

TRUTH IN TAXATION PUBLIC HEARING & INPUT MEETING



MN Dept of Revenue

The Minnesota Department of Revenue requires cities with populations over 500 to hold truth in taxation public hearing and input meetings.



Notification

Koochiching County sends a parcel specific notice between November 11-24 to property owners showing proposed tax figures for upcoming year per MN Statute 275.065 subd 3.



Purpose of Meeting

- Discuss 2026 Budgets
- Discuss 2026 City tax levy
- Questions and Public Input



Valuations

- The focus of this meeting is not on property valuations
- Local Board Appeal & Equalization Meeting is where concerns about property valuations are heard
 - June 17, 2025 was the meeting to discuss valuations used for 2026

BUDGET PROCESS



June

Financial Audit is finalized and adopted for prior-year financials

Mid-July
Department Heads and partnership agencies receive documents from the Finance Officer to begin compiling their

budget requests for the

upcoming year



August-September

Proposed budgets
reviewed at public Budget
& Finance Meetings

- August 5, 2025
- August 18, 2025
- August 19, 2025
- August 26, 2025
- September 2, 2025
- September 8, 2025
- September 12, 2025
- September 16, 2025



September

Preliminary Tax Levy* certified on September 22, 2025.

After the adoption of the 2026 preliminary levy, the levy can be lowered by the City Council, but it cannot be increased.



PRESENT

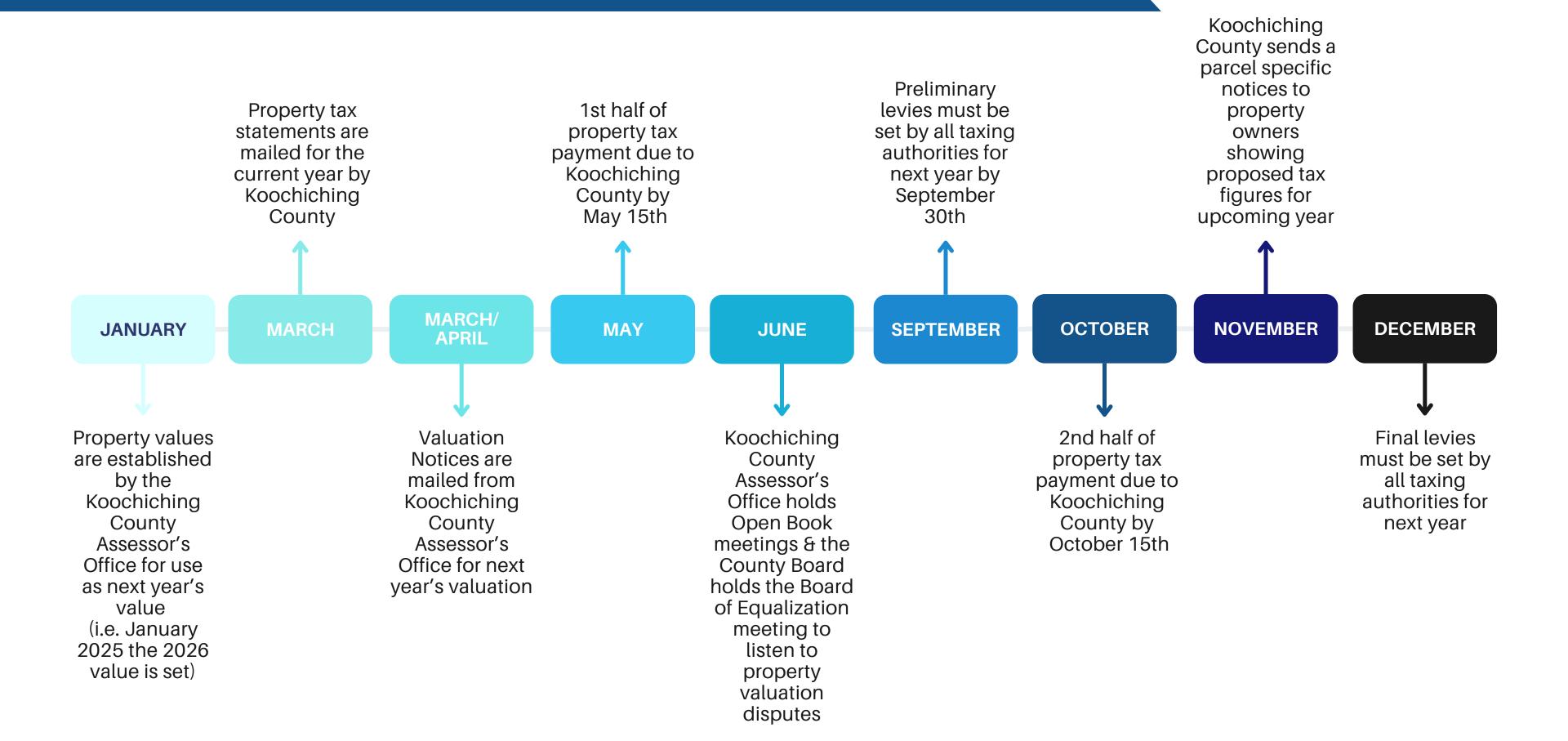
Truth-in-Taxation
meeting is held where
we can better inform
citizens about the 2026
preliminary budget and
levy



FUTURE

Final budget and levy is scheduled to be adopted at the December 15, 2025 regular City Council meeting

GENERAL PROPERTY TAX TIMELINE



WHY MIGHT YOUR PROPERTY TAX AMOUNTS CHANGE?

Market
Valuations

Change in values

Levies

Change in levies at various jurisdictions (County, City, School District)

Voter Approved Referendums

Addition of voter approved referendum amounts

Non-Levy Revenue Sources

changes in non-levy revenue sources can affect your taxes

Legislative Changes/Mandates

changes to the formulas on calculations, homestead credits, etc.

Debt Issuance

if a local jurisdiction has to issue debt
(i.e. bonds, etc.)

Special Assessments

like assessed road improvements, or unpaid assessed bills can affect your taxes



NET TAX CAPACITY

The City of International Falls occupies roughly a quarter of Koochiching County's overall Net Tax Capacity (NTC) of \$17,998,596.

A property's net tax capacity
(NTC) is determined by
multiplying the property's
taxable market value by the
relevant class rate or rates. Class
rates are set by MN State Statute,
vary by property type, and are
uniform statewide.

- City of International Falls
- Koochiching County (non-City)



25.5% \$4,585,039

74.5% \$13,413,557

HOW TO READ YOUR PROPOSED TAX NOTICE

NOTE: Levy Percentage increases do not directly equate to actual increases/decreases on your respective property taxes.

See below for example!

increased, meaning that affects what portion they occupy of the Net Tax Capacity (NTC)

County of Koochiching

Auditor/Treasurer Joan Nelson 715 4th Street International Falls MN 56649 www.co.koochiching.mn.us

Taxpayer #

This is an example of a 2026 Proposed Tax Notice

Property Information

Property ID:

Property: \INT'L FALLS, MN

Property Description:

PROPOSED TAXES 2026								
THIS IS NOT A BILL. DO NOT PAY.								
Sten	VALUES AND CLASSIFICATION							
Step	Taxes Payable Year	2025	2026					
1	Estimated Market Value Homestead Exclusion Other Exclusions	153,800 32,708 0	167,600 31,466 0					
	Taxable Market Value	121,092	136,134					
	Class:	RES HSTD	RES HSTD					
Step	PROPOSED TAX							
2	Property Taxes before credits School building bond credit Agriculture market value credit Other credits		2,656.00 .00 .00					
	Property Taxes after cred	2,656.00						
Step	PROPERTY TAX STATEMENT							
3	Coming in 2026							
The time to provide feedback on PROPOSED LEVIES is NOW It is too late to appeal your value without going to Tax Court.								

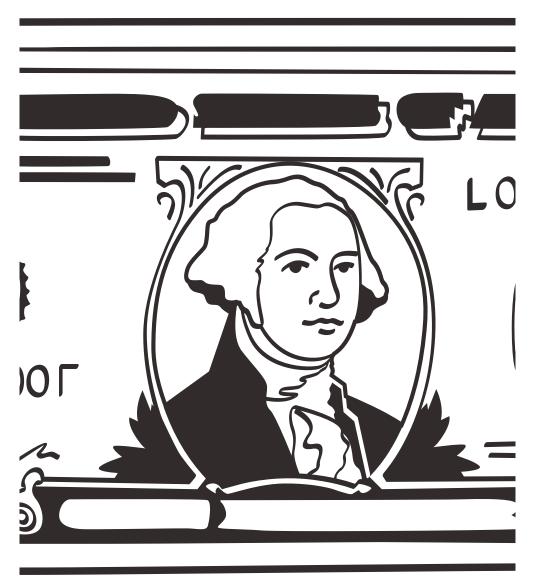
NOTE: this parcel's Estimated Market Value

Proposed Propert	y Taxes and Meetings	by Jurisdiction	for You Pro	perty	
Contact Information	Meeting Information	Actual 2025	Pro	posed 2026	ACTUAL
State General Tax County of Koochiching Koochiching County CH 715 4th St Int'l Falls, MN. 56649 218-283-1152 www.co.koochiching.mn.us	No public meeting December 09, 6:00 PM Koochiching County 3rd Floor Historic Courtroom	.00 504.07	+8.99% Proposed Levy	.00 589.14	CHANGE +16.9% / +\$85.07
City of Int'l Falls City of Int'l Falls 600 4th Street Int'l Falls, MN. 56649 218-283-9484 www.ci.international-falls.m	December 1, 6:00 PM Municipal Building Council Chambers n.us	1,219.08	+20.00% Proposed Levy	1,483.61+	21.7% / +\$264.53
School District: 361 Voter Approved Levies Other Levies Int'l Falls ISD 361 1515 11th Street Int'l Falls, MN. 56649 218-283-2571 www.isd361.kl2.mn.us	December 22, 6:00 PM Falls High School School Library	262.94 282.67	+2.55% Proposed Levy		+6.7% / +\$17.55 +5.2% / +\$14.56
Special Taxing District(s) Total:		5.24		5.53	+5.5% / +\$0.29
Tax Increment Tax Fiscal Disparity Tax		.00		.00	
Total excluding any special assessmen	uts	2,274.00		2,656.00	16.8 %

MTINTLTR 11/20/2025

DISTRIBUTION OF PRELIMINARY TAXES FOR SAMPLE PARCEL













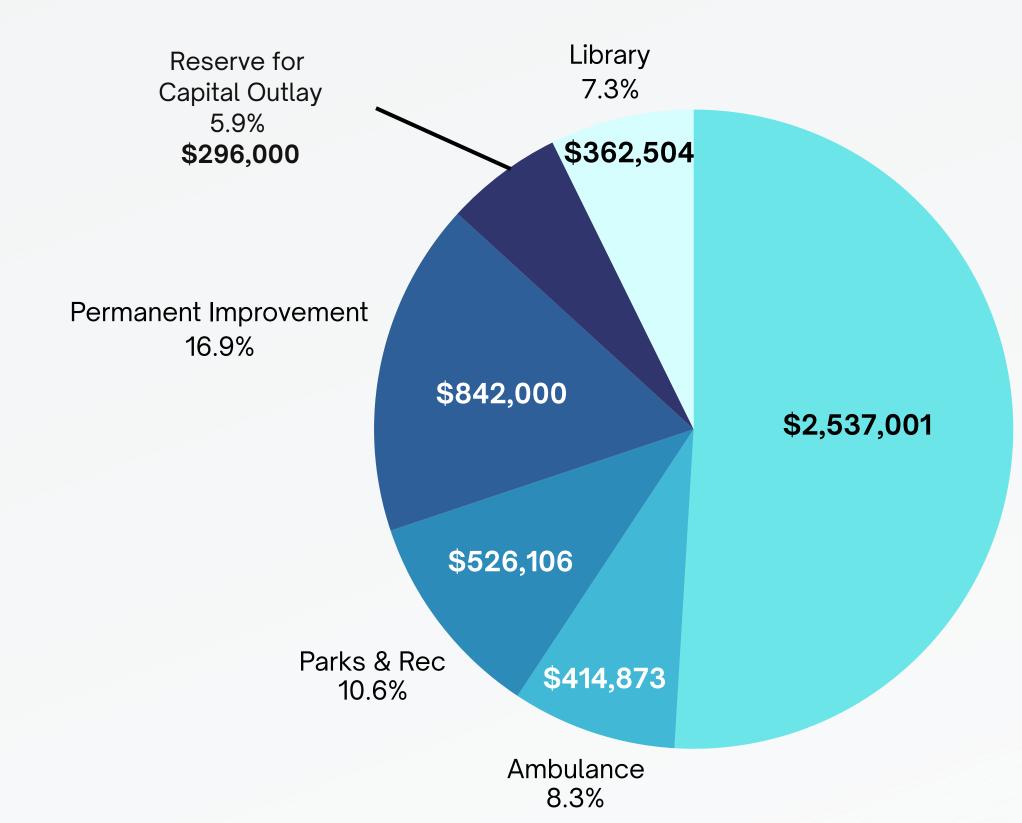






LEVY BREAKDOWN

The City's Levy is allocated towards 6 different municipal funds with a proposed 2026 total levy of \$4,978,484.



General Government 51%



2026 ADMINISTRATIVE OPERATING BUDGET \$1,106,046

69% ADMINISTRATION

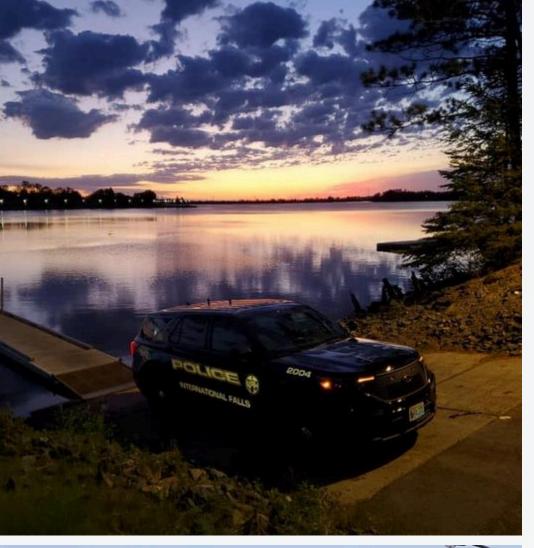
MAYOR & COUNCIL 11%

11% CITY ATTORNEY

AUDITING 7%

1% BOARDS & COMMISSIONS

ELECTIONS 1%





2026 PUBLIC SAFETY OPERATING BUDGET

\$3,583,263*

POLICE DEPARTMENT

66%

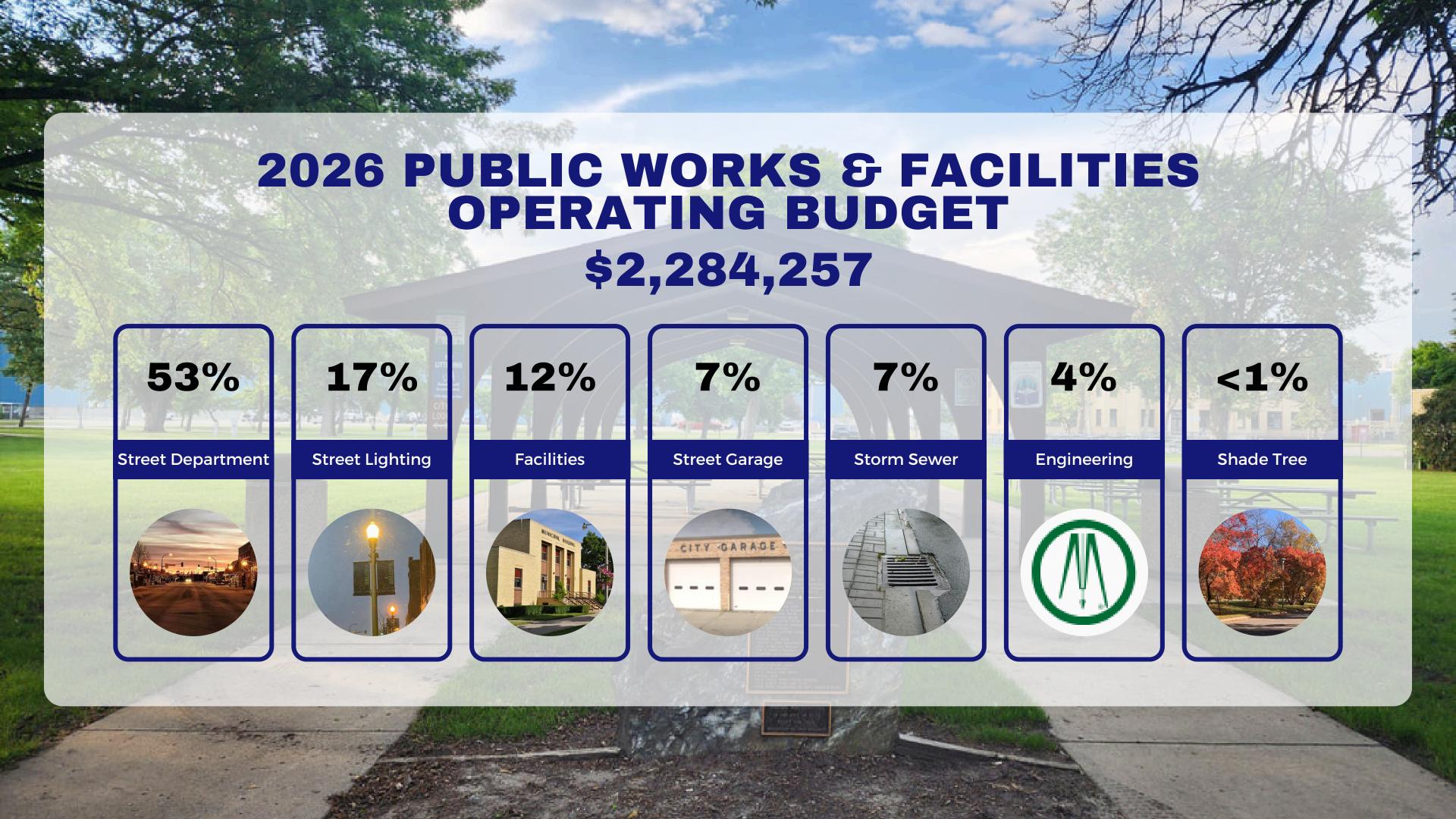
24% FIRE DEPARTMENT

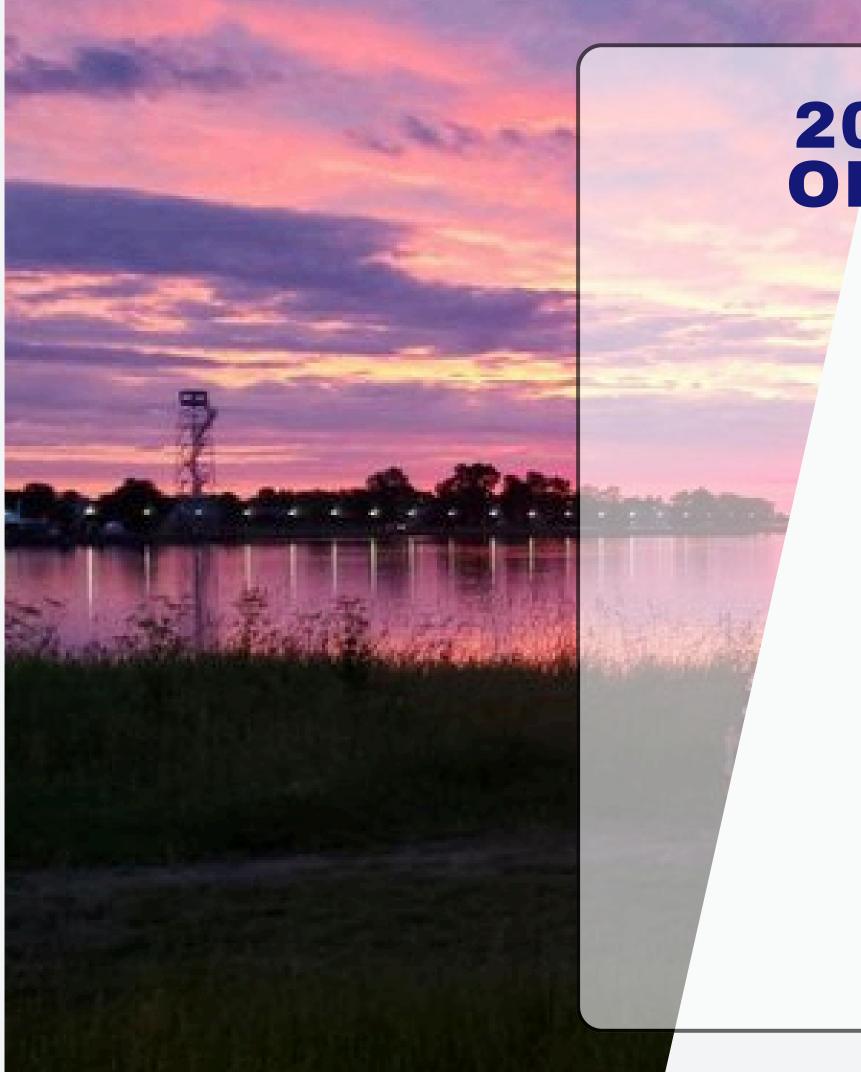
BUILDING & FIRE CODE INSPECTION

9%

1% POUNDMASTER

*Note: \$240,000 in intergovernmental revenue from state funds is received and designated to offset specific portions of these Police/Fire/Hazmat operational/training budgets.





2026 UNALLOCATED OPERATING BUDGET \$432,724

52% TAX ABATEMENT

27% AIRPORT

PAY OWN/RETIREE INSURANCES/HRA

5% UNALLOCATED-OTHER

<1% CEMETERY

<1% SENIOR CENTER

FRIENDS AGAINST ABUSE

PARTNERSHIP AGENCIES





Senior Center \$2,000*



*per contract

Forest Hill Cemetery \$4,000



Borderland Humane Society

\$32,000*



*per contract plus utilities/maintenance on building





Bronko/Kooch Museum

\$20,000*



*funding from 809 EDA Fund





*funding from franchise feessubject to exact amount

REVENUE SOURCES FOR GENERAL FUND

59%

Local Government Aid (LGA)

Budgeted amount of \$4,948,240 an increase of \$10,758 (0.22%) over 2025

3%

Miscellaneous-Interest Income

Budgeted amount of \$229,600, an increase of \$17,600 (8.3%) over 2025

30%

Property Tax Levy

Budgeted amount of \$4,978,484, an increase of \$829,747 (20%) over 2025, of which \$2,537,001 is set to be allocated to the General Fund (101), with \$1,000,000 of that dedicated to replenishing reserves.

3%

Public Charges for Service

Budgeted amount of \$227,239, an increase of \$21,539 (10.47%) over 2025 3%

Other Intergovt Revenue*

Budgeted amount of \$262,385, an increase of \$34,385 (15.08%) over 2025

*includes \$240,000 in revenue for Public Safety specific items



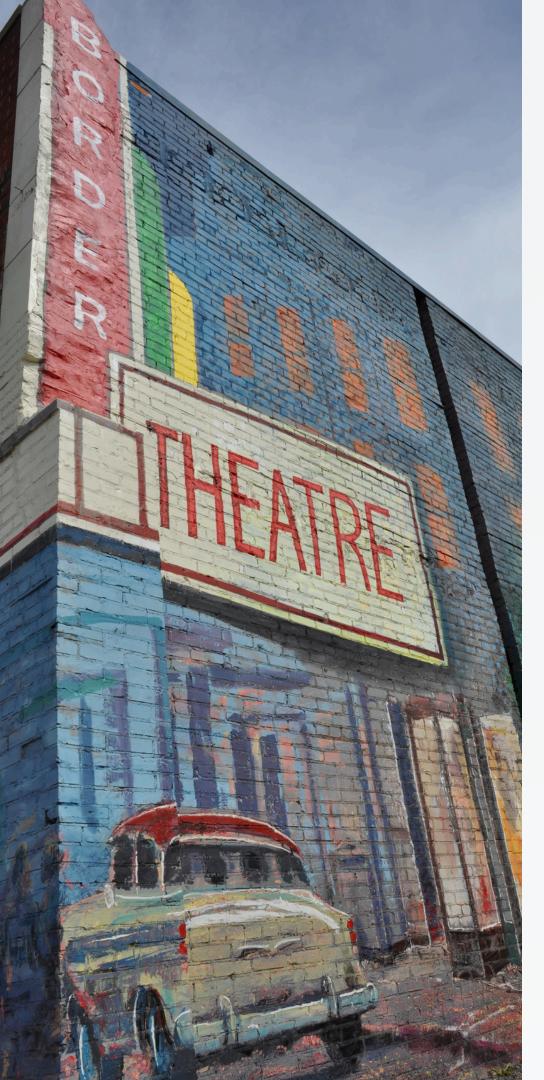
2%

Licenses and Permits

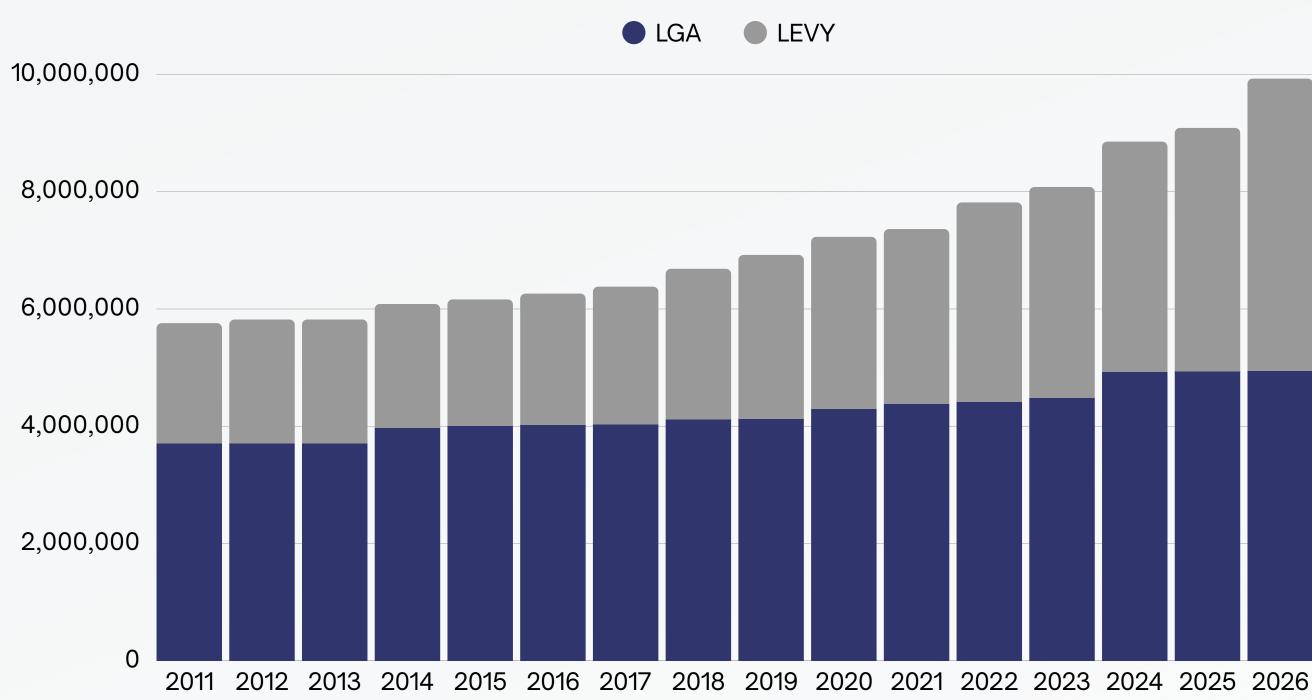
Budgeted amount of \$147,325, a decrease of \$18,175 (10.98%) over 2025. <1%

Fines and Forfeitures

Budgeted amount of \$47,000, a decrease of \$10,000 (17.54%) over 2025.



LOCAL GOVERNMENT AID (LGA) AND PROPERTY TAX LEVY TRENDS 2011 - 2026



2026 KEY LEVY FACTORS

Reasons for Increased Costs

- \$1,000,000 budgeted to place back into General Fund reserves
- Addition of Ambulance levy of \$414,873 (10%)
- Effects of inflation and rising costs on resources (e.g., utilities, fuel, supplies, etc.)
- Increases for employee wages, benefits, and insurances, and inflation of worker's compensation premiums; Addition of state mandated Paid Leave Premiums.

Savings Drivers

- LGA increase of \$10,758
- Reallocate Riverfront Improvement Project internal Tax Abatement to IFEDA
- Reduction in public works staff
- Deferring capital outlay purchases

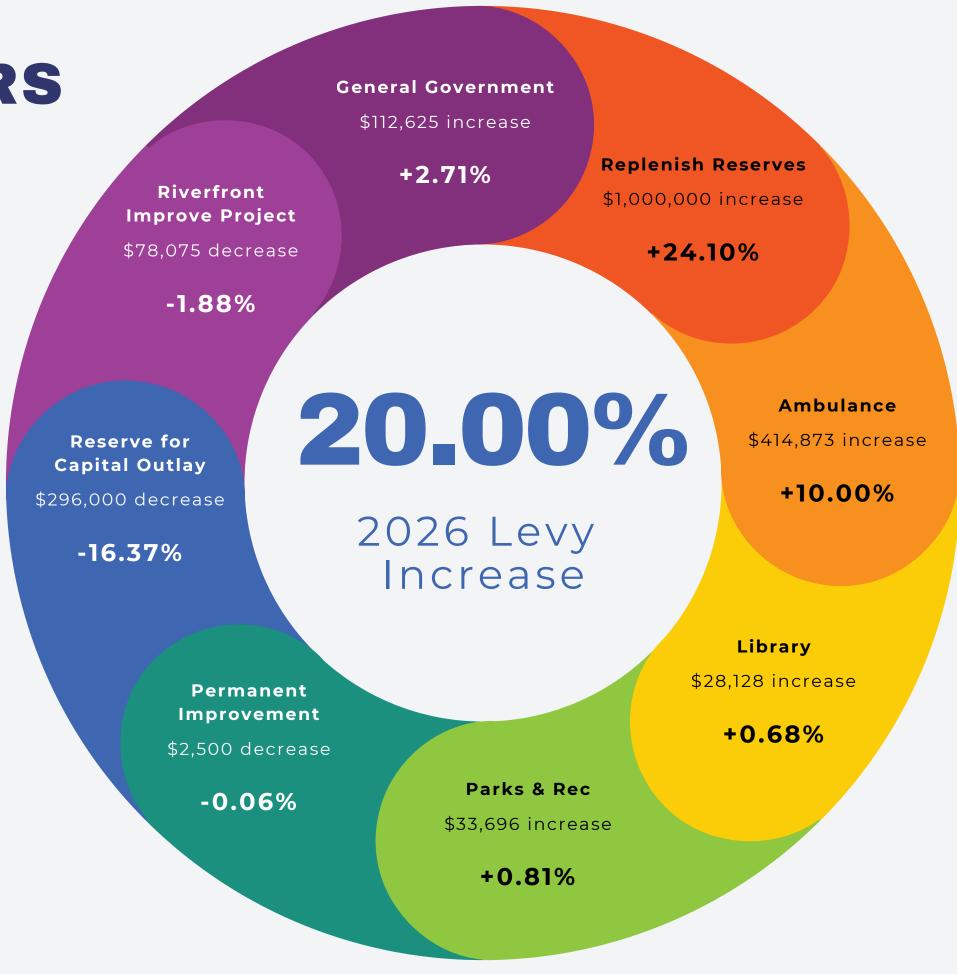


Exhibit A BUDGET AND LEVY 2026 CITY OF INTERNATIONAL FALLS Preliminary adopted at meeting of: September 22, 2025 Final to be adopted at meeting of: December 15, 2025

Fund	Fund	Expenditures	Revenues	Transfer from other Funds	Transfer to other Funds / Agencies	Increase (Decrease) Reserves	2026 Adopted Levy
101	GENERAL GOVT	7,283,790	5,861,789	7,500	122,500	1,000,000	2,537,001
	Public Works	1,864,987					
	Police	2,351,305					
	Administration	1,106,046					
	Fire	878,687					
	Facilities	263,414					
	Building and Fire Code Inspection	311,621					
	City Pound	41,650					
	Storm Sewer Maintenance	155,856					
	Cemetery				4,000		
	Unallocated	310,224			118,500		
201	AMBULANCE	1,586,643	1,171,770				414,873
205	LIBRARY	409,360	46,856			0	362,504
207	MUNICIPAL STATE AID STREET	0	0				0
208	ECONOMIC DEVELOPMENT AUTHORITY	26,984	1,405,846	170,000	1,685,846	(136,984)	0
211	PARKS AND RECREATION	546,106	20,000	0	0		526,106
250	SALES AND USE TAX FUND	94,881	1,000,000		901,539	3,580	0
301	DSF(DEBT SERVICE FUND) - VNP HDQTRS	828,490	30,000	2,185,718	1,387,228		0
311	DSF-TEMP G.O. WATER NOTE SERIES 2022A FUND	0	0	0		0	0
320	DSF-G.O. BOND SERIES 2025A FUND	118,046	0	252,326	0	134,280	0
350	DSF-G.O. SALES TAX REVENUE BOND SERIES 2020A FUND	525,350	0	551,539		26,189	0
401	PERMANENT IMPROVEMENT	1,532,000	0	690,000		0	842,000
402	RESERVE FOR CAPITAL OUTLAY	296,000				0	296,000
403	RES. FOR CAPITAL OUTLAY - W&S	325,000		325,000			0
404	MULTI MODAL DISTRICT	0					0
110	VNP- OPERATING	334,821	24,000	428,076		117,255	0
113	RIVERFRONT IMPROVEMENT PROJECT			280,000		280,000	0
119	DIST 1-4 TIF PROCEEDS FUND	0	0		0		0
120	9TH STREET CAPITAL PROJECT FUND	0	0	0			0
121	STENBERG CAPITAL PROJECT FUND	0	0	0			0
422	WATER TREATMENT PLANT REHAB CAPITAL PROJECT FUND	0	0	0			0
423	BANDSHELL CAPITAL PROJECT FUND	0	0	0			0
450	SALES TAX CONSTRUCTION FUND	350,000	0	350,000		0	0
601	WATER	1,566,412	2,166,412	0	600,000		0
603	SEWER	1,752,404	2,324,850		572,446		0
605	GARBAGE COLLECTION FUND	0	0		0		0
B 04	POLICE BENEFIT FUND	12,600	0		0	(12,600)	0
809	ECONOMIC DEVELOPMENT FUND	18,000	22,500		20,000	(15,500)	0
811	UDAG REVOLVING LOAN FUND	0	0				0
812	LODGING TAX	0	150,000		150,000		0
	TOTAL	17,606,887	14,224,023	5,240,159	5,439,559	1,396,220	4,978,484
	TOTAL	17,606,667	14,224,023	5,240,159	5,439,559	1,396,220	4,370,40
	Appropriations				2020 Levy		2,931,036
	Senior Center	2,000			2021 Levy		2,980,864
	Friends Against Abuse	1,000			2022 Levy		3,395,411
	Citizens for Backus/AB	-			2023 Levy		3,596,019
	Total for 101.49700.4371	3,000			2024 Levy		3,920,911
	Other	0,000			2025 Levy		4,148,737
	Airport City Share (101-49700-4307)	115,500			2026 Levy		4,978,484
	KCC-TV (101-40700-3505)	9,600			Dollar increase/decrease		\$ 829,747
	Forest Hill Cemetery Assoc (101-49600-4300)	4,000					- 020,141
	Total Other (Fund 101)	129,100					
	Total Other (Fulld 101)	.20,100					
	Bronko Foundation/Museum (809-48090-7100)	20,000			2020 LGA		4,298,848
	21 OHKO FOUR GABORING SECTI (008-40080-7 100)	20,000			2020 LGA 2021 LGA		4,298,848
	Total /F 4 0000	20,000			2021 LGA 2022 LGA		4,382,11
	Total (Fund 809)						
		\$ 152.100			12023 LGA		4.483.308
	Total (Fund 809) Grand Total	\$ 152,100			2023 LGA 2024 LGA		
		\$ 152,100			2024 LGA		4,931,907
		\$ 152,100			2024 LGA 2025 LGA		4,931,907 4,937,482
		\$ 152,100			2024 LGA		4,483,368 4,931,907 4,937,482 4,948,240 \$ 10,758



Preliminary Property Tax Levies for 2026

For Local Governments, Schools, and Special Taxing Districts

The Minnesota Department of Revenue annually releases a list of the preliminary property tax levies that have been reported by local governments and have been passed by local school referenda. Local governments must set their final 2026 levies by December 29, 2025. Final property tax levies will be released after the February forecast.

Cities

The 2026 preliminary property tax levies for cities will total approximately \$4.022 billion compared with a final levy of \$3.700 billion in 2025, an 8.7% increase.

Counties

The 2026 preliminary property tax levies for counties will total approximately \$4.543 billion compared with a final levy of \$4.201 billion in 2025, a 8.1% increase.

Townships

The 2026 preliminary property tax levies for townships will total approximately \$350 million compared with a final levy of \$331 million in 2025, a 5.6% increase.

Schools

The 2026 preliminary property tax levies for schools will total approximately \$4.390 billion compared with a final levy of \$4.148 billion in 2025, a 5.8% increase.

Special Taxing Districts

The 2026 preliminary property tax levies for special taxing districts will total approximately \$546 million compared with a final levy of \$522 million in 2025, a 4.6% increase.

Total

For 2026, preliminary property taxes statewide could increase by a maximum of \$948.2 million over 2025, a 6.9% increase. Last year, the final statewide levy increase was \$63.0 million lower than the preliminary levies, resulting in a 5.6% increase.

Levy Data

Preliminary Levy Changes for CY 2026 - All Jurisdictions

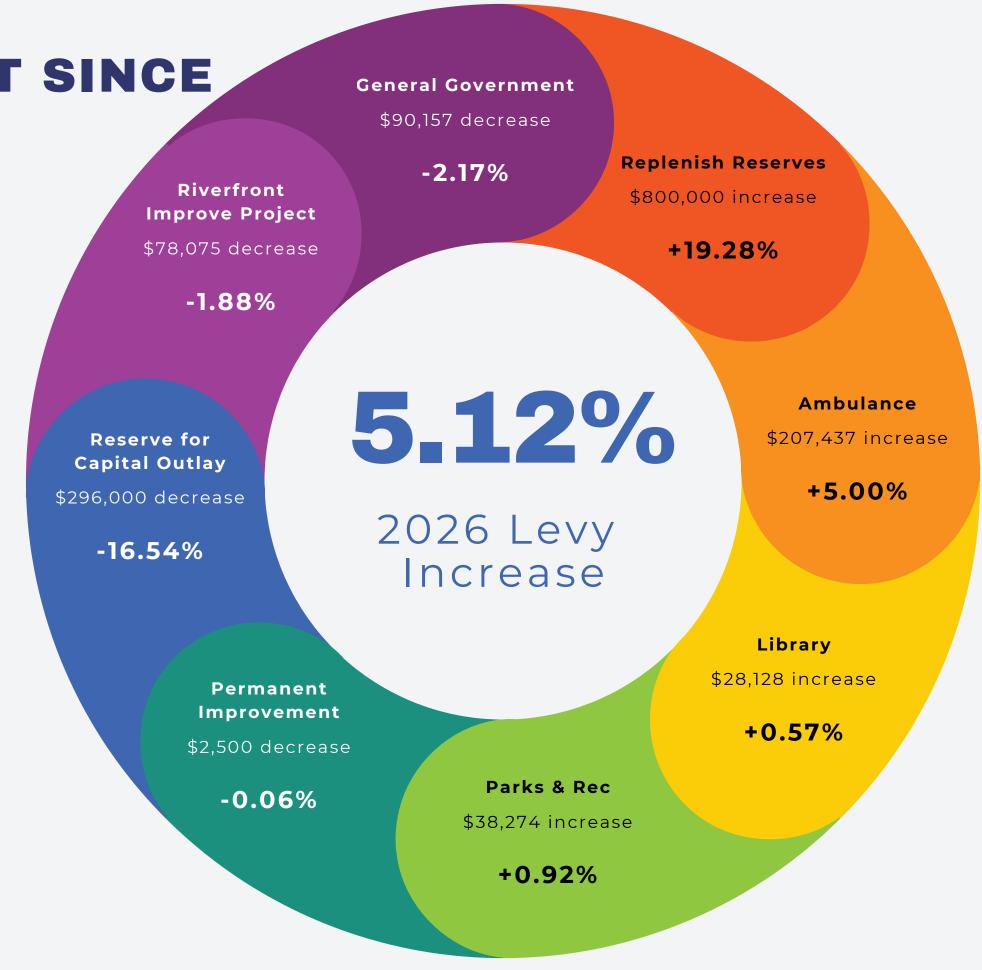
UPDATES TO DRAFT BUDGET SINCE PRELIMINARY LEVY SET

<u>Additional Budget & Finance Meetings Held</u>

- October 13, 2025
- October 28, 2025
- November 10, 2025
- November 18, 2025
- November 25, 2025

Significant Changes Made to Draft Working Budget Since Preliminary Budget & Levy Approved 9/22/2025

- Reduction in Ambulance Levy from \$414,873 (10%) to \$207,437 (5%)
- Reduction in replenishment of General Fund reserves from \$1 Million to \$800,000
- Removal of Airport \$115,500 Appropriation
- Removal of Police Officer through attrition (\$119,428 full benefit package)
- Refine other miscellaneous expenses



RESOURCES FOR PROPERTY TAX RELIEF

State of Minnesota Property Tax Refund

- Qualified homeowners and renters when taxes are high relative to their incomes
- Download an M1PR form at www.revenue.state.mn.us/property-tax-refund
- Call the Minnesota Department of Revenue at (651) 296-3781

State of Minnesota Senior Citizen Property Tax Deferral Program

- Helps senior citizens who are having difficulty paying their property taxes.
- Information can be found at <u>www.revenue.state.mn.us/property-tax-</u> deferral-senior-citizens
- Call Tax Operations Division at MN Department of Revenue (651) 556-6091





















