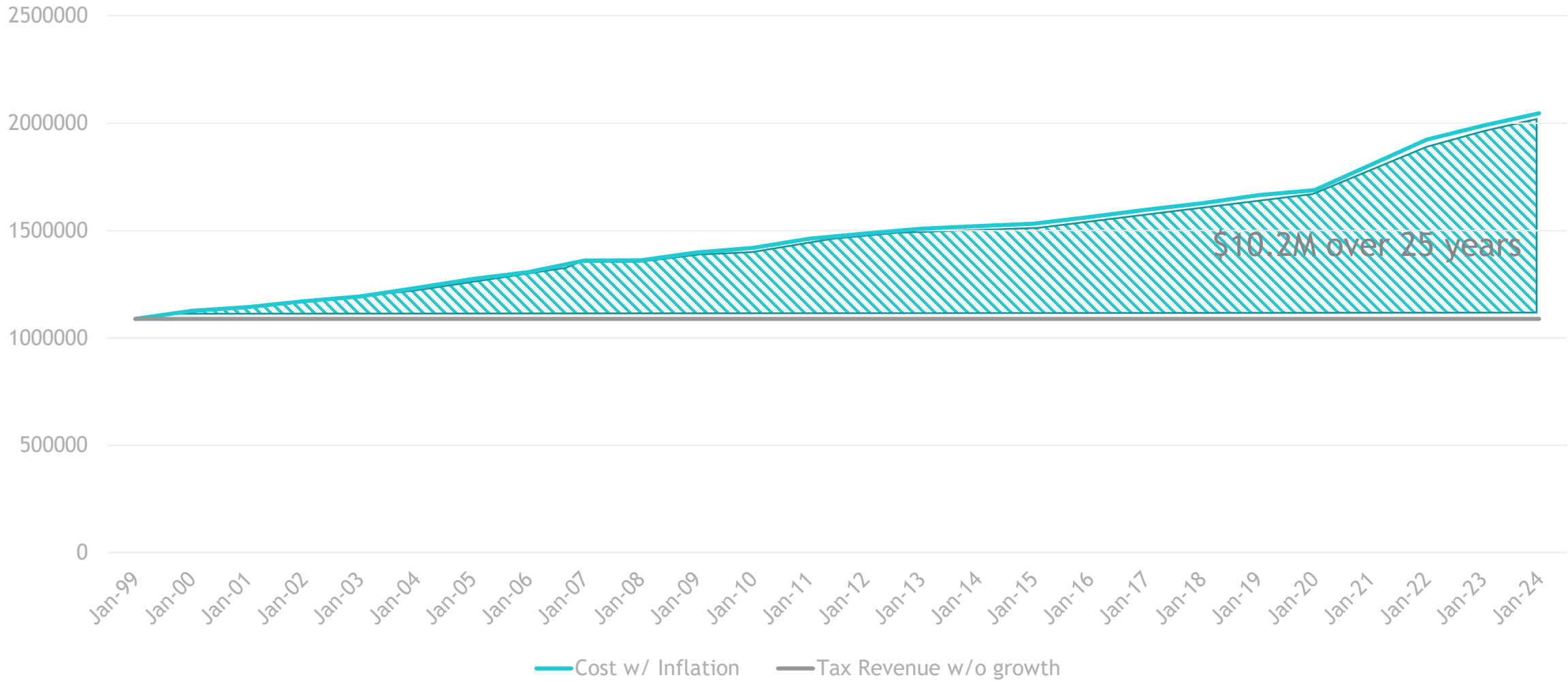


# BUDGET ISSUES

- Property tax is the 2<sup>nd</sup> largest revenue source in the General Fund (\$4.5M or approx. 12%)
- **Inflation** has eroded the buying power of property tax dollars.
- Continued inflationary pressures on labor, material and supply costs threaten the city's ability to maintain or increase service levels.
- City has been moving to a model of small, inflationary adjustments on a regular basis
- Proposed tax increase generates approx. \$67k in the FY26 budget to offset inflation and modify service level in police department with Master Officer classification.

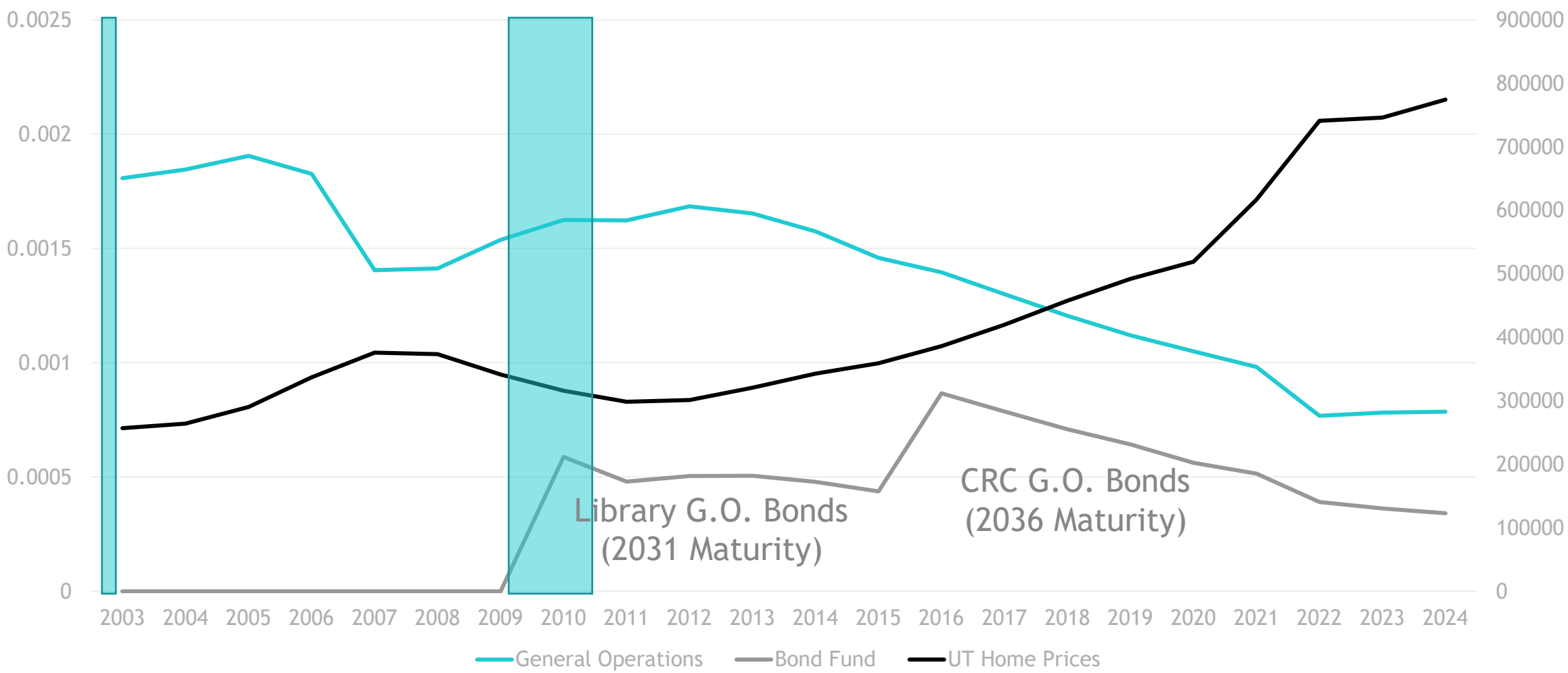


# INFLATION ERODES BUYING POWER





# SPRINGVILLE TAX RATES OVER TIME





# PROPERTY TAX CALCULATIONS

- Property tax rate DOES NOT adjust for inflation without Truth in Taxation
- Residential properties are exempt from taxation on 45% of the fair market value
- Commercial properties are subject to taxation on full fair market value

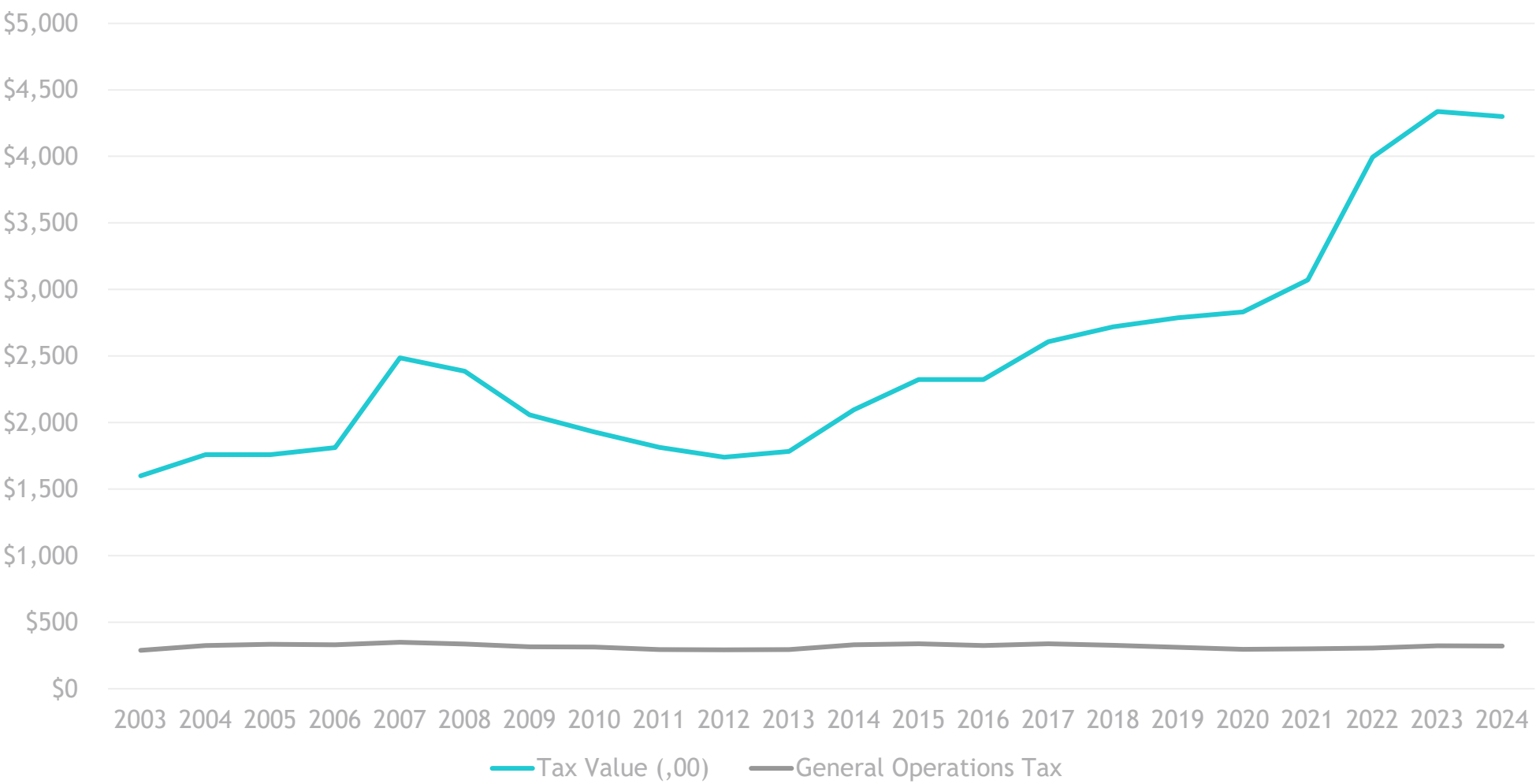
$$\frac{\text{City's Budgeted Tax Revenue}}{\text{Total Taxable Value}} = \text{Tax Rate}$$

$$\frac{\$100,000}{\$100,000,000} = 0.1\% (0.001)$$

$$\frac{\$100,000}{\$110,000,000} = 0.0909\% (0.000909)$$



# TAXABLE VALUE VS TAX (REAL EXAMPLE)







# RESIDENTIAL EXAMPLE

- Resident owns a \$475,000 house (average residential value)
  - Taxable value after residential exemption (45%): \$261,250
  - 2025 Tax bill without tax increase
    - $\$261,250 \times 0.000743$  (General Operations) \$194.11
    - $\$261,250 \times 0.000320$  (Interest and Sinking Fund/Bond) \$ 83.60
    - \$277.71**
  - Truth in Taxation increase - General Operations component
  - 2025 Tax bill with proposed Truth in Taxation increase
    - $\$ 261,250 \times 0.000759$  (General Operations) \$198.29
    - $\$ 261,250 \times 0.000320$  (Interest and Sinking Fund/Bond) \$ 83.60
    - \$281.89**
- Difference: **\$4.18 (per year) / 1.5%**

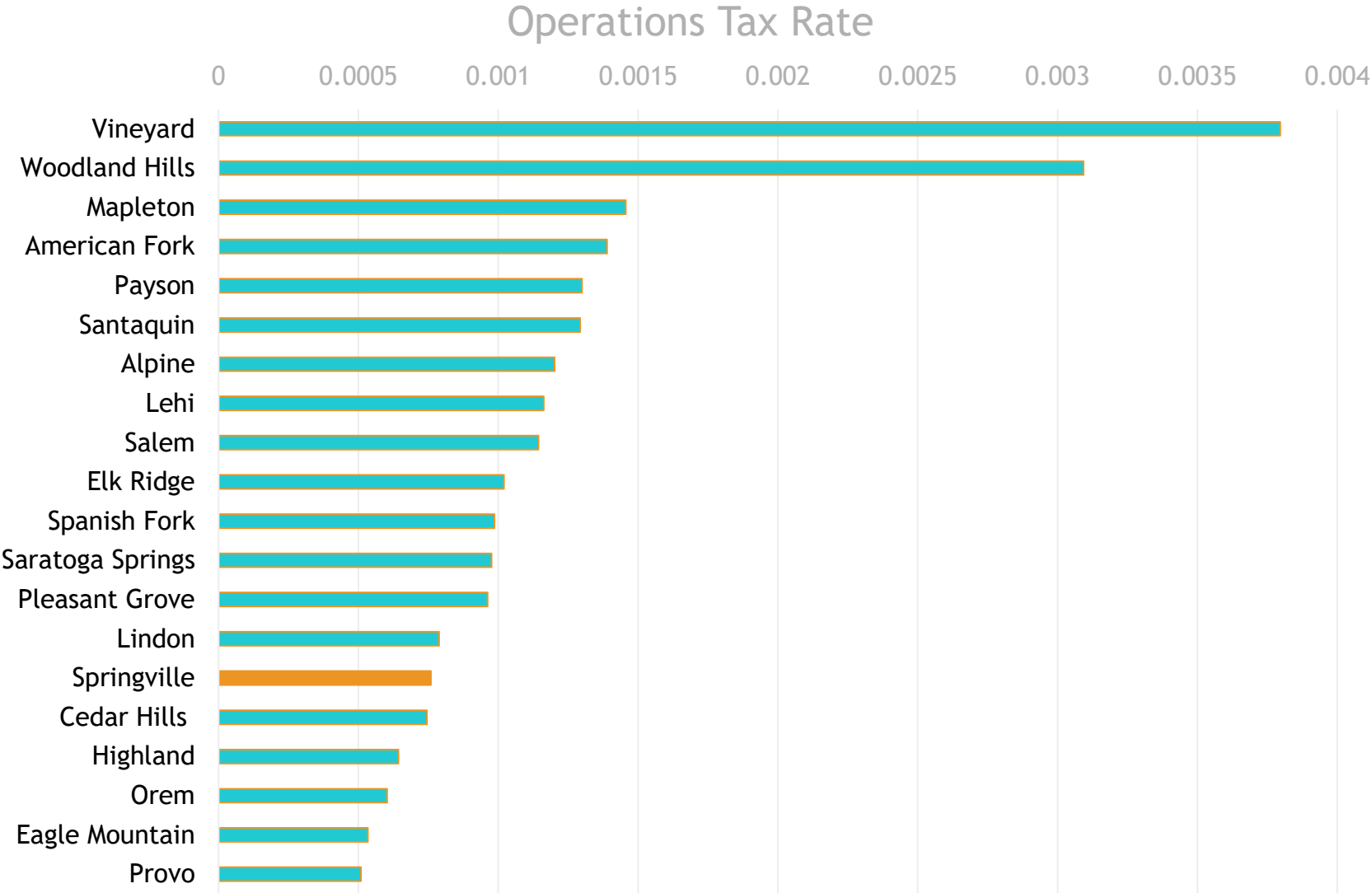


# COMMERCIAL EXAMPLE

- Owner has a \$475,000 business
  - Taxable value (no exemption): \$475,000
  - 2025 Tax bill without tax increase
    - $\$475,000 \times 0.000743$  (General Operations) \$352.93
    - $\$475,000 \times 0.000320$  (Interest and Sinking Fund/Bond) \$152.00
    - \$504.93**
  - Truth in Taxation increase - General Operations component
  - 2025 Tax bill with proposed Truth in Taxation increase
    - $\$475,000 \times 0.000759$  (General Operations) \$360.53
    - $\$475,000 \times 0.000320$  (Interest and Sinking Fund/Bond) \$152.00
    - \$512.53**
- Difference: **\$7.60 (per year) / 1.5%**

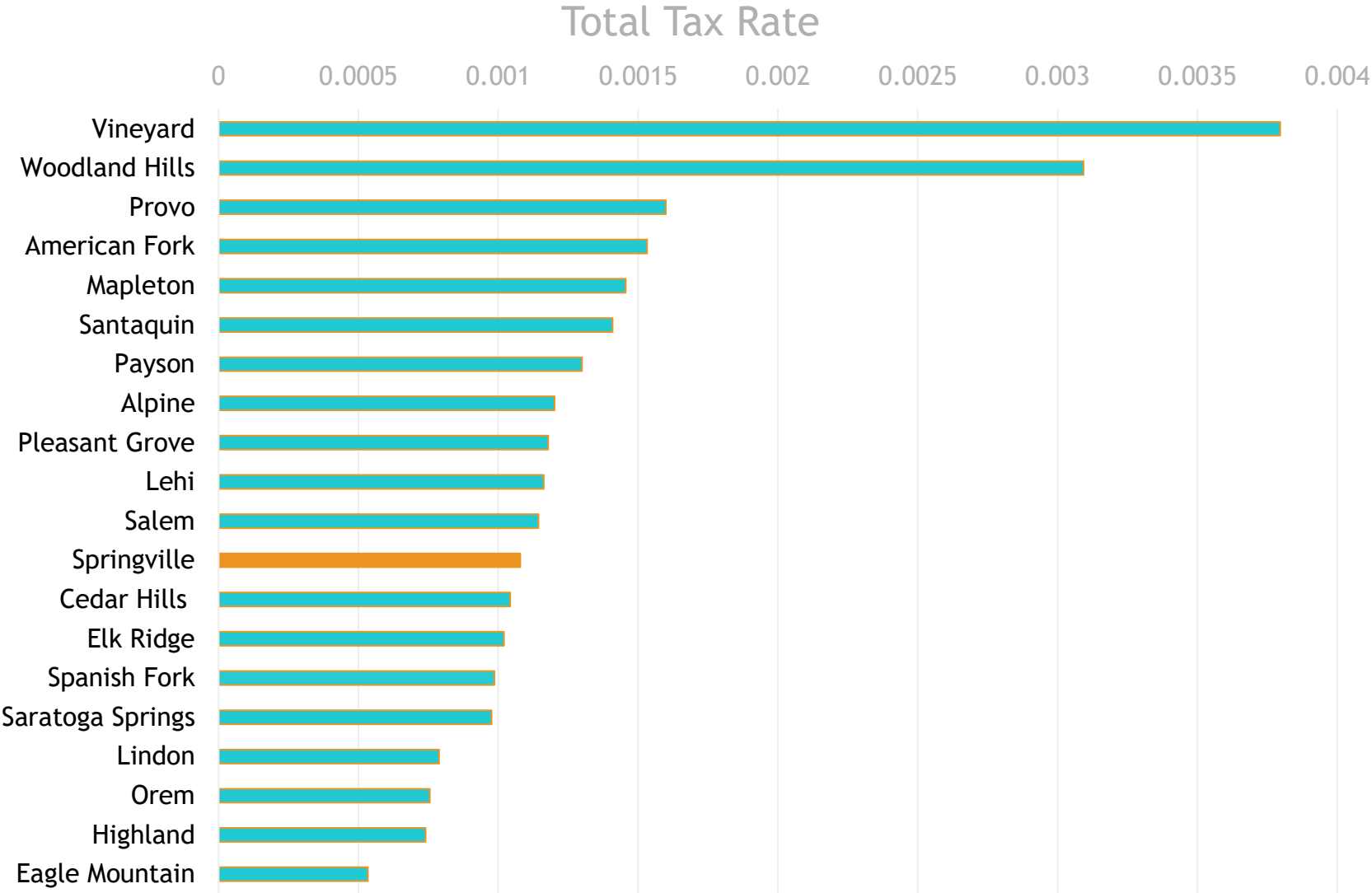


# TAX RATE COMPARISON





# TAX RATE COMPARISON





# TRUTH IN TAXATION PROCESS

Date	Action	Requirement
1 <sup>st</sup> meeting in May	Adopt budget	Set public hearing for budget
On or before June 30	Adopt interim budget	6/18 public hearing; adopt interim budget authorizing expenditures starting 7/1 along with fee schedule; notify County Auditor if entity intends to go through Truth in Taxation process
On or before July 30	Auditor	Auditor mails “Notice of Property Valuation and Tax Changes” with TNT hearing date, time and info
2 weeks before TNT hearing	Newspaper ad	Newspaper ad (combined if more than one entity going through TNT)
1 week before TNT hearing	2 <sup>nd</sup> Newspaper ad	Same ad as previous
Public Hearing	Adopt Property Tax Increase and Final Budget	Public hearing after 6pm; resolution sent to Tax Commission if rate increase is adopted; adopt final budget