



PRESS RELEASE

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**FOR IMMEDIATE RELEASE
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SLIGHT DECREASE IN PROPERTY TAX RATE PROPOSED

Some homeowners may see modest property tax increase due to State rollbacks

MUSCATINE, Iowa – The City of Muscatine, like most of us, face a variety of unknowns when creating a budget. While not as challenging as in year’s past, this year’s proposed Fiscal Year 2023-2024 budget for the City of Muscatine will not be without its winners and losers.

The City tax rate is proposed to decrease by approximately 30 cents per \$1,000 of taxable valuation (1.87 percent). The state rollback for residential properties will “roll up” from 54.122 percent to 56.4919 percent, a change of 4.36 percent.

However, due to an error in how the state uses multi-residential property in determining the rollback, the rollback may change. Recent legislation introduced to the state legislature would redefine how multi-residential property is addressed and that could mean less money for municipalities throughout the state.

“This process is just starting so we really do not know if or when a change will be made and how that will affect the amount of property taxes we will receive,” City Administrator Carol Webb said.



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Finance Director Nancy Lueck has been crunching the numbers and if the legislation is passed and the rollback adjusted, Muscatine could see a loss of approximately \$280,000 in property tax revenue.

“We plan on proceeding with the budget process and determine what remedies we might have to implement when we have more information from the state,” Webb said.

Webb and Lueck presented the proposed budget to the Muscatine City Council Thursday (Jan. 26). The presentation provided an overview of the work that has gone on behind the scenes in preparation for the budget discussions with City Council.

“One of the central budget goals was to maintain service levels and to provide departments the resources they need to continue to provide those services to our residents,” Webb said.

Other goals through the budget preparation process were to provide funding for continued capital improvements, propose reasonable tax rates or other funding options, balance department budget requests with funding that is available, and further the city’s strategic plan and City Council priorities.

To meet these goals, City staff had several considerations to deal with including the increasing cost of providing current services, valuations that were higher than the previous year, the second year of the phasing out of the State backfill reimbursement, and the change in the State property tax residential rollback factor (from 54.1302 percent to 56.4919 percent).

“We were able to maintain current service levels with the budget that we will be presenting,” Webb said.

Staff and City Council established five strategic priorities through strategic planning and goal setting sessions in October and November last year that include:



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- Providing **excellent customer service** to residents, businesses, and visitors through effective citizen outreach and engagement, employee training, and improved organizational processes;
- Support a **healthy community** through the availability of quality affordable housing, outstanding recreational and cultural amenities, collaboration with community and healthcare partners, and opportunities for lifelong learning;
- Provide **reliable (and safe) public infrastructure** that meets the community needs by continuing to update and implement the city's Capital Improvement Plan;
- Provide for a **safe community** that residents may live, work, and play in with exceptional public safety and community services; and,
- Creating a **vibrant community** by enhancing and improving the vitality of the community core and gateways including the Grandview Avenue Corridor, Park Avenue Corridor, Riverfront, and Downtown areas to support a thriving economy, vibrant neighborhoods, and a high quality of life and place.

City staff used these goals and priorities as they developed their department budgets in November and December. These preliminary budgets were reviewed with the City Administrator and Finance Director in December and January to form a budget proposal that will be presented to the City Council over the next two weeks.

"I am very proud of the hard work from staff as we worked to present a balanced budget to the City Council," Webb said.

The City looks for a variety of revenue resources in addition to property taxes to meet the rising costs of providing essential services to the citizens of Muscatine. Use of one-time funds such as the State COVID Relief Funds and the American Rescue Plan Act (ARPA) to assist in balancing both the Revised Estimate and the FY 2023/2024 budget are proposed to be used again. The proposed budget for 2023-2024 decreases the City's reliance on these one-time funds to approximately one-half of the one-time funds used for the 2022-2023 budget.

"However, the use of these funds to help balance the budget are not sustainable," Webb said.



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There are eight levies that are included in the property tax rate implemented by the City of Muscatine. A decrease is proposed for FY 2023-2024 (1.90 percent) that will lower the rate to \$15.67169 per \$1,000 of assessed valuation. The FY 2022-2023 rate was set at \$15.97054 per \$1,000 of assessed valuation. The FY 2021-2022 rate was \$15,67209 per \$1,000 of assessed valuation, which had been the city property tax rate for the previous 10 years.

The actual dollar amount that citizens will pay in property taxes is dependent on the rates established by the City, Muscatine County, and Muscatine Community School District as well as the rollbacks provided by the State of Iowa, and the assessed value of their residence.

While seeking out additional revenue options, City staff also are making several expense recommendations to the City Council. Among them are funding capital projects through Road Use Tax, Local Option Sales Tax, and other outside sources as appropriate, addressing deferred vehicle purchases and maintenance need, addressing personnel needs, and providing departments with the resources to maintain current service levels.

“We do want to provide departments with the resources to maintain service levels,” Webb said. “And that has been a key goal throughout the development of this proposed budget.”

The information presented to the City Council Thursday was a high-level preview of the proposed fiscal year 2023/2024 general fund budget. The proposed budget will be reviewed by the City Council starting Saturday (see [meeting schedule](#)). The finalized version will be presented during a public hearing in March.

[Budget Overview Presentation](#)