

Preliminary Property Tax Levy

What is a preliminary property tax levy?

Property taxes fund basic public services such as police, fire, street maintenance and repair, parks, buildings and facilities, general administration, and debt service on the City's bonds for street and facility improvements.

By September 30th, the City is required to establish a preliminary property tax levy for 2025. This preliminary levy is used to estimate upcoming property tax changes and puts a cap on the amount of tax dollars that can be collected. When the final tax levy and budget are approved in December, the levy amount can be lowered but not raised.



What is the rationale behind it?

One of the most difficult jobs of the City Council and staff is to ask citizens for money. Many of them live in Fairmont and pay taxes just like you – they are aware of and empathetic to the impact higher taxes have on your budget. Like your budget, the City's budget has been hit hard by inflation. The cost of fuel, equipment and parts, repairs and maintenance, and other everyday things needed to run a city have soared in recent years. As a result, the City has not been able to financially keep up with the fast rate at which the condition of Fairmont's streets and infrastructure continue to deteriorate.

How will the associated funds be used?

Citizens have urged the City Council and staff to make street improvements. To meet that request, the City must allocate more money toward those goals. The 9.1% tax levy increase will be broken down into three areas: streets (5.8%), general city operations (3.2%), and tax abatements for economic development projects (0.1%).

The preliminary levy set by the City Council provides for an additional \$400,000 to fund the street improvement program. This will result in an increase from \$1.6M to \$2.0M per year, or 25%. The levy increase will help fund these streets in particular:

- Lake Ave from CSAH 39 to Fairlakes Ave in 2025
- Blue Earth Ave from Hwy 15 to Downtown Plaza in 2026
- Park St from Blue Earth Ave to 4th St in 2026

See maps on back.

How will citizens be impacted financially?

Fortunately, Fairmont's taxable market value continues to grow, so the impacts of levy increases are lessened on individuals. If your property's assessed valuation does not change, a 9.1% levy increase will result in an approximate 5.7% increase to you. While nobody likes paying higher taxes, Fairmont's taxes will remain in line with or lower than many of its neighboring cities and other comparable cities across Minnesota. (See comparison data on back.)

Residential Property

Valuation	\$95,000	\$150,000	\$250,000
2024 City Tax	\$552.20	\$871.89	\$1,453.15
Increase	\$31.39	\$49.58	\$82.63
2025 City Tax	\$583.59	\$921.47	\$1,535.78

Commercial/Industrial Property

Valuation	\$500,000	\$1,000,000	\$2,000,000
2024 City Tax	\$5,376.65	\$11,189.25	\$22,814.44
Increase	\$305.72	\$636.22	\$1,297.23
2025 City Tax	\$5,682.37	\$11,825.47	\$24,111.67



City	Population	Property Tax Rate Comparison		2023 Residential Property Tax (\$)			2023 Commercial/Industrial Property Tax* (\$)		
		Total Tax Rate for 2023	Preliminary Levy Increase for 2025 (%)	\$95,000 Valuation	\$150,000 Valuation	\$250,000 Valuation	\$250,000 Valuation	\$500,000 Valuation	\$1,000,000 Valuation
Albert Lea	18,500	128.80	15.75	496.76	784.35	1,307.25	2,222.33	4,836.83	10,065.83
Alexandria	15,263	97.94	7.30	355.68	561.60	936.00	1,591.20	3,463.20	7,207.20
Blue Earth	3,130	135.90	24.65	893.00	1,410.00	2,350.00	3,995.00	8,695.00	18,095.00
Fairmont	10,549	117.78	9.10	550.43	869.10	1,448.50	2,462.45	5,359.45	11,153.45
Hutchinson	15,037	131.99	7.90	509.68	804.75	1,341.25	2,280.13	4,962.63	10,327.63
Jackson	3,360	107.56	5.00	591.09	933.30	1,555.50	2,644.35	5,755.35	11,977.35
Luverne	5,033	104.85	12.65	634.79	1,002.30	1,670.50	2,839.85	6,180.85	12,862.85
Marshall	13,811	119.61	9.50	567.15	895.50	1,492.50	2,537.25	5,522.25	11,492.25
New Ulm	14,115	132.19	7.68	713.64	1,126.80	1,878.00	3,192.60	6,948.60	14,460.60
North Mankato	14,886	112.15	12.15	418.29	660.45	1,100.75	1,871.28	4,072.78	8,475.78
Owatonna	27,544	137.24	7.50	544.45	859.65	1,432.75	2,435.68	5,301.18	11,032.18
St. Peter	12,590	124.52	6.65	453.44	715.95	1,193.25	2,028.53	4,415.03	9,188.03
Waseca	9,306	165.19	5.20	742.71	1,172.70	1,954.50	3,322.65	7,231.65	15,049.65
Winnebago	1,365	166.44	17.98	1,208.50	1,908.15	3,180.25	5,406.43	11,766.93	24,487.93
Worthington	14,052	115.59	17.00	530.10	837.00	1,395.00	2,371.50	5,161.50	10,741.50

Source: League of Minnesota Cities
 *Does not include State property tax