



# Osseo City Council Meeting

## AGENDA

**SPECIAL MEETING**  
**Monday, November 30, 2020**  
**6:00 p.m., Virtual Meeting**

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MAYOR: DUANE POPPE      COUNCILMEMBERS: JULIANA HULTSTROM, HAROLD E. JOHNSON, MARK SCHULZ, LARRY STELMACH

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1. **Call to Order**
2. **Roll Call** [quorum is 3]
3. **Pledge of Allegiance**
4. **Approval of Agenda** [requires unanimous additions]
5. **Consent Agenda** [requires unanimous approval]
6. **Matters from the Floor**  
*Members of the public can submit comments online at [www.DiscoverOsseo.com/virtual-meeting](http://www.DiscoverOsseo.com/virtual-meeting)*
7. **Special Business**
8. **Public Hearings**
  - A. 2021 Truth in Taxation Public Hearing
9. **Old Business**
10. **New Business**
11. **Administrator Report**
12. **Council and Attorney Reports**
13. **Announcements**
14. **Adjournment**



## City of Osseo City Council Meeting Item

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**Agenda Item:** 2021 Truth in Taxation Public Hearing

**Meeting Date:** November 30, 2020

**Prepared by:** Riley Grams, City Administrator

**Attachments:** Truth in Taxation Presentation

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**Background:**

The City Council annually holds a Truth in Taxation public hearing to allow all Osseo property owners the opportunity to provide public comment on the annual preliminary budget, which was approved by the City Council on September 14, 2020.

Truth in Taxation public hearings were first enacted in 1988 in order to enhance public participation in Minnesota's property tax system. Each local Government is required to formally adopt a preliminary budget and tax levy in September each year. When the final budget is approved, the levy shall not exceed the preliminary levy. The County takes the preliminary tax levy information and computes each parcel's proposed property tax. The County uses property valuations as well. Then, each local Government is required to hold a public hearing after the notices have been delivered where budget and taxing issues are discussed, and where public testimony must be allowed, prior to adopting its final levy.

The process was enacted with a goal of improving accountability by focusing taxpayers on the relationship between budget decisions and property taxes and providing taxpayers with a greater opportunity to become involved in the local government budgeting process.

The Council should hear the Staff presentation and the motion and vote to open the public hearing comment period. All Osseo taxpayers are allowed to provide public comments relating to this process. Once public comments are done, the Council should motion and vote to close the public hearing, or motion to extend the public hearing period to the Council meeting on December 14, 2020.



# City of Osseo

## Truth in Taxation Public Hearing

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VIRTUAL MEETING

MONDAY, NOVEMBER 30, 2020 – 6:00 PM

# City of Osseo: Truth in Taxation Public Hearing 2021

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- 1) We are here tonight to listen to public comments about the proposed City portion of your total property tax for 2021.
- 2) We are not here to discuss or defend the value of your property set by the Hennepin County Assessor.
- 3) The comments tonight should focus on the proposed City levy for 2021, which is caused by the Budget to be adopted by the City Council on December 14, 2020.

# City of Osseo Property Taxes

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There are single family residential properties in Osseo where the City Property Tax went down by as much as 10% and there are single family residential properties where the City Property Tax went up by as much as 10% for 2021. The average preliminary property tax in Osseo either stayed the same or decreased by 4.9% (31% of properties) or stayed the same or increased by 4.9% (50% of properties fall in that range).

## **What determines the City Property Tax?**

- A) The change in the value of the property.
- B) The change in the city tax rate.

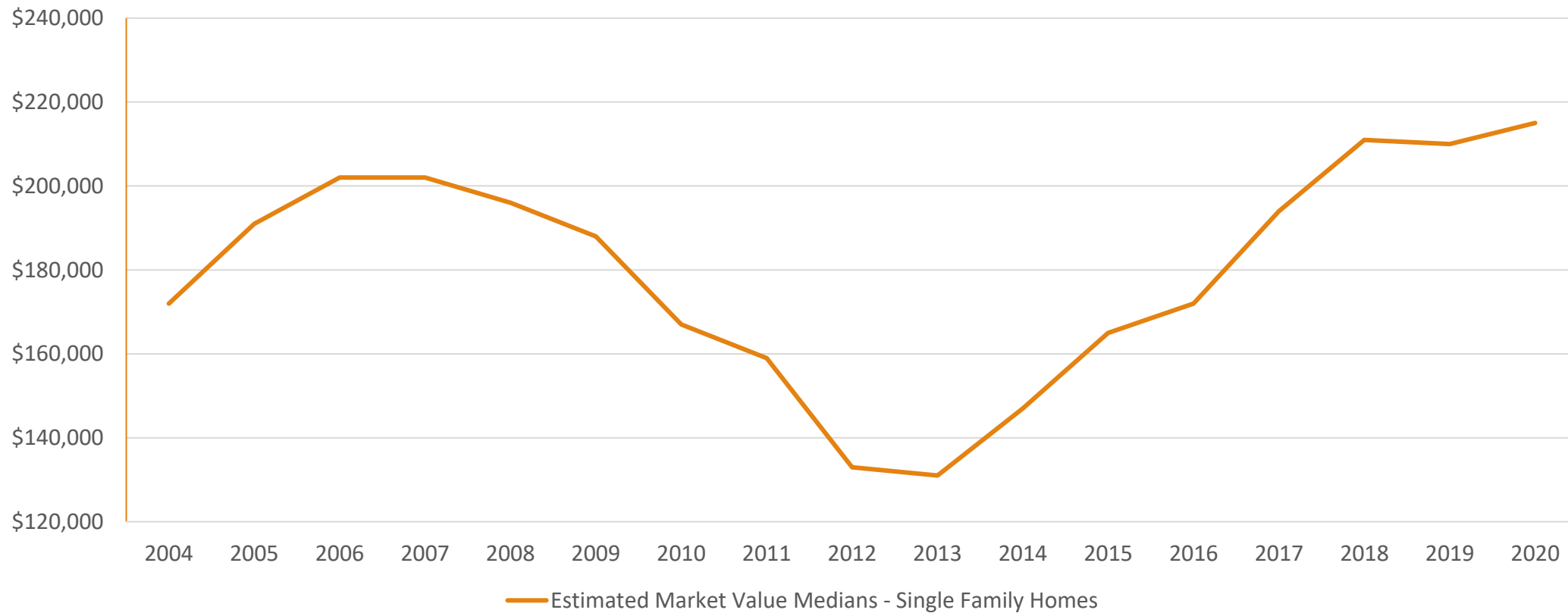
# Change in Property Values

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- 1) Property values are determined by the Hennepin County Tax Assessor.
- 2) Residential property values in Osseo have generally decreased for taxes payable in 2008 through 2014. During that same time, commercial property values in Osseo have generally increased for taxes payable.
- 3) For taxes payable in 2015 through 2020, and again into 2021, most residential properties in Osseo have increased in value, while commercial property values have decreased during those same years. For 2021, the average single family property in Osseo increased in value between 7 and 8 percent. Approximately 50% of single family properties will see a preliminary property tax increase between \$1 and \$150 for 2021.
- 4) Property values often follow a pendulum. When commercial values increase, residential values decrease. When commercial values increase, residential values decrease.
- 5) The cause of the increase in property values is the actual single-family residential sales that occurred in Osseo. When residential properties are being sold at higher prices, overall properties values increase, which in turn, increases the taxes payable by those properties.

# Estimated Median Market Values

## Average Single-Family Home in Osseo



Previous high  
value: 2006 and  
2007 (\$202,000)

Lowest value:  
2013 (\$131,000)

Continued up in  
2020 (\$215,000)

Average single  
family home  
value increased  
by \$5,000 from  
2019 to 2020

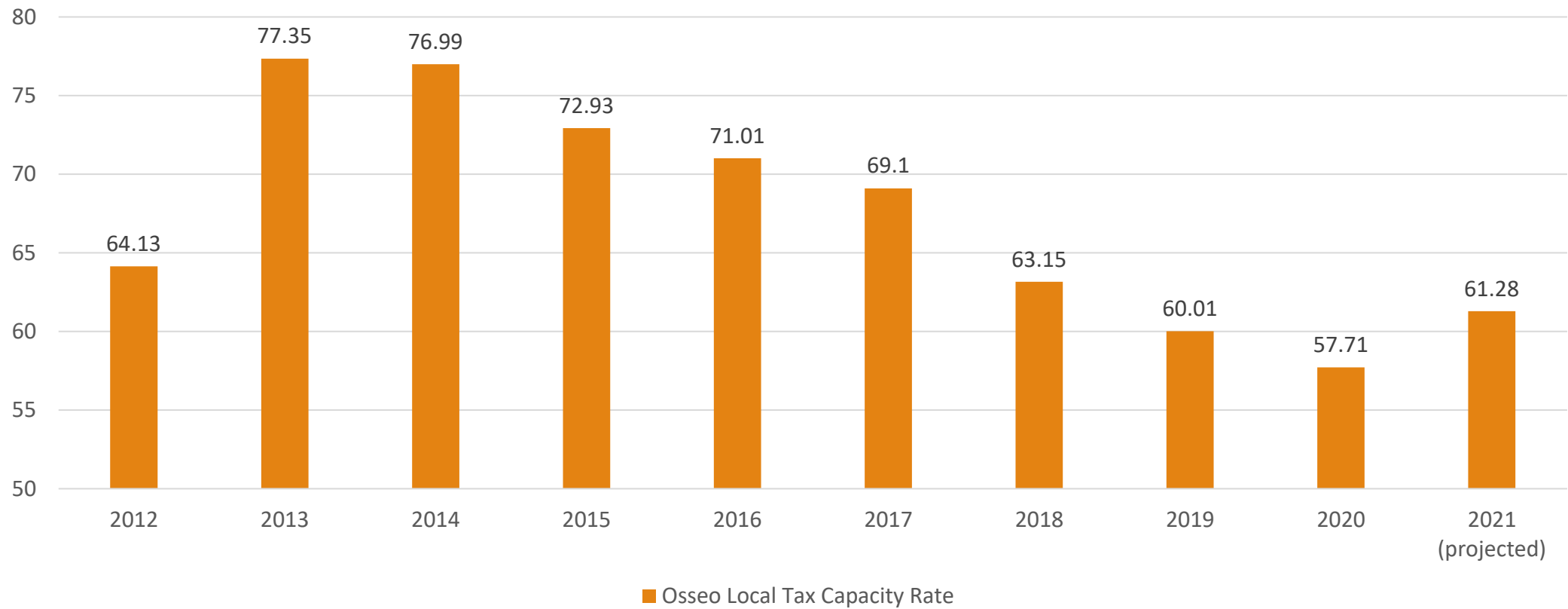
# Change in City Tax Capacity Rate

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- 1) The preliminary tax levy shows increase in the tax rate from 2020 (57.71%) to 2021 (61.28%). This is an increase of 3.57%.
- 2) If the City Council reduces the proposed 2021 budget, you will have a lower City portion property tax payment payable in 2021 than your current proposed tax statement letter shows.
- 3) According to the Hennepin County Assessor, 2021 will see the continued shift of tax burden from commercial to residential properties. The City expects to see the continued trend of increased property values into the foreseeable future, which ultimately raises property taxes as your property is more valuable than in previous years.



# Osseo Local Tax Capacity Rate



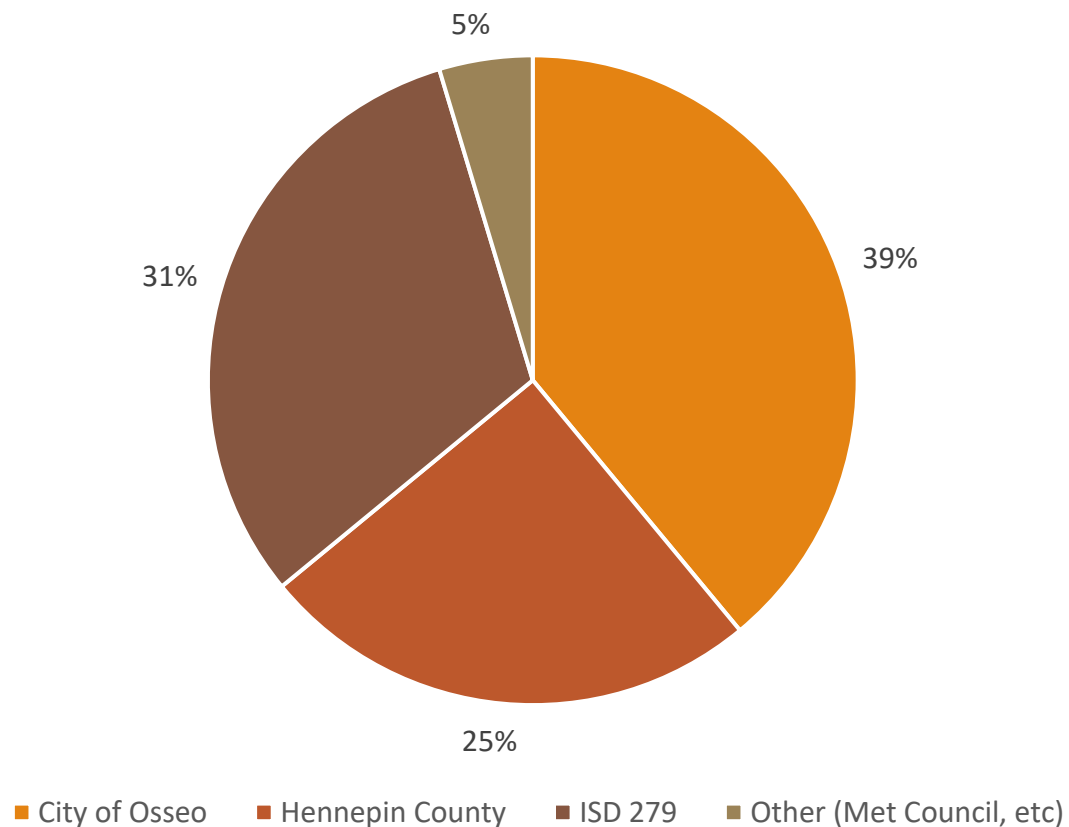
# Change in City Tax Levy

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- 1) Total proposed City levy is up \$118,935 from 2020 to 2021. All Osseo properties are being asked to pay this amount more for 2021 versus what they paid in 2020. This includes general property taxes as well as fiscal disparities.
- 2) This reflects increases and decreases in City expenditures and in City revenues.
- 3) Expenditures are estimated to increase \$90,544 (3.22% increase). Non-tax levy revenues are estimated to decrease \$54,705 (4.41% decrease).

# Where Are Your Property Tax Dollars Going?

Property Tax Dollars for Median Valued Osseo Single Family Home



	2020 (Actual)	2021 (Proposed)	% +/-
City of Osseo	\$773.13	\$834.07	+7.88%
Hennepin County	\$568.69	\$536.19	-5.71%
ISD 279	\$696.68	\$669.56	-3.89%
Other	\$93.60	\$99.46	+6.26%
<b>TOTAL</b>	<b>\$2,132.10</b>	<b>\$2,139.28</b>	<b>+0.34%</b>

# Questions/Comments

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The Osseo City Council and City Staff thank you for viewing the Truth in Taxation Public Hearing this evening.

The Council will now open the public hearing for any public comments relating to the City portion of your payable 2021 property taxes.