



Bruce Messelt
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MEMORANDUM

To: County Board of Commissioners
Date: September 21, 2021
From: Bruce Messelt
Subject: 2022 Budget Levy Update

At your August Budget Workshop, County staff presented a *Preliminary 2022 Budget* with a proposed levy increase of 5.75%. Due to rising residential market values and over \$150 million in new construction countywide, we expect the county's tax base to grow by approximately 9%. Thus, even if no changes were made to the *Preliminary 2022 Budget*, the County's effective tax rate would decrease.

However, during these unprecedented times – including combatting a global COVID-19 pandemic, organizing, and carrying out a needed response, and addressing the resulting and ongoing economic disruption - and to lessen the financial impact to area residents, farmers and businesses while also continuing to support the growth of the County, staff has continued to refine the *Preliminary 2022 Budget*.

Recently, staff has undertaken the following actions to further reduce the *Preliminary* levy increase:

- Utilized an additional \$200,000 in fund balance;
- Utilized federal ARPA funds to offset pandemic related costs; and
- Reduced projected expenses in multiple departments, saving approximately \$75,000.

As a result of these changes, the current *Proposed 2022 Levy* recommendation is now 4.95%.

To provide the Board some perspective, if an individual's property value had not increased and stayed flat, residents would see the following property tax reductions with a 4.95% levy increase:

County Property Taxes with a 4.95% levy increase

<u>Valuation</u>	<u>2021 County Tax</u>	<u>2022 County Tax</u>	<u>Difference</u>
\$150,000	\$579	\$557	-\$22
\$200,000	\$828	\$798	-\$30
\$300,000	\$1,328	\$1,279	-\$49
\$400,000	\$1,828	\$1,760	-\$68
\$500,000	\$2,292	\$2,206	-\$86

However, as noted above, property values have not stayed flat – they have increased approximately 7.3% (the rest of the 9% increase in County tax base is from new construction activity). Thus, with a 4.95% levy increase, an average valued property of \$290,000 would see their county property tax increase approximately \$4.50 per month, due to the change in value.