Property Tax 101 - Attendee Questions

1). The General Fund has been capped for years. The difference is that HF718 limited growth through taxable valuation, while SF2472 is a hard cap on revenue: 102% of last year's levy plus new construction. If your expenses are growing 8%+, the General Fund realistically can't keep pace, so you'll need to balance it through cuts or other revenue. Levying what the formula allows each year matters, because next year's cap builds on it. Shifting costs that legitimately qualify, such as employee benefits, to the uncapped levies can also help.

2). Unassigned General Fund balance is now capped at 35%. Amounts that are committed by formal council action, or restricted by outside requirements, don't count toward that cap. Exactly which purposes qualify, and how a commitment needs to be structured, will matter. Cities should review any plans with their city attorney and auditor before committing funds.

3). The League has provided the excel model to its members' and it is available to be downloaded from the League's website. Piper is happy to arrange for you to download the file if you cannot access it from the League (it is a large file). Piper encourages you to build out a multi-year budget to see the impact of the legislation, whether you use the excel file, the online dashboard or any other calculation. The online dashboard that you watched at the meeting can be made available to you through conversations directly with Piper, but is not going to be provided to non Piper clients for free.

4). A community with mostly residential valuation and a high share of homesteads should expect a larger drop in taxable valuation from FY2027 to FY2028. That's especially true where home values are modest, since the exemption's $5,500 floor removes a bigger share of a lower-value home. Without TIF, the main levers are your levy decision and growth. The additional senior exemption didn't make it into the final bill, so there's no new 65+ exemption adding to the drag.