

Summary of Major Factors in the Final 2026 Budget and Levy

- ❑ The final 2026 levy increases 9.46%, or \$2,358,554 from 2025, to a total property tax levy of \$27,290,413
- ❑ With this change for 2026, the 10-year average levy change for Benton County is a 3.73% increase (see attached 10-year graph of tax capacity and levy changes)
- ❑ The County Assessor expects payable 2026 tax capacity to increase by 5%, which will help to partially offset the effect of the proposed levy increase on the County tax rate; the proposed levy results in a County tax rate of 47.69%, up from 45.61% in 2025 (down from a peak of 77.6% in 2014)
- ❑ Based on a median house value of \$267,500 (up 4.25% from payable 2025's median value of \$256,600), a homeowner's County property taxes would increase \$105.03 in 2026, or \$8.75 per month
- ❑ The proposed 2026 operating budget totals \$68,910,904, a decrease of \$975,854, or a 1.4% decrease from 2025; most of the decrease is due to a smaller 2026 road construction program
- ❑ The proposed levy increase is comprised of the following major elements:

▪ New debt service levy for Government Center project	\$1,739,898
▪ General wage increase	756,142
▪ Step increases and other base wage adjustments	754,080
▪ Employee health insurance (increase single, VEBA/HSA contributions)	150,060
▪ Minnesota Paid Leave premiums	103,773
▪ Use reserve for debt retirement and levy reduction	(639,279)
▪ Increased State Aid for road maintenance	(324,784)
▪ All other revenue and expenditure changes (net)	<u>(181,336)</u>
Total Levy Change for 2026	\$2,358,554
- ❑ Explanation of major elements in the proposed budget and levy
 - During 2025 the County Board and its Housing and Redevelopment Authority authorized the issuance of \$22,085,000 in lease-revenue bonds to finance the construction of a new County Government Center; those bonds will mature over a 20 year period; interest payments begin in 2026, with principle payments starting in early 2027
 - The proposed budget provides funding for a County employee general wage increase, step increases (which average 3.2%) and career ladder promotions
 - The County's health insurance broker (Marsh McLennan) recommended a 3% funding increase in the County's self-insurance plan to cover expected increases in reinsurance; also, new collective bargaining agreements increase the County contribution to single coverage to 85% of the premium; those agreements also increase the family contribution to VEBA and HSA accounts to \$283 per month (from \$250).
 - Minnesota Paid Family and Medical Leave begins on January 1, 2026, with required premium contributions starting in April; the County has chosen to use the State plan with a 0.88% total premium contribution; the proposed budget assumed this contribution will be split equally between the County and employees
 - The County Board has chosen to use \$639,279 in reserves to pay the remaining debt service on 2021 bonds and to help reduce the levy increase
 - The proposed 2026 budget includes no new positions.
- ❑ The County's General Revenue fund balance at the end of 2024 stood at 6.7 months of expenditure coverage, versus a goal standard of 5 months expenditure coverage; the Human Services fund balance equaled 6.1 months of expenditure coverage at December 2024; the proposed budget uses \$1,139,279 in fund balance: 1) \$500,000 to support the County's five-year capital improvement plan for major building maintenance and technology projects and 2) \$639,279 in reserves to fully fund the remaining 5 years owed on 2021 Tax Abatement bonds and to also help reduce the 2026 levy increase.