



Public Hearing on Proposed Fiscal Year 2026 Property Tax Levy

March 25, 2025

Proposed Fiscal Year 2026 Tax Rate and Dollars

At this public hearing, the only options available to City Council are to approve the amount of the proposed Fiscal Year 2026 tax rate and dollars as is or decrease it.

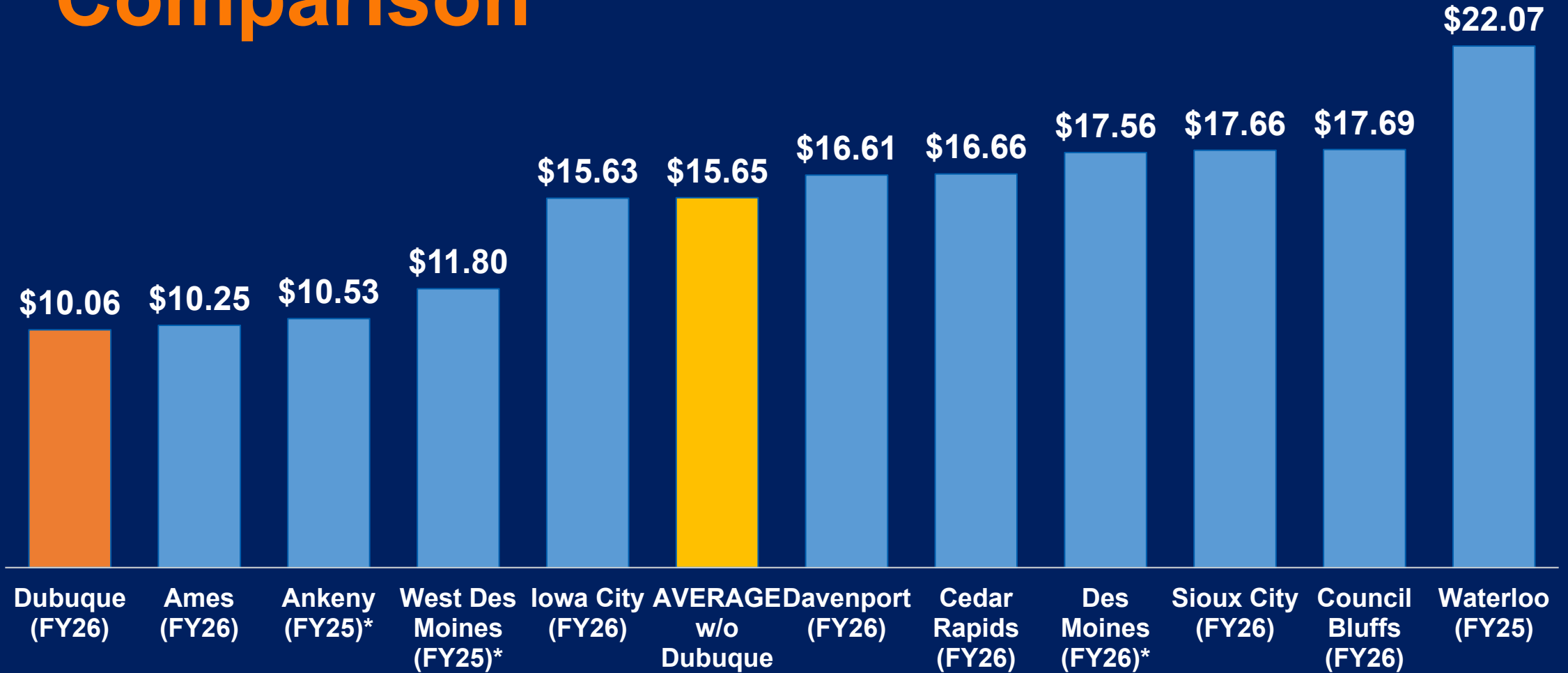
Proposed Property Tax Rate

	FY2025	Proposed FY2026	% Change
Tax Rate	\$9.9264	\$10.0637	1.38%

Proposed Property Tax Levy

	% Change from FY25	\$ Change from FY25
Property Tax Rate	1.38%	\$0.14
Property Tax Asking	5.77%	\$1,628,144
Avg. Residential Property	3.90%	\$33.38
Avg. Commercial Property	1.78%	\$74.26
Avg. Industrial Property	1.71%	\$85.68

City Property Tax Rate Comparison



Waterloo = 119% higher than Dubuque

Average = 55% higher than Dubuque

Average Annual Increase: 1989-2026

Since 1989, the average homeowner has averaged an annual increase in costs in the City portion of their property taxes of +1.45%, or about +\$9.28 a year.

If the State had been fully funding the Homestead Tax Credit, the increase would have averaged about +\$6.62 a year.

Significant Issues Impacting Budget

State-Funded Backfill on Commercial & Industrial Property Tax

- **FY2026 State backfill for property tax loss is estimated to be \$646,603 for all funds (General Fund, Tort Liability Fund, Trust and Agency Fund, Debt Service Fund, and Tax Increment Financing Funds). In FY2025, the loss was \$808,254.**
- **Projected backfill for Dubuque for the two-tier assessment limitation in FY2026 is estimated to be \$387,318. In FY2025, it was estimated at \$576,898.**

Residential Rollback

- **Residential Rollback factor increases from 46.3428% in FY25 to 47.4316% in FY26 (+2.35%).**
- **Increases value that property is taxed on.**

Homestead Exemption 65+

- HF718 created new exemption
- 3,427 Homeowners filed for exemption
- FY25 \$3,250 in taxable value
- FY26 \$6,500 in taxable value
- FY26 revenue reduction to City of \$224,174

Military Exemption

- **HF718 changed Military Credit to Exemption**
- **Increased from \$1,852 to \$4,000**
- **1,937 Homeowners receive Military Exemption**
- **FY26 revenue reduction to City of \$68,016**

Gaming Revenue

- **DRA lease payments estimated to decrease \$192,217 from \$7,405,579 in FY2025 to \$7,213,362 in FY2026**

Interest Revenue

- Increased from \$1,718,055 in FY2025 to \$2,300,081 in FY2026.
- FY2026 budget is based on projected general fund cash balance, projected interest rates, and the new banking services agreement tied to a 13-week T-bill plus five basis points.

Local Option Sales Tax Revenue

- Sales tax receipts are projected to decrease (0.17)% (\$21,580) under FY2025 budget and 2.00% over FY2025 actual of \$12,652,878 based on FY2025 revised revenue estimate which includes actuals through December 2024.

*50% to property tax relief, 50% to capital improvements
(20% for maintenance of City buildings and
30% for street maintenance)*

Hotel/Motel Tax Revenue

- Projected to increase 15.82% (\$534,077) over FY2025 budget and 3.00% over FY2025 re-estimated receipts of \$3,796,563.

Riverfront Property Lease Revenue

- Projected to increase by \$162,758 in FY2026 to \$4,273,045 due to the estimated consumer price index increase and inclusion of property tax reimbursement from leaseholders

Franchise Fee Revenue

- **Natural Gas franchise fees have been projected to increase 11.7 percent over FY2024 actual of \$923,628**
- **Electric franchise fees are based on FY2024 actual of \$4,924,839 plus rate increases of 20%**

Ambulance Revenue

- Ambulance Fees decreased from \$2,074,232 in FY2025 (\$361 per call) to \$1,756,870 in FY2026 (\$357 per call).

Health Insurance

- **FY2026 is projected to have a 4.61% increase in health insurance costs, but no increase in property tax impact based on healthy self insurance fund reserve.**

Communications Office

- Cable Utility Franchise Tax revenue paid to the City by Mediacom and ImOn, as required by the state franchise fee agreement, will no longer be enough to support Communications Office employee expense
- 0.75 FTE vacant Communications Assistant recommended to be eliminated
- Remaining positions recommended to be moved to General Fund in FY26

Recommended Wage Increases

- **3.5% for Dubuque Professional Fire Fighters Association and International Union of Operating Engineers**
- **5% for Dubuque Police Protective Association**
- **Teamsters Local Union No. 120 Bus Operators and Teamsters Local Union No. 120 are in contract negotiations**
- **3% non-represented employees**

Recommended Wage Increases

- **Implementation of classification and compensation study.**
- Ensure jobs with comparable minimum qualifications, job responsibilities, supervisory expectations, working conditions, and environments are grouped closely in a compensation plan
- City's strategy through this study has been to recommend a new compensation strategy in which the City is competitive at the 50% percentile of employers.
- Estimated cost of wage increases & implementation of classification and compensation study to General Fund
\$2,026,133

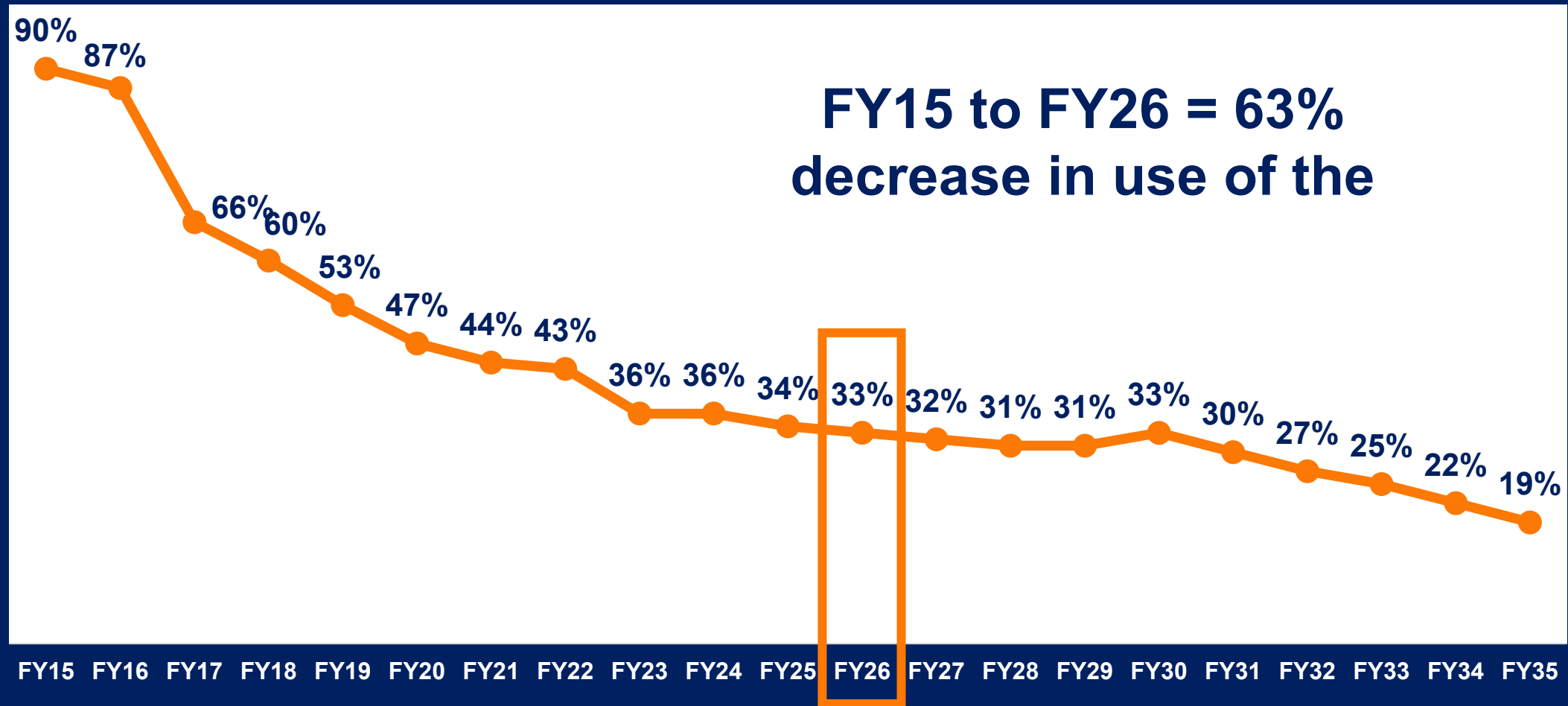
Moody's Rating

In July 2023, Moody's Investor Service upgraded the City's outstanding general obligation bonds from Aa3 to Aa2, the third-highest available.

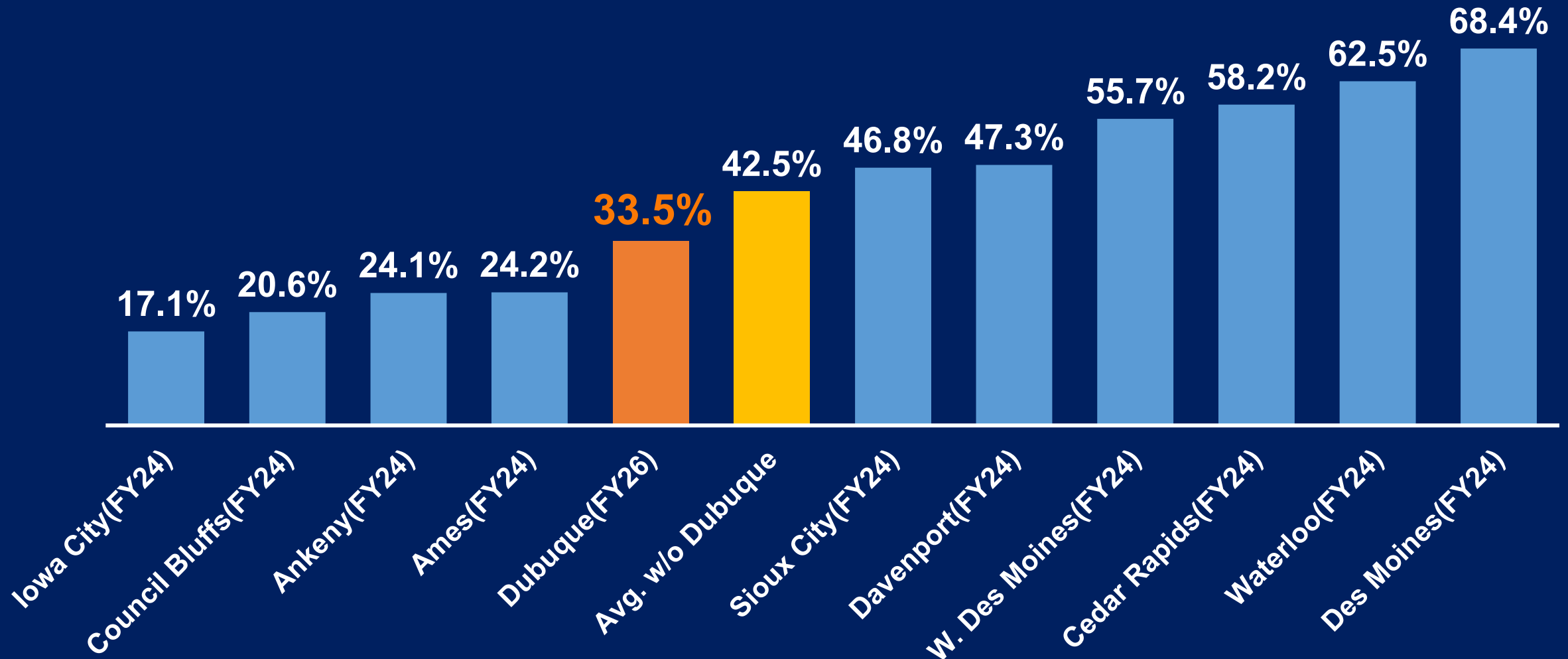
In January, 2025, Moody's Investor Services affirmed the Aa2 credit rating on general obligation bonds.

The higher credit rating means the City can borrow money at lower costs and is outside affirmation of the fiscally responsible decision making of the Mayor and City Council.

Reduction of Statutory Debt Limit Used (*FY26 Recommended*)



Percentage of Statutory Debt Limit Utilized



General Fund Reserve Projections

	City's Spendable General Fund Cash Reserve	% of Projected Revenue	Moody's New Methodology
FY2025	\$38,026,193	44.41%	58.25%
FY2026	\$32,226,193	37.64%	54.09%
FY2027	\$32,226,193	37.64%	49.92%
FY2028	\$32,226,193	37.64%	45.76%
FY2029	\$26,388,917	37.64%	41.59%
FY2030	\$32,226,193	37.64%	39.80%

Improvement Packages

For FY2026 there are \$2,309,628 in general fund improvement requests, of which \$1,714,247 are recurring and \$595,380 are non-recurring. There is an estimated \$897,297 available for improvement packages.

Recommended Approval

The recommendation for maximum property tax dollars in FY2026 is \$29,861,901 (tax rate of \$10.0637) or a 5.77%% increase over FY2025 property tax dollars.

FY2026 Budget Public Input Opportunities

- Recommended Budget Presentation: March 31
- Public Meetings: April 2, 3, 8, 9, 10, 22, 24
- Public Hearing to Adopt: April 28
- Budget Comment Form at www.cityofdubuque.org/FY2026budget
- Contact City Council: www.cityofdubuque.org/councilcontacts