

# TRUTH-IN-TAXATION HEARING

## BEMIDJI, MINNESOTA

### December 6, 2004

Pursuant to due call and published notice, a Truth-in-Taxation Hearing was held on Monday, December 6, 2004, at 5:30 p.m. in the Council Chambers of City Hall, Mayor Lehmann presiding

Upon roll call, the following Council members were declared present: Erickson, Hellquist, Zachman, Meuers, Lehmann, Downs, Johnson.

Mayor Lehmann opened the public hearing.

Councilmembers and the public were provided information regarding the City's 2005 proposed budget and levy. Finance Director Ron Eischens reviewed the information including a history of the tax levy (1988-2005), distribution of the property tax dollar, and comparison of state and local tax rates.

Eischens also identified sources of funding for the General Fund, and provided a breakdown of General Fund expenditures. He further noted that the preliminary 2005 levy will be reduced by \$170,000 due to the Council's decision to pay cash for equipment purchases made in 2004 with anticipated 2004 surplus funds rather than issue debt. The proposed 2005 levy of \$2,058,633 represents a 19 percent increase over 2004.

Eischens pointed out that 51 percent of the property value in Bemidji is non-taxable, and many people work, shop and recreate in Bemidji but do not pay taxes.

Zachman recalled that in his early years of service on the Council he took pride in the fact that the City was keeping the levy down. He now realizes that deferring projects such as road repair to keep the levy down was not a wise thing to do.

Lehmann invited those present to comment on the proposed 2005 budget.

Tom Kern, 4409 Cherry Lane NE asked whether future levies would be more reasonable. Eischens noted that future levies would depend on the Council's priorities and the distribution of Local Government Aid (LGA). He further noted that the City has experienced cuts in LGA over the last two years and expressed concerns about future cuts.

Bob Rosch, inquired about Councilmember Erickson's alternate proposal offered in September to bond for the 2005 street project shortfall, dedicating liquor store profits to make the bond payments and reduce the levy. He agreed that the proposal would give the city some flexibility and help to provide some tax relief for elderly on fixed incomes.

Eischens noted that the majority of the Council supported the preliminary budget/levy and staff has worked to reduce the proposed budget by \$170,000.

Mayor Lehmann also acknowledged e-mail communication from Tom Labernik of Bemidji Marine expressing opposition to the proposed tax increase.

There being no further comments or concerns brought before the Council, Lehmann closed the public hearing and announced there would be no need for a continuation hearing.

The 2005 budget will be presented for adoption at the regular City Council meeting on Monday, December 20, 2004.

#### **ADJOURN**

There being no further business to be brought before the Council at this time, motion by Hellquist, second by Downs to adjourn the Truth-in-Taxation hearing. Motion carried. Meeting adjourned at 6:15 p.m.

Respectfully submitted

Shirley J. Sherman, City Clerk