



FRANKLY SPEAKING

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And now ... the rest of the story about city taxes in Prior Lake



By Frank Boyles
City Manager

Each year, the Citizens League of Minnesota releases numerous reports comparing the taxation levels of every city and town in the state of Minnesota.

While I have always understood and appreciated the intent of this survey, there are aspects of it – and the way it is reported – that tend to distort and confuse.

Factually the story that appeared in last weekend's Prior Lake American was correct. But it did not explain why. Prior Lake taxes are on the high end in the metro area because the average value home in Prior Lake (\$244,752) is in the upper third of metropolitan municipalities.

The fact of the matter is that higher valued homes yield higher taxes. So if a \$250,000 house is the "average" in one city, the owner of that home will pay more than the owner of a home in another community where the "average" home value is \$200,000.

But that's only part of the story. Here's the rest of it.

When I arrived here in 1993, Prior Lake was among the very highest of all metro communities surveyed. Since then, our ranking has consistently fallen. Each City Council over the last 12 years has worked hard to keep taxes down, and their efforts have been successful.

There are two additional points I want to really impress upon you.

One is that over the last three years, the city's share of your total property tax bill has risen by an average of only 2.7 percent per year – which is less than the rate of inflation, or consumer price index, for that same time period. So as a city, we have certainly done our best to keep taxes down. You will not find many developing cities who can make this statement. Most are experiencing double-digit increases.

And two, the Citizens League survey supports that claim. In one of their tables, the League breaks down the total property tax by each taxing jurisdiction. Cities are compared to other cities, school districts to other school districts, our special taxing districts to other city's special taxing districts, and so on. In my view, this is the best comparison because all we can control is Prior Lake's portion of your property taxes.

In that analysis, Prior Lake city taxes fall in the middle of the pack, 45th among the 112 metro cities surveyed (*which is down from 37th in 2004 and 25th in 2003*). In last week's article in the *American*, our city was compared to Shakopee, Savage and Jordan. In this table, the City of Jordan ranks third highest, the City of Savage 12th highest, and the City of Shakopee 61st highest.

We take very seriously our responsibility to be good stewards of your tax dollars. In fact, one of the nine vision elements contained in our new 2030 Vision and Strategic Plan, outlines the steps we will take in the coming years to continue our "Strong Financial Management" practices.

I would invite you to take a close look at your Truth-in-Taxation notices when they arrive in the mail, and to come to our Truth-in-Taxation hearing which is scheduled for Monday, Dec. 5 at 7 p.m.

If you have any questions, please contact Finance Director Ralph Teschner at (952) 447-9841.