



# 2012 Proposed Budget & Levy

St. Louis County  
September 13, 2011

Kevin Z. Gray, County Administrator

# September 13<sup>th</sup> Board Action Required

*Today's action will certify the maximum property tax levy that the Board may adopt with its final 2012-2013 budget in December. The County Board can adopt a budget that requires less of an increase in property tax levy; but the amount cannot increase from the percent certified today.*

# Budget Process Overview

1 <sup>st</sup> quarter	3 <sup>rd</sup> quarter
<ul style="list-style-type: none"><li>• Meetings with County Board Chair &amp; Chair of Finance</li><li>• Individual department meetings prior to budget revisions</li></ul>	<ul style="list-style-type: none"><li>• <b><u>September 13<sup>th</sup> Maximum Preliminary Levy Certification</u></b></li><li>• Ongoing work to reduce final budget</li></ul>
2 <sup>nd</sup> quarter	4 <sup>th</sup> quarter
<ul style="list-style-type: none"><li>• Department budgets submitted</li><li>• Board Workshops</li><li>• Individual Meetings with Commissioners</li></ul>	<ul style="list-style-type: none"><li>• Proposed Property Tax Statements mailed based on preliminary levies</li><li>• Public Meetings on Budget<ul style="list-style-type: none"><li>➤ Thursday, December 1, 6pm at the Virginia Courthouse</li><li>➤ Thursday, December 8, 6pm at the Duluth Courthouse</li></ul></li><li>• Maximum Levy Certification December 13<sup>th</sup></li></ul>

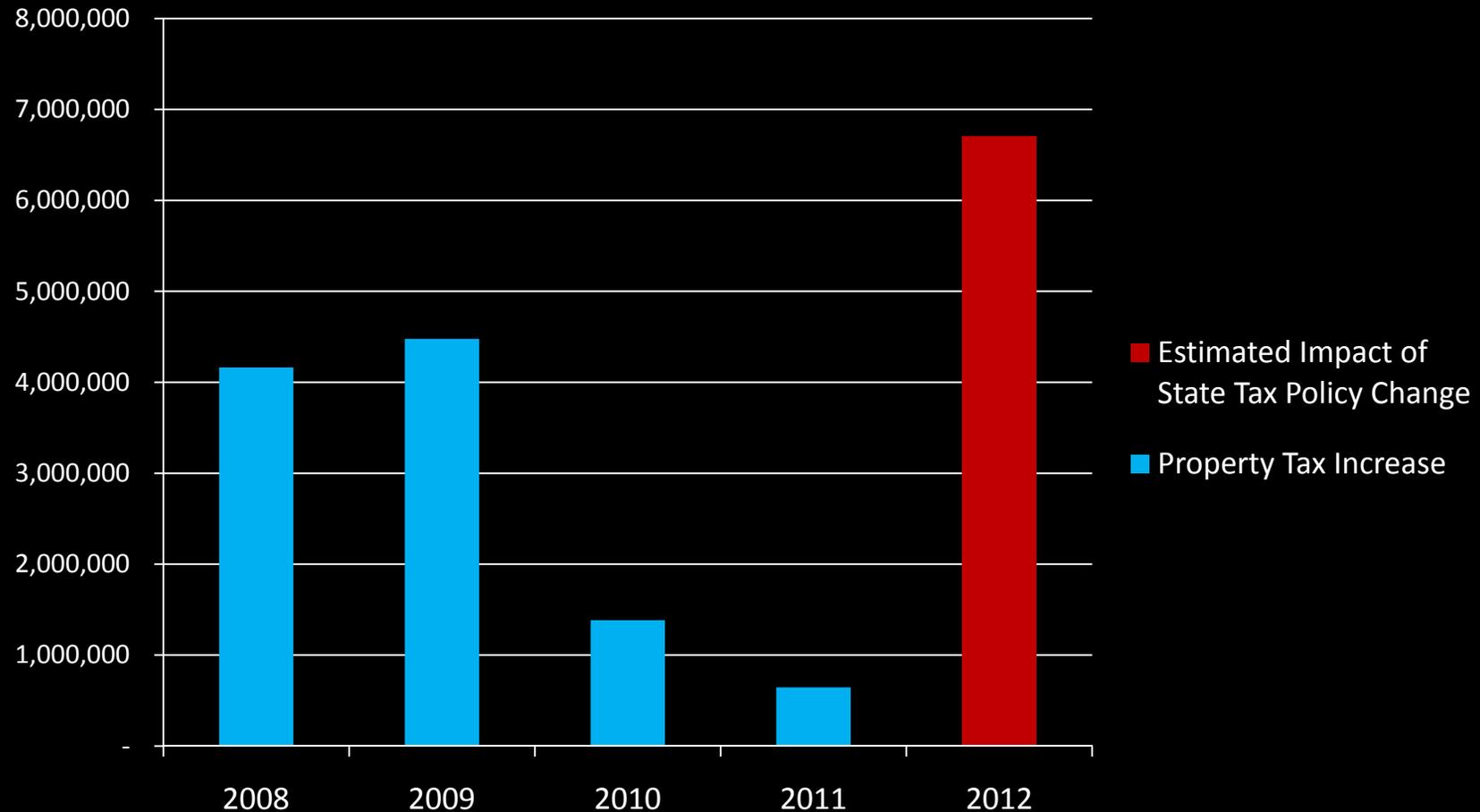
# Impact of State Budget Decisions

- Unallotment of state aids following pattern of last 4 years (over \$12 million not including Human Service reductions)
- Increased exposure to absorbing (former) state costs in 2012 and beyond
- State program reductions that impact service providers and clients
- Beyond cuts, shifts and program reductions, a dramatic departure at the state tax policy level:  
**Homestead Market Value Credit Exclusion**

# Homestead Market Value Exclusion

- Homestead Credit eliminated
- Market value exclusion established
- Impact of change:
  - Less state subsidy of homesteaded properties
  - State formula now excludes significant amount of market value from being taxed (over \$6 million to St. Louis County alone)
  - State tax system will calculate increased tax rate on all properties and parcels
- *“Local governments should recognize that removing \$292 million of credits from the system, and changing the composition of the tax base, will create large tax increases for some properties.”* (Minnesota Revenue)

# Impact of Homestead Market Value Exclusion to St. Louis County taxpayers



# 2012 Budget Objectives

- Commitment to balance budget
- Position the county for future fiscal challenges
- Continue to emphasize innovation, productivity and service to citizens
- Sensitive to economic pressures facing citizens, businesses and our region

# Innovation: cost savings & customer service



*Hot in place asphalt replacement -  
County Road 4*



*Central Client Area — Duluth GSC*



*Consolidated 911 PSAP*

# Ongoing Investment:



*Technology Investments - new data center*



*Public Safety — through Arrowhead Regional Corrections*



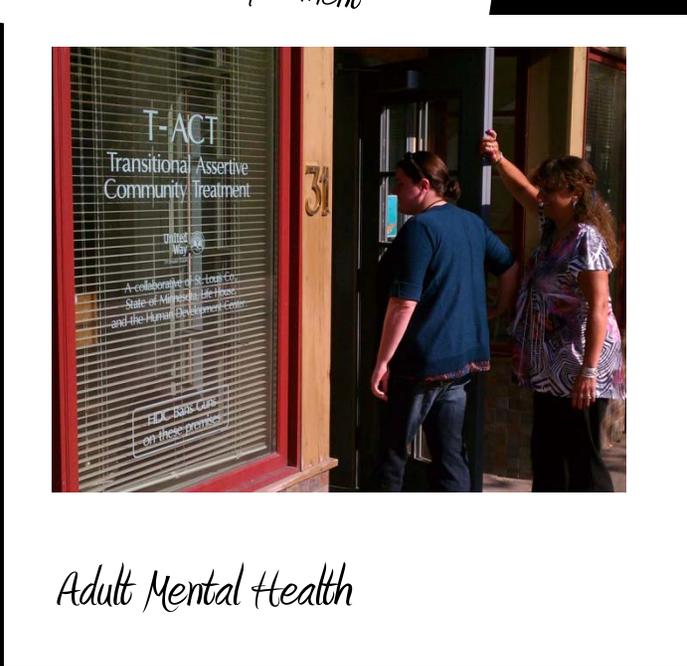
*Capital Equipment — new fully outfitted snowplows*



*Infrastructure — Virginia Courthouse Renovation & Addition*

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# New Investment:



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# Conclusion: Preliminary Maximum Levy Recommendation

- Board support for limited levy increase
- Property tax increase proposed to minimally include:
  - New Gravel Road Investment Program (GRIP)
  - Continued commitment to public safety through our Regional Corrections partnership
- Target to be below benchmark inflation rates
- Maximum levy not to exceed \$110 or 1.8%
- Commit to working to reduce this in advance of final levy determination

# Where our property tax dollars go



Public Safety 32 ¢

Health & Human Services 30 ¢

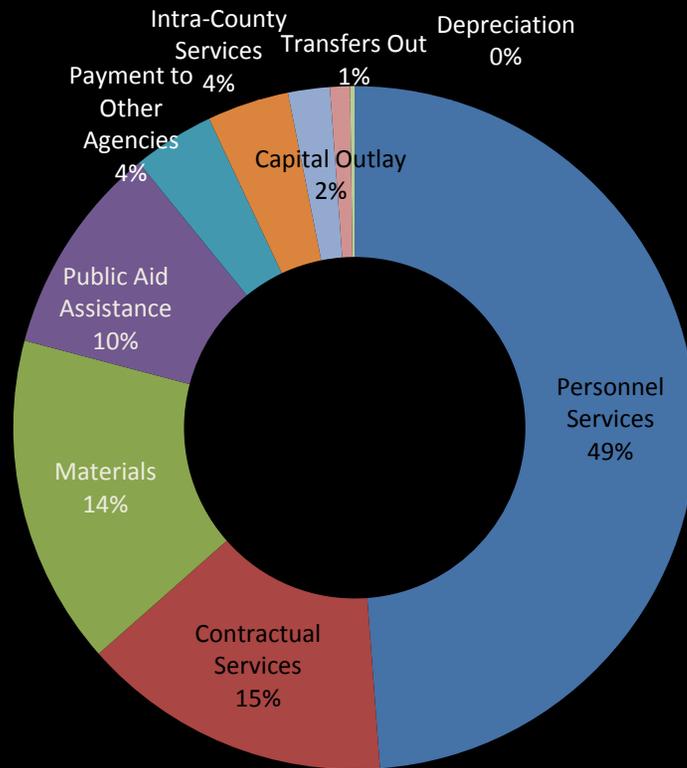
Public Works 19 ¢

Other County  
Services 15 ¢

Debt  
Service  
5 ¢

# Overall Preliminary Budget: \$306 million

## Expenditure Summary



## Revenue Summary

