

TAX EFFECTS

In 2020, the city's property tax levy will increase 13.1 percent (13.1%) from \$5.2 million to \$5.9 million. Nearly all the city's revenues - 82 percent (82%) - are from the property tax levy. Only a small portion of the city's budget - 16 percent (16%) - is funded through fees or charges for services.

LOCAL TAX RATES

Cities do not directly set a tax rate. Instead, the tax rate is a function of the city's levy and the total tax base. The only factor that cities directly control is the city council setting the city tax levy.

To determine the local tax rate, the county first determines the total tax capacity that will be used for spreading the levies. The total tax capacity is calculated by first aggregating the tax capacities of all parcels within the city. Several adjustments to this total must be made because not all tax capacity is available for general tax purposes. The result of this calculation produces taxable tax capacity. Taxable tax capacity is used to determine the local tax rates.

In 2020, the city's tax rate decreased slightly to 32.1 percent (32.1%) from 32.4 percent (32.4%) in 2019. This is the result of an increase in taxable market value and the city's fiscal disparities contribution. The city's estimated market value also increased from \$1.5 million to \$1.7 million, a 13.8 percent (13.8%) increase.

SAMPLE PROPERTY TAX CALCULATION

Consider the following sample property tax calculation on the hypothetical median-valued home of \$434,400:



TAX EFFECT

The property tax bill for each property is determined by multiplying the property's tax capacity by the total local tax rate.

| | Home Value | Valuation Change | Tax Capacity | Tax Rate | City Tax |
|-------------|------------|------------------|--------------|----------|----------|
| 2019 | \$404,200 | N/A | \$4,042 | 32.4% | \$1,307 |
| 2020 | \$434,400 | 8% | \$4,393 | 32.1% | \$1,411 |

A property owner's tax bill shows the taxes for all taxing jurisdictions including the city, county, school district, and any special taxing authorities. The city's taxes are approximately one-quarter of the total tax bill.

Property Owner's Tax Bill



City Tax Portion

| Property Owner's Tax Bill Portions | |
|--|-----------------------|
| City | \$0.23 per tax dollar |
| County | \$0.47 per tax dollar |
| Schools (3 districts) | \$0.23 per tax dollar |
| Other (Met Council, Mosquito Control, Watershed Dist.) | \$0.07 per tax dollar |
| Total | \$1.00 tax dollar |

The City of Victoria is a growing community and is projected to be the largest city in Carver County once fully built out. As the city continues to grow, a higher percentage of overall levy increases will likely be needed in order to provide the same levels of service to a growing number of residents and businesses. How this affects property owners will depend on the individual valuation of each property.