2026 Truth in Taxation Hearing

December 1, 2025

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St. Louis Park
MINNESOTA

Agenda

- Budget timeline
- Previous council direction
- Revised budget summary
- Revised budget levy increase
- Discussion

Policy Consideration

Recommended Action: No formal action at this time, for discussion purposes only.

2026 Budget Roadmap

Date	Topic	Issues & Decision Points
June 16, 2025	Base Budget & Context	• 2024 Actual Versus Budget • 2025 Decisions with trailing budgetary impacts • 2026 Revenue projections • Personnel expense projections and Paid Family & Medical Leave • Employee Benefits Fund • Internal Service funds change
July 14, 2025	2024 Certified Annual Financial Report and Audit	• 2024 financial performance • 2024 fund balances • Audit findings and corrective action plans
August 11, 2025	Operating Budget Proposal	• New proposals for the 2026 operating budget & levy implications
September 2, 2025	Capital Improvement Plan (CIP) and Final Levy	• Revised CIP 2026 – 2030 and budget implications • Complete levy recommendation • Projected levy impact by property type and quartile • Fee adoption

2026 Budget Roadmap, cont.

Date	Topic	Issues & Decision Points
September 15, 2025	Levy Adoption	• Maximum Levy Adoption
October 20, 2025	TIF Management Plan update	• TIF district performance • TIF district recommended transfers and decertification
November 12, 2025	Truth in taxation property tax notices sent out by the county	• Residents receive an estimate of their 2026 tax bill and information on the public hearing in December 2025
November 17, 2025	Council report & discussion: Revised budget	• Revisions to the budget and adjustments to the levy. In November 2025, the levy can only go down from the maximum set in September 2025
December 1, 2025	Council report & public hearing: Truth in Taxation	• Residents share feedback on the proposed 2026 budget
December 15, 2025	Council report, discussion & vote: Budget adoption	• City council adopts the 2026 budget & CIP

Budget Highlights

- Fully funds implementation of the new Minnesota Paid Family and Medical Leave for all city employees.
- Funds a balanced budget in the Employee Benefit, Municipal Building and Technology funds. Bringing in enough revenue to cover planned spending each year means future cash transfers will not be needed, putting less pressure on the cities cash reserves and ensuring large increases in the levy are not needed in future years.
- Supports the operation of a brush management site in 2026 free of charge to residents.
- Supports the operation of a concession stand in the Rec Center during winter months so that visitors feel comfortable and welcomed while participating in recreational activities at the city.
- Begins a multi-year plan to fully fund activity in the cities Climate Investment Fund in an ongoing way using the property tax levy. City council meeting of September 15, 2025 (Item No. 7a) Page 4 Title: Resolutions approving preliminary levy
- Uses analysis capabilities from our new budgeting software to right-size budgets in multiple areas, including increases to budgeted overtime to reflect actual spending and reductions in historically underspent funds.
- Offsets increased spending on programs and staff with over $200,000 in reductions to department budgets.

Council Direction – Fall 2025

- On September 2, 2025 city council authorized an additional $50,000 in 2026 funds to supplement the city's Climate Investment Fund.
- On September 15, 2025 city council adopted a 2026 maximum levy of 8.02% with the caveat that city staff were to work to bring that number down, if possible, by final levy adoption and to work to reduce the impact on residential property taxpayers.
- On October 20, 2025 city council directed staff to decertify four TIF districts and hold three eligible districts open in 2026. The decision would result in additional one-time funds for general use, one-time funds for the Affordable Housing Trust Fund (AHTF), and a permanent increase in the city's tax capacity.

Revised Budget Summary

- City staff has continued to conduct deeper analyses on budget data allowing for the general fund levy increase to be lowered to 7.49% from 8.02%.

- Homeowners with a median valued home will have an estimated feels like increase of 8.6% instead of the initial higher estimates for the city portion of property taxes. The overall property tax increase for median valued homes will be less than 7.2%

- With a lowered city levy increase and in increased tax capacity, all St. Louis Park residents and property taxpayers will see a total tax bill that is *lower* than the Truth in Taxation notices.

Corrected "feels-like" calculations

- Staff mis-calculated the initial high estimate of 18% before fiscal disparities were finalized and factored in.
- Shifting values *are* hitting residents this year, *not* as much as projected in August.

More value

- Decertification of four TIF districts will bring the city tax estimates down by increasing the tax capacity of the city and providing more value to spread the levy out over.

More revenue

- With the 2025 season wrapping up at the aquatic park, finance staff were able to assess the revenue trends for the park resulting in an increase of $50,000 for the expected 2026 revenue budget.

Lowered spending

- Final rates were entered for health insurance, workers comp and MN Paid Family Leave, actual calculations were lower than previous projections included in the original 2026 proposed budget.

2026 Proposed Levy

Fund	FY2025	FY2026	$ Change	% Change
General	38,808,815	45,551,333	6,742,518	17.37%
Debt Service	6,856,221	5,792,684	(1,063,537)	-15.51%
Development EDA	187,000	375,000	188,000	100.53%
Park Improvement	510,000	410,000	(100,000)	-19.61%
Affordable Housing Trust (HRA)	1,194,133	1,194,133	-	0.00%
Employee Benefits	200,000	400,000	200,000	100.00%
Capital Funds – Municipal Bldg & Infrastructure	685,013	-	(685,031)	-100.00%
Capital Funds - Technology	1,538,465	-	(1,538,465)	-100.00%
TOTAL	49,979,665	53,723,150	3,743,485	7.49%

Council Question Follow-up

- When comparing other cities to St. Louis Park, some have smaller levies but more impact on residents, while others have the inverse. How does this happen?
  - Three main factors play a part in how residents of each city are impacted by the levy.
    - The growth in tax-bill is different than the overall level of taxes.
    - The portion of taxes paid by residential properties depends on the value of the commercial and industrial properties, and the change in tax in one sector is affected by the change in tax in another.
    - The level of median home value for a given city and how it interacts with the homestead value exclusion.

Council Follow-up Cont’d

- There was some earlier discussion about reducing the EDA & HRA levies, can this be put back on the table?
  - Council should continue to assess the EDA & HRA levies each year and weight their impact against council priorities. With the following financial principles in mind:
    - The health and spending out of the AHTF and how that interacts with LAHA aid.
    - The effects of slowing in TIF transfers on the AHTF revenue.
    - Assuring a significant fund balance in the AHTF to allow for flexibility and agility.
    - Any reductions to the levies come AFTER a long-range plan has been formulated to ensure the health of both funds and a decrease in possible sharp levy increases in the future.

Discussion

Beltline Station – Affordable Housing Public Hearing & Resolutions

City Council

December 1, 2025

Beltline station affordable housing

- 3120 Monterey Drive (formerly 4601 Highway 7)
- 82 units
- City/EDA financing: housing bonds, TIF, AHTF loan
- Other financing: LIHTC, mortgage

Unit Mix					
Affordability	Studio	1-BR	2-BR	3-BR	Total
60% AMI	1	7	21	10	39
50% AMI	1	4	12	6	23
30% AMI	0	3	11	6	20

Public hearing

- **Motion:** Open the public hearing, take testimony, and close the hearing for on a housing program for the Beltline station affordable housing project, and the issuance of conduit revenue bonds for the benefit of Beltline Apartments Limited Partnership, the redeveloper

Resolution to issue housing bonds

- **Motion:** to approve a resolution authorizing the issuance of multifamily housing revenue notes for the benefit of Beltline Apartments Limited Partnership; approving a housing program; and authorizing the execution of related documents

Resolution approving contract amendments

- **Motion:** to approve a resolution approving an amendment to the contract for private development with Beltline Apartments Limited Partnership and execution of related documents

St. Louis Park Delegation – 2026 Legislative Priorities

December 1, 2025

St. Louis Park
MINNESOTA

Agenda

- Welcome & introductions
- Overview of political landscape
- Presentation on bonding projects
- Priority spotlights
- Questions & wrap up

Overview of political landscape

From your vantage point..

- What are you focused on?
- What are emerging themes of the upcoming legislative session?
- What “hot topics” are you hearing about?

2026 Legislative Positions
Capital Investment Projects

Project	Detail
Oxford & Louisiana Area Infrastructure Investment	The planned public improvements for the Oxford/Louisiana area include construction and repair of aging sidewalks; critical repairs to water, sewer, and storm sewer facilities; general improvements or upgrades related to traffic and pedestrian safety, including replacement of streetlights, striping, and signs; replacement or repair of pavement, curb, and gutter; roundabout construction; stormwater quality improvements and flood storage.
Wayzata Boulevard/Zarthan Avenue/16th Street corridor project	The planned public improvements for this project include replacement or repair of pavement, curb, and sidewalks; critical repairs to water, sanitary sewer, and storm sewer facilities; installation of a multi-use trail; general improvements or upgrades related to traffic and pedestrian safety; intersection upgrades including roundabout construction and signal replacement; stormwater quality improvements.

2026 Legislative Positions, *priority spotlight* – **General Government**

Position	Detail
Assessing services*	Support a legislative proposal that provides cities which offer their own assessing services the ability to either 1) recoup assessment costs from the county, for the work performed by those cities or 2) not be levied by the county for those specific services

*New position

‡Aligns with LMC Position

2026 Legislative Positions, *priority spotlight* – **General Government**

Position	Detail
Minnesota Paid Leave‡	Support legislation that would: a) With respect to ESST, amend Minn. Stat. § 181.9445, subd. 5 to incorporate a well-defined “public employee” definition, not to include unique positions in which there is not a formal employer-employee relationship such as paid appointed advisory, committee, or commission members, election judges, or other nontraditional positions. b) Minimize legal mandates to incentivize employers to establish and/or continue to provide more generous paid leave benefits to employees. Specifically, eliminate the expansion of mandated benefits to paid leave previously negotiated in good faith and/or adopted in personnel policies in excess of what is legally required. c) Provide funding that pays the full costs of any mandated employment-related expenditures. d) Avoid and eliminate expensive and time consuming duplicative legal protections and processes for public employees, including those that preclude promotional probationary periods. e) Eliminate contradictory existing laws regarding public employment.

*New position

‡Aligns with LMC Position

2026 Legislative Positions, *priority spotlight* – **Housing**

Position	Detail
Group Home Licensing and Registration‡	Support a repeal of the legislation passed in 2024 that prohibited all cities from subjecting state licensed group assisted living facilities licensed under Minn. Stat. § 144G and Minn. Stat. § 245D.02 with six or fewer residents from any city-imposed life safety rental licensing requirements. The Legislature should recognize the importance of city rental licensing requirements that ensure minimum life safety standards and hold providers accountable and protect residents.
Housing TIF District Modifications‡	Support expanding authority for all cities to transfer unobligated pooled increment from a TIF district to support a local housing trust fund for any eligible expenditure under Minn. Stat. § 462C.16 *and expand TIF flexibility to allow for housing TIF districts to include income averaging and allow for rental and homeownership units for incomes higher than the existing 20-50 and 40-60 income limitations.*

*New position

‡Aligns with LMC Position

2026 Legislative Positions, *priority spotlight* – **Housing**

Position	Detail
Housing Policy‡	Support legislation that expands housing opportunities (“missing middle” housing) across the state that helps to ensure all communities are planning for and able to accommodate a variety of housing types by supporting policies that allow local leadership on zoning and land use changes that are sensitive to individual community needs and housing goals including incentive-based approaches and options that can be tailored to each individual community. *Any proposed state framework addressing local zoning and land use authority must allow cities to retain local decision-making authority over how they apply a framework to their own communities.* *Additionally, a framework must tie policy to overall production while also requiring affordability and provide scalability and options that recognize regional differences. The legislature should oppose policies that seek to impose one-size-fits-all rigid zoning and land use framework on cities.*

2026 Legislative Positions, *priority spotlight* – **Public Safety**

Position	Detail
Emergency medical services‡	Support a solution for EMS services that balances the needs of residents and providers statewide. Support allowing local units of government to designate which licensed provider may serve their communities and to determine the appropriate level of service. Current regulations do not require ambulance services to disclose important data points that would ensure a community is receiving quality services.
Light rail and public safety	Support legislation allocating funding to local jurisdictions for staffing and equipment to support public safety measures related to the light rail.

2026 Legislative Positions, *new* – **Climate, Energy, and Buildings**

Recommended position	Detail
Corporate climate accountability*	Support measures to hold corporations responsible for climate impacts, including waste and emission reductions.
Plug-in Solar*	Support changes to building code, solar and interconnection permitting, and other regulations to allow the use of plug-in (balcony style) solar photovoltaic systems.

*New position

‡Aligns with LMC Position

2026 Legislative Positions, *new* – **Economic Development**

Recommended position	Detail
Support public, educational, and governmental programming*	HF 1740 would provide funding from the Arts and Cultural Heritage Fund to support public, educational, and governmental programming (PEG) in cities. Under HF 1740, funding would be allocated to a key League of Minnesota Cities partner, the Minnesota Association of Community Telecommunications Administrators (MACTA) to support PEG programming, and community and civic engagement efforts.

*New position

‡Aligns with LMC Position

2026 Legislative Positions, *new* – **General Government**

Recommended position	Detail
Assessing services*	Support a legislative proposal that provides cities which offer their own assessing services the ability to either 1) recoup assessment costs from the county, for the work performed by those cities or 2) not be levied by the county for those specific services
State funding of essential resident services*	Support state funding of essential residential services to lessen or mitigate the impacts of federal policies

*New position

‡Aligns with LMC Position

2026 Legislative Positions, *new* – **Housing**

Recommended position	Detail
Property tax rebate program revisions*‡	Support providing additional direct property tax relief through an expansion of the Homestead Credit Refund program, the renter's income tax credit, the targeting program or other programs that provide property tax relief directly from the state to taxpayers. The city also supports the conversion of the renters' credit to an income tax credit using adjusted gross income and would also support similar changes to the homestead credit refund and targeting program.

*New position

‡Aligns with LMC Position

2026 Legislative Positions, *new* – **Public Safety**

Recommended position	Detail
Clean Slate Act revisions*‡	The City of St. Louis Park supports the intent of the Clean Slate Act and strives to maintain trust and transparency with the community. The City of St. Louis Park supports the review of the initial implementation of the Act and the legislature making changes as necessary to balance the benefit to individuals in providing automatic expungements, and the interests of the public and public safety, and use of law enforcement resources. The MN Bureau of Criminal Apprehension (BCA) should provide additional training and resources to law enforcement agencies to ensure a streamlined implementation across the state. The BCA should solicit feedback from local law enforcement agencies and use responses to evaluate the efficacy of their systems and procedures.
Gun safety*‡	Support the lifting of the statewide preemption ban to allow cities to pass comprehensive firearm safety policies such as: • Ban the public possession of assault weapons, large-capacity magazines, and binary triggers within city limits. • Prohibit untraceable “ghost guns” by requiring all firearms to have serial numbers. • Prohibit firearms in city-owned buildings, facilities, and parks.

*New position

‡Aligns with LMC Position

2026 Legislative Positions, *new* – **Public Safety** continued

Recommended position	Detail
Road safety*	Support measures to reduce road accidents and fatalities caused by speeding, including expanding legislation passed in 2024 addressing the Intelligent Speed Assistance (ISA), or other pilot programs to experiment with different technologies

2026 Legislative Positions, *new* – **Transportation and Infrastructure**

Recommended position	Detail
State and county cost participation policies*‡	The state and county should have responsibility for the installation, replacement, and ongoing maintenance for infrastructure within their right-of-way including multimodal facilities such as trails and sidewalks.

Questions?