

Property Tax Rate

- How is Property Tax Calculated?

$$\text{City Tax Rate} = \frac{\text{Total \$ City Levy}}{\text{Net Tax Capacity}}$$

$$\text{Individual Tax Bill} = \text{Parcel Tax Capacity} * \text{City Tax Rate}$$

- Total \$ City Levy = City Budget – Non-Property Tax Revenue
- Tax Calculation with Residential Homestead Example:
 - Taxable Market Value = Estimated Market Value - Homestead exclusion
 - Parcel Tax Capacity = Taxable Market Value * (1.0% of first \$500,000 + 1.25% of taxable market value > \$500,000)

Tax Base Growth Strategies

Historical View Levy/Tax Rate

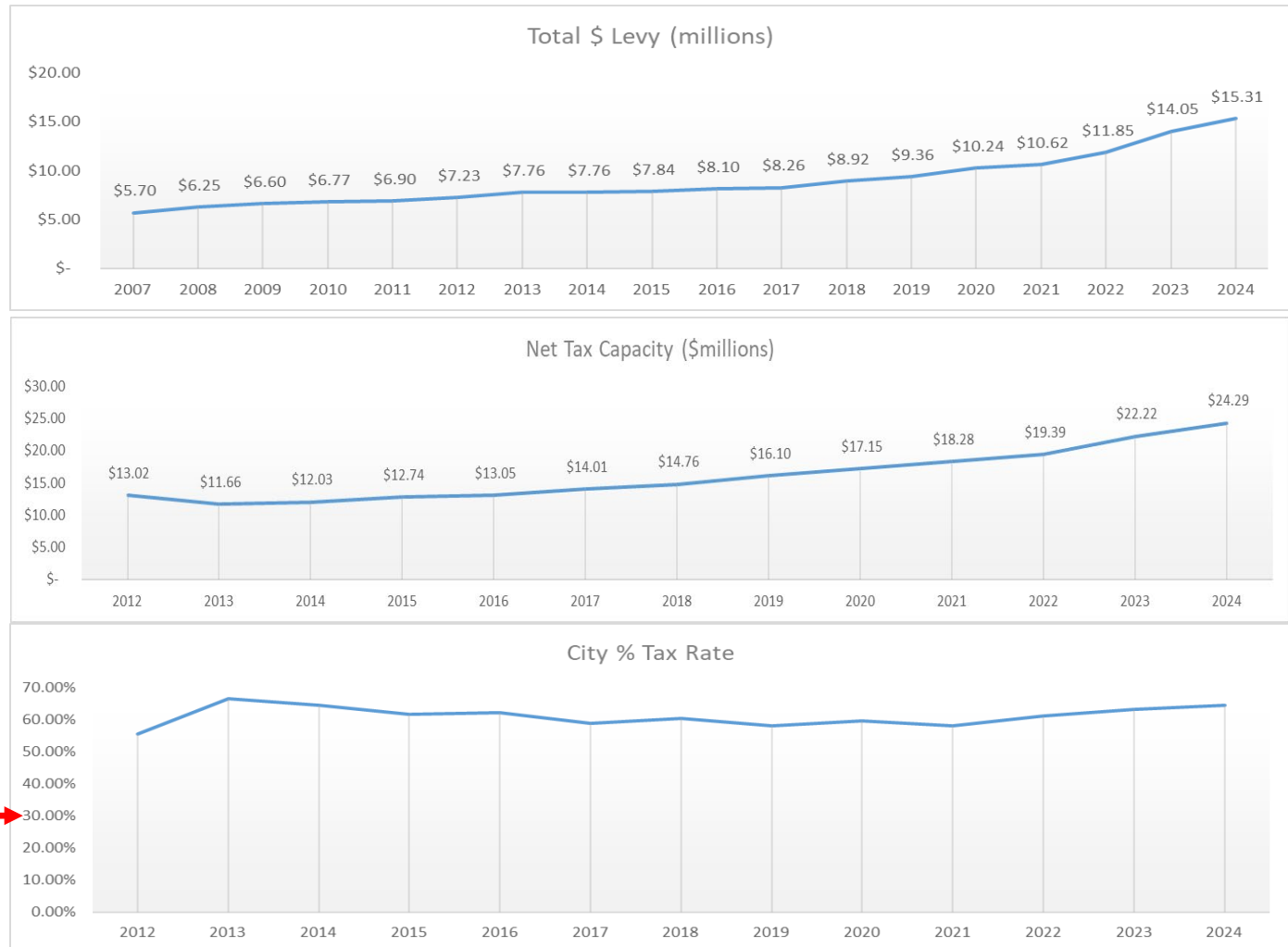
The City % Tax Rate
= Total \$ Levy/Net
Tax Capacity

Note in 2013 the Tax
Rate peaked as Net
Tax Capacity dropped

The proposed levy is
partially offset by the
net tax capacity
increase

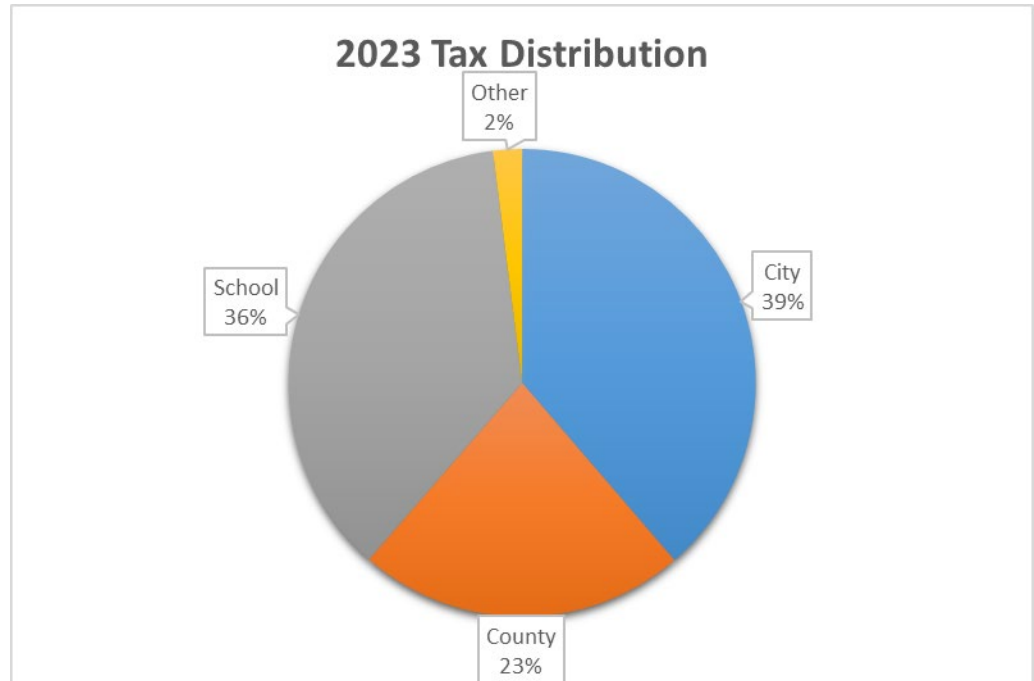
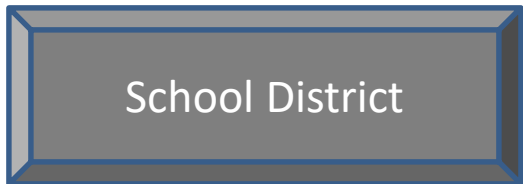
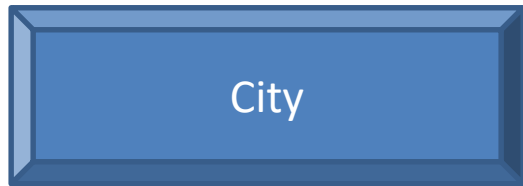
City % Tax Rate
increases slightly
benefiting from
increased NTC

The \$700M Tax Base
Growth Scenario
would put tax rates
in 2027 lower than
pre-2012 rates



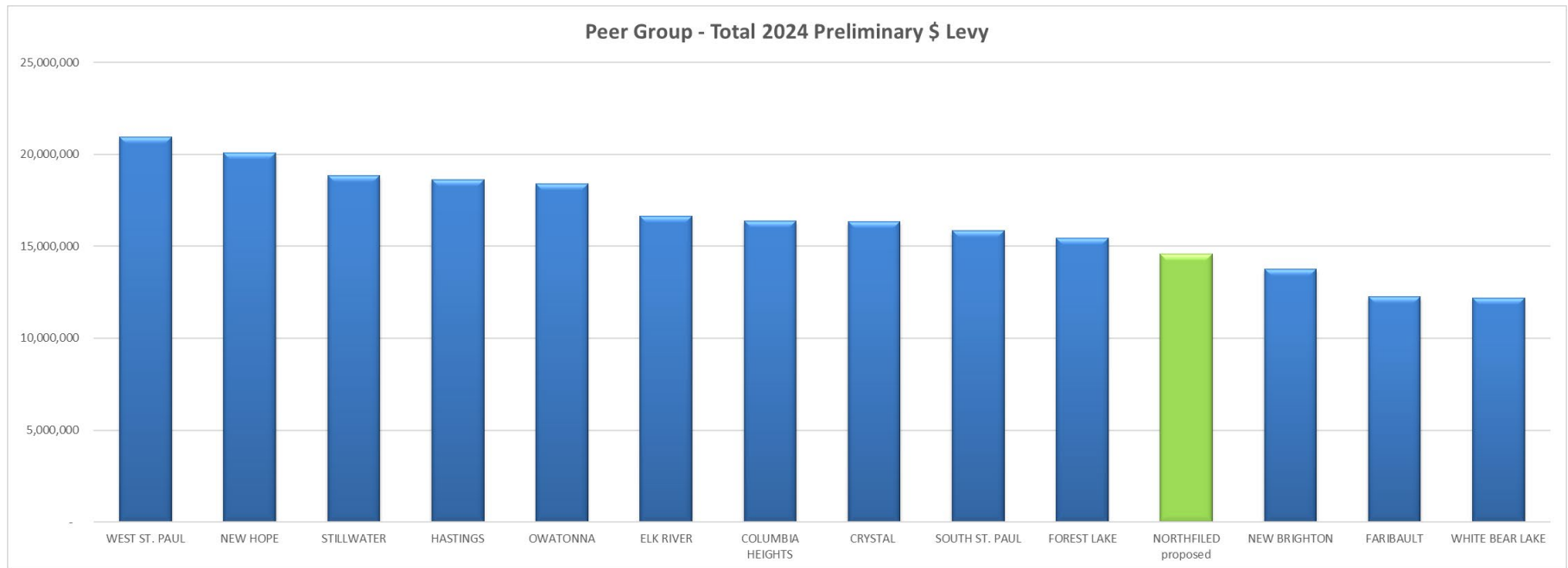
Property Taxes

- Who levies property taxes?

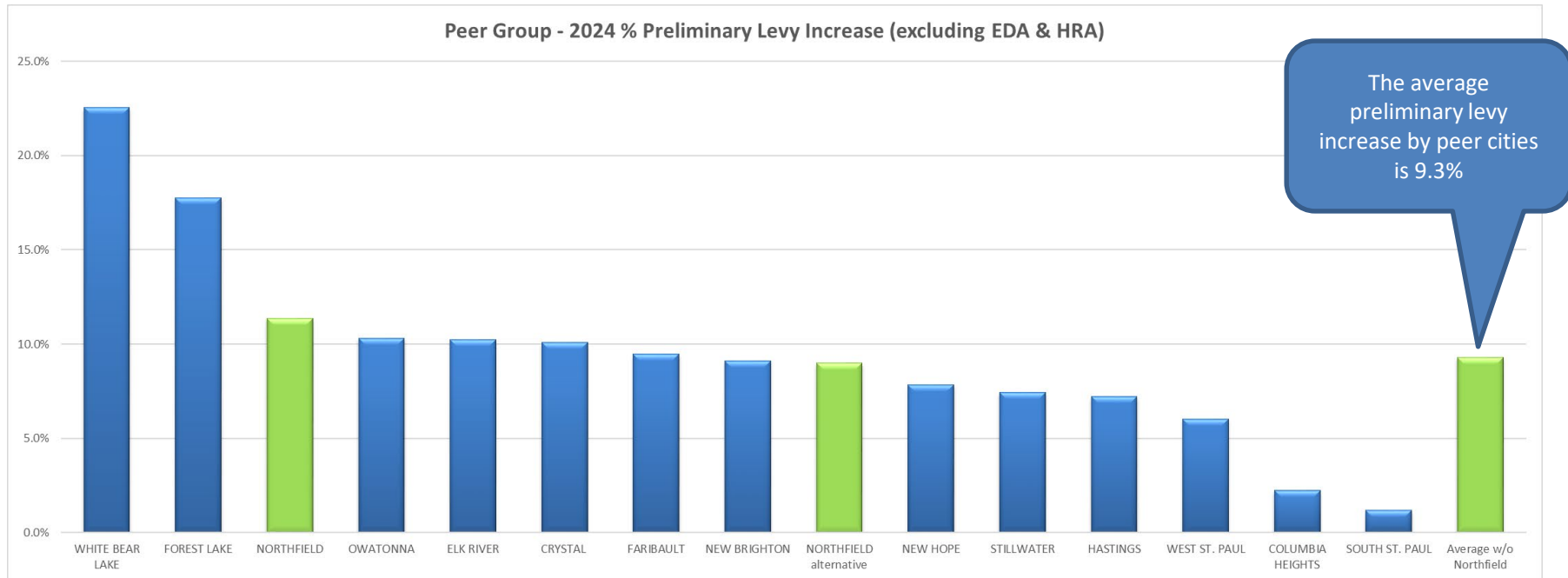


- Percentages based on current Rice County example at median home value
- Net Tax Capacity (NTC) and Referendum Market Value (RMV)

Peer Comparison



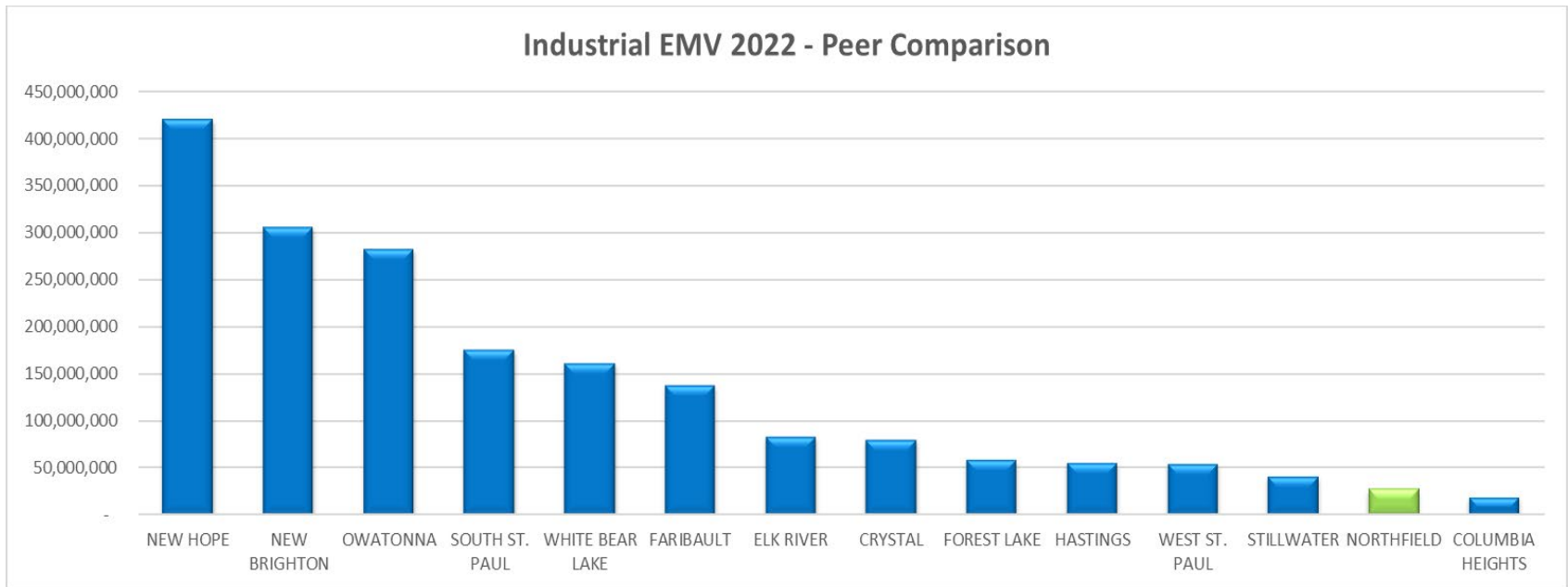
Peer Comparison



The proposed tax levy is down \$350,000 to \$15,311,510 (a +9% increase) and is below the average increase amongst peers.

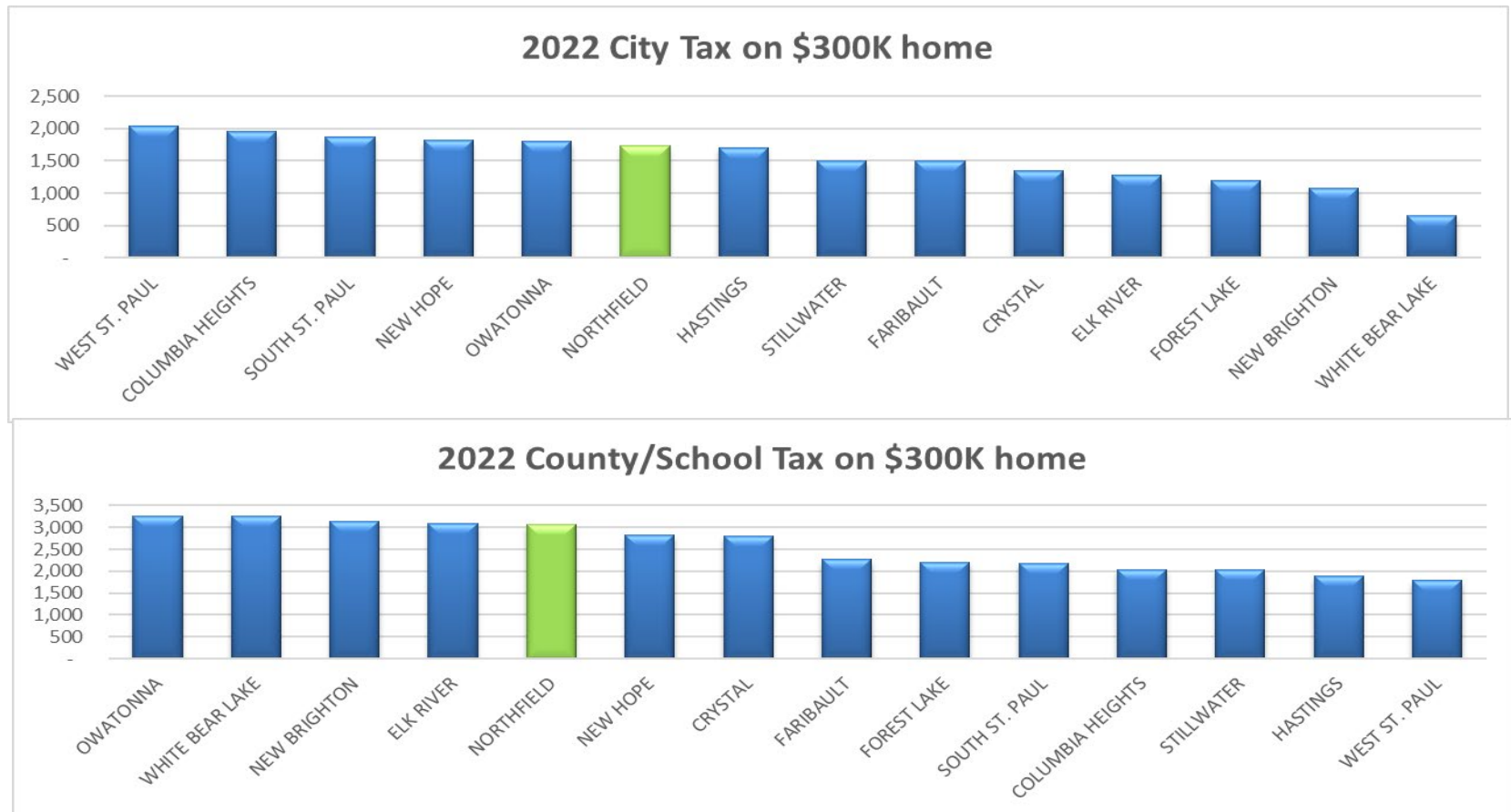
Key Ratios – Peer Comparison

- Northfield's Industrial Estimated Market Value is 23% of the Peer Group average
- Improving the City's Industrial Tax base is a priority of the strategic plan and in particular community development staffing investments in 2022



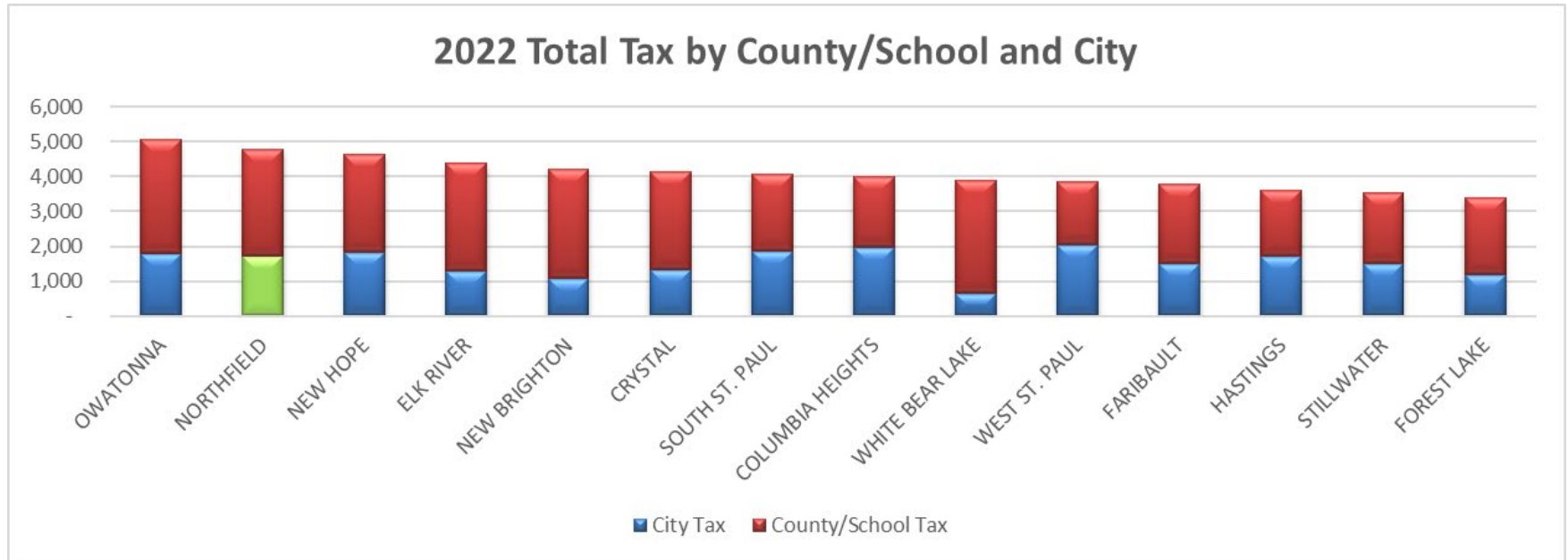
Property Tax Comparison

- 2022 Median Home Value Taxes compared to Peer Group cities, City tax vs County/School tax



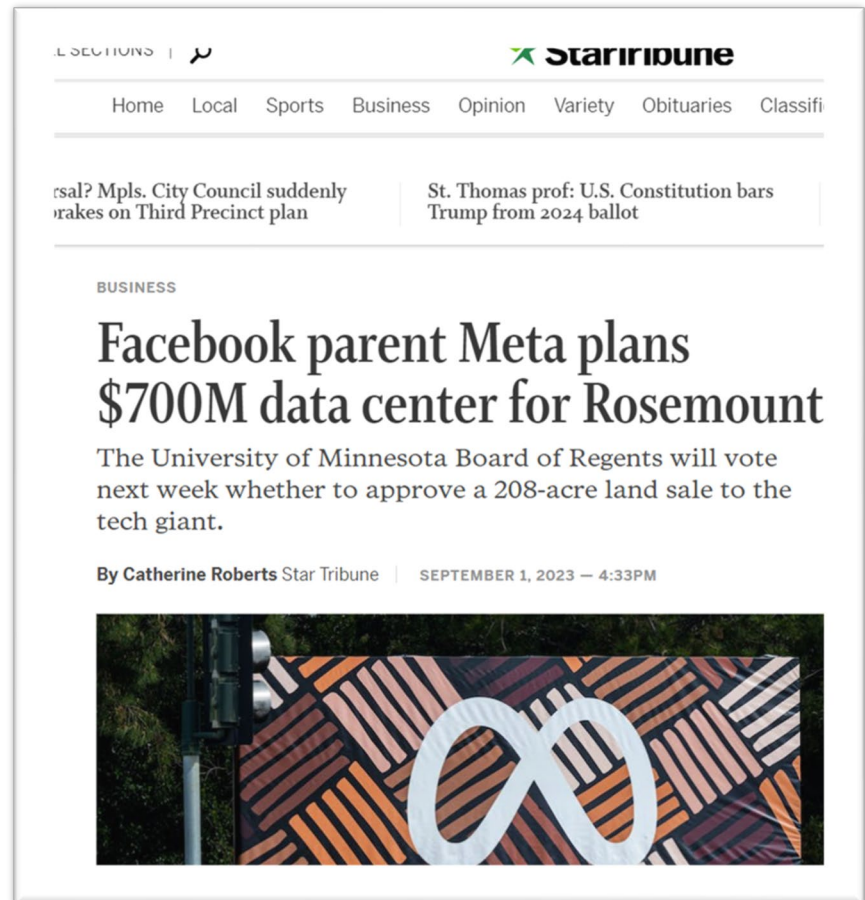
Property Tax Comparison

- 2022 Median Home Value Taxes compared to Peer Group cities, City tax vs County/School tax



Tax Base Growth Strategies

- Although Northfield's tax base is low, Northfield is well positioned for new growth opportunities that meet city plans and goals
- If one new tax payer, similar to the proposed Rosemount Data Center, would reduce city portion of residential burden by 26%
- Includes net zero emissions, 100% renewable energy, outdoor air solutions to increase water efficiency, etc.



Tax Base Growth Strategies

D. Full CIP/CEP plus Phase In Maintenance

Adding \$700MM Economic Development (2027 impact)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Existing Debt Levies (2013-2022 Bond Issues)	2,586,725	2,259,592	2,209,592	2,114,592	2,099,592	2,044,592	1,800,092	1,555,000	1,165,000	970,000	580,000
2023 Levy Supported Bonds - 15-yr Levy	-	737,200	737,200	737,200	737,200	737,200	737,200	737,200	737,200	737,200	737,200
2024 Street Reconstruction Projects - 20-yr Levy	-	-	750,700	750,700	750,700	750,700	750,700	750,700	750,700	750,700	750,700
2024 Transit Hub / Bridge Sq Projects - 10-yr Levy	-	-	698,900	698,900	698,900	698,900	698,900	698,900	698,900	698,900	698,900
2024 New Ice Arena (City Levy Share 20-yrs)	-	-	722,600	722,600	722,600	722,600	722,600	722,600	722,600	722,600	722,600
2024 - 2028 Equipment Debt - 10-yr Levies	-	-	-	145,400	273,700	273,700	273,700	374,800	374,800	374,800	374,800
2025 - 2028 Street Reconstruction - 15-yr Levies	-	-	-	330,300	666,300	812,300	976,400	976,400	976,400	976,400	976,400
NCRC Operations Levy	195,156	195,156	195,156	195,156	195,156	195,156	195,156	195,156	195,156	195,156	195,156
Park Fund Levy	163,863	304,344	444,825	585,306	614,571	645,300	677,565	711,443	747,015	784,366	823,584
City Facilities Fund Levy	104,775	245,256	257,519	270,395	283,914	298,110	313,016	328,666	345,100	362,355	380,473
Vehicle & Equipment Replacement Levy	354,624	424,864	495,104	519,859	545,852	573,145	601,802	631,892	663,487	696,661	731,494
TOTAL DEBT & CAPITAL LEVIES	3,405,143	4,166,412	6,511,596	7,070,408	7,588,486	7,751,703	7,747,131	7,682,758	7,376,358	7,269,138	6,971,307
Percent Change From Prior Year:	12.6%	22.4%	56.3%	8.6%	7.3%	2.2%	-0.1%	-0.8%	-4.0%	-1.5%	-4.1%
FORECASTED CITY GENERAL LEVY (5% /Yr)	9,998,653	10,714,319	11,250,035	11,812,536	12,403,163	13,023,321	13,674,487	14,358,212	15,076,122	15,829,928	16,621,425
FORECASTED EDA LEVY	318,909	363,298	392,533	412,160	432,768	454,406	477,127	500,983	526,032	552,334	579,950
FORECASTED HRA LEVY	325,417	370,712	400,544	420,571	441,600	463,680	486,864	511,207	536,767	563,606	591,786
TOTAL (ALL LEVIES)	14,048,122	15,614,740	18,554,708	19,715,675	20,866,017	21,693,110	22,385,608	23,053,159	23,515,280	24,215,006	24,764,468
Percent Increase From Prior Year:	17%	11%	19%	6%	6%	4%	3%	3%	2%	3%	2%
Average 5-yr Forecasted Total Levies Increase:					9%						
Forecasted City Tax Rate:	62.643%	64.366%	73.168%	74.083%	49.044%	49.346%	49.239%	49.001%	48.254%	47.967%	47.314%
Forecasted EDA Tax Rate:	1.490%	1.571%	1.617%	1.617%	1.062%	1.079%	1.097%	1.114%	1.131%	1.147%	1.163%
Forecasted HRA Tax Rate:	1.521%	1.603%	1.650%	1.650%	1.083%	1.101%	1.119%	1.136%	1.154%	1.170%	1.187%
Forecasted Total Tax Rate:	65.654%	67.541%	76.435%	77.350%	51.189%	51.527%	51.454%	51.251%	50.538%	50.284%	49.664%
(With \$700MM Development in 2025)	Change:	1.886%	8.895%	0.915%	-26.161%	0.338%	-0.072%	-0.204%	-0.713%	-0.254%	-0.620%
<u>Sample Property Tax Bill (All Levies)</u>											
\$325,000* Residential Homestead	2,081	2,141	2,477	2,563	1,734	1,784	1,821	1,854	1,868	1,900	1,918
*Appreciating 2% per year											

Note: The increase for a typical home in Northfield would be -32.34% or \$69/month or \$829 annually from 2026 to 2027.

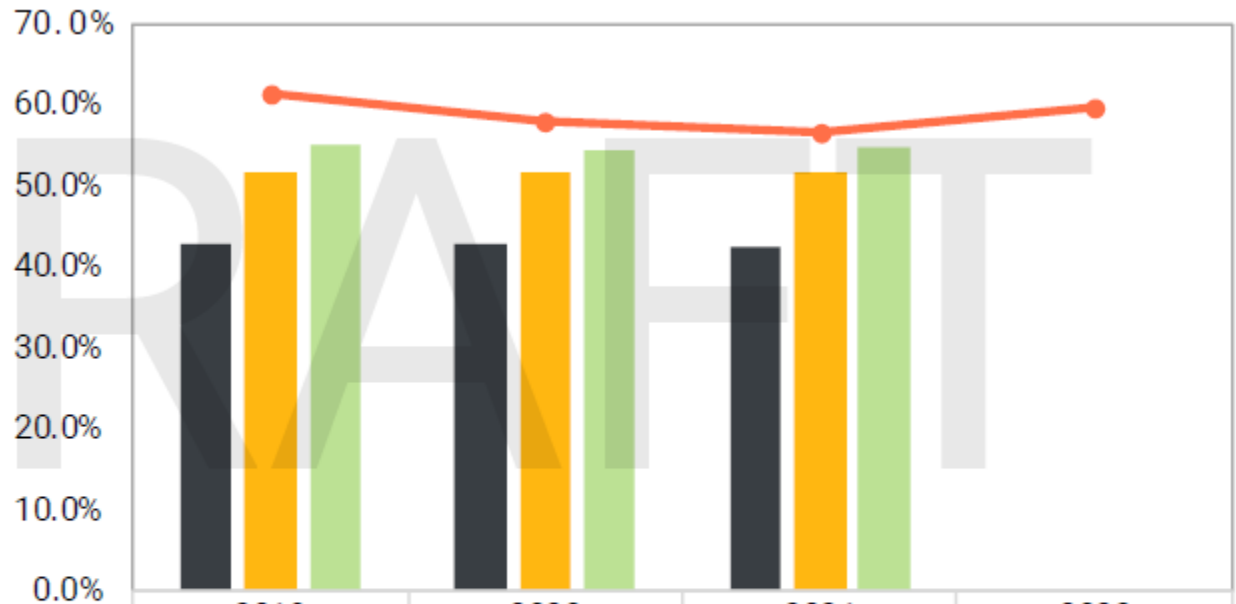
Tax Base Growth Strategies

Key Ratios – Peer Comparison

Northfield's current Tax Rate is higher than the Rice county average and Class 2 & 3 Cities

The \$700M Tax Base Growth Scenario in 2027 would put it at 51.189%

Tax Rate



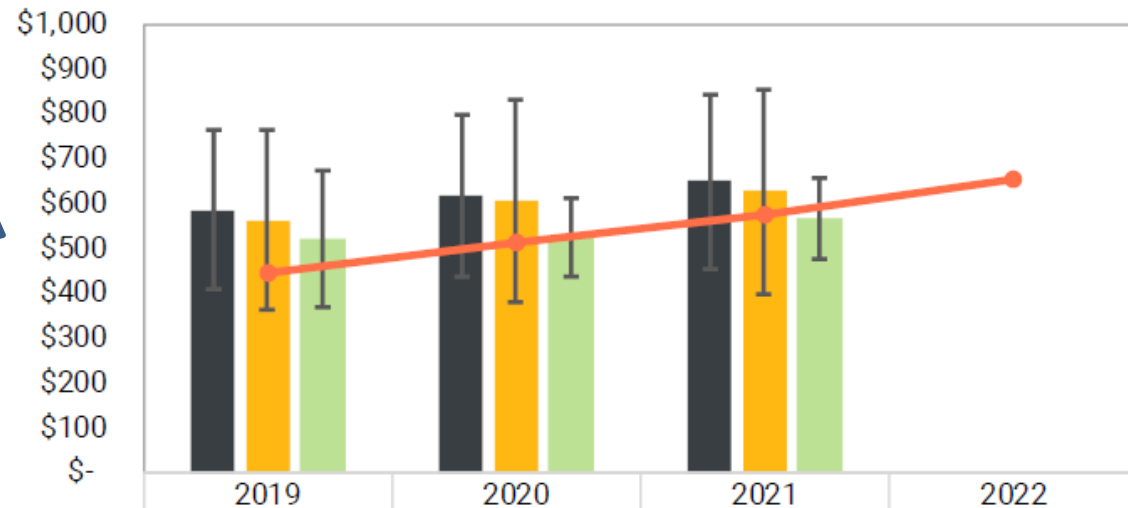
■ Class 2 Cities (20,001 - 100,000)	42.9%	43.1%	42.7%	N/A
■ Class 3 Cities (10,001 - 20,000)	51.8%	51.7%	51.7%	N/A
■ Cities in Rice County	55.3%	54.4%	55.0%	N/A
—● City of Northfield	61.5%	58.2%	56.7%	59.9%

Source: Abdo, Eick & Meyers, LLP Audit Presentation June 2023

Key Ratios – Peer Comparison

Northfield City Taxes Per Capita are trending up, but have been lower than peer groups

Taxes - Per Capita



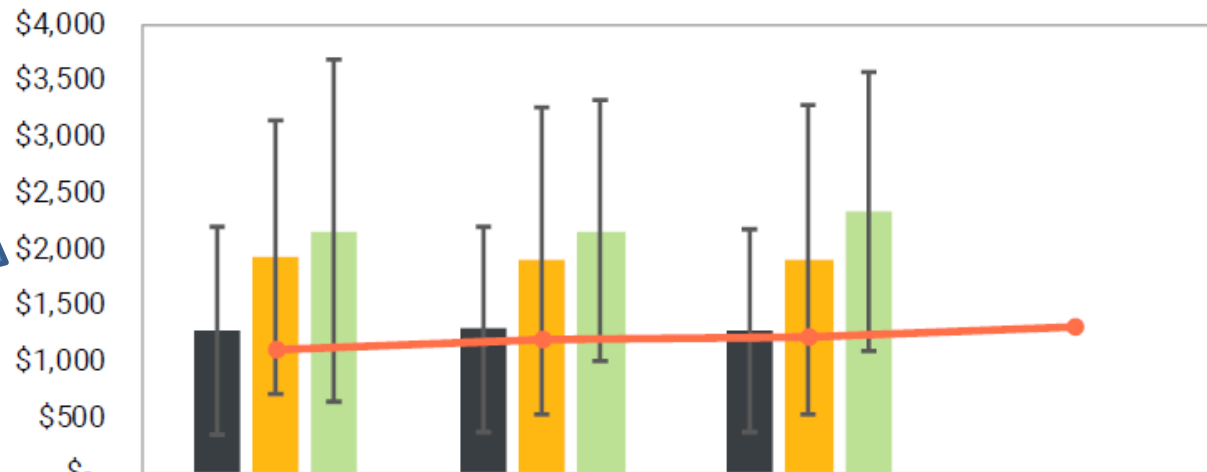
	2019	2020	2021	2022
Class 2 Cities (20,001 - 100,000)	\$589	\$620	\$654	N/A
Class 3 Cities (10,001 - 20,000)	\$564	\$608	\$629	N/A
Cities in Rice County	\$523	\$528	\$571	N/A
City of Northfield	\$450	\$517	\$576	\$659

Source: Abdo, Eick & Meyers, LLP Audit Presentation

Key Ratios – Peer Comparison

Northfield's debt per capita is on the low end of compared groups

Long Term Debt - Per Capita



Class 2 Cities (20,001 - 100,000)

Class 3 Cities (10,001 - 20,000)

Cities in Rice County

City of Northfield

2019

2020

2021

2022

\$1,283

\$1,292

\$1,271

N/A

\$1,939

\$1,905

\$1,918

N/A

\$2,169

\$2,173

\$2,343

N/A

\$1,112

\$1,197

\$1,230

\$1,318

Source: Abdo, Eick & Meyers, LLP Audit Presentation

City services are a good value

Compared with other services and utility charges for the average household,
City of Northfield services remain a bargain

