



118 Central Avenue North, New Prague, MN 56071  
phone: 952-758-4401 fax: 952-758-1149

---

---

## MEMORANDUM

---

---

**TO:** HONORABLE MAYOR AND CITY COUNCIL  
**FROM:** JOSHUA TETZLAFF, CITY ADMINISTRATOR  
**SUBJECT:** 2023 TAX LEVY, PAYABLE IN 2024  
**DATE:** DECEMBER 21, 2023

---

---

Last Monday (12/18), the City Council approved the majority of the end of the year budget items, including the budget, the compensation plan, and the CIP. The one item the City Council did not vote on was the 2023 Tax Levy, Payable in 2024. The reason for this was that there was uncertainty at the State regarding how much New Prague would be able to levy. On Tuesday, following an appeal by Scott County on behalf of New Prague to the Minnesota Department of Revenue (DOR), the Commissioner of the DOR issued an order that would allow the City of New Prague to levy up to what it had originally intended in September 2023, which was \$5,114,295. I have attached that order for your review.

As you all likely remember, the Council and staff had worked to reduce that amount over the fall. As the budget was adjusted, the final amount of that intended levy was \$5,049,698. This would have been a 4.62% increase over 2023. While not an official order, one of the recommendations from the Commissioner of the DOR was that New Prague not levy higher than it did in 2023. While this is a recommendation, it is not a hard order, so the City Council is able to make a choice on what it would like to levy.

A major consideration is how the levy, with the approved budget, will affect future levying, borrowing, and projects. I have included breakdown possible levy amounts and how it would affect an estimated levy in 2025, including levying the same as 2023, a 2.31% increase in 2024, and the full intended 4.62% increase. As with prior assumptive models, I am assuming a 5% increase, year-over-year, to track with surrounding communities increases over the last number of years while also knowing the City Council tries to keep the levy amounts low.

After receiving the order from the Commissioner, I did consult with City Attorney Scott Riggs. At the time, his recommendation was to follow the DOR's recommendation of levying the same as last year. While this could mean a higher levy increase for 2025, it does cover most of the revenue lost from being short of the City's intended, while still not levying higher than property owners have been previously notified, even if that was a year ago that they received that notification. Looking in to the 2025 budget, staff will certainly do what they are able to keep the potential increase down, but it may mean that the overall increase is a little bit higher in 2025, though for property owners, the net effect over two years would be same.

I have included three possible resolutions for your to consider, each one matching one of the three scenarios summarized in the attached document. I have also included a summary of the changes from the 2023 budget to the approved 2024 budget and the approved 2024-2033 CIP.

**Recommendation**

I would recommend approving Resolution #23-12-27-01a, Adopting the 2023 Tax Levy, Payable in 2024.