

# City of Hibbing Truth-In-Taxation 2026 Budget and Levy Presentation

December 3, 2025

City Council Meeting

6:00 P.M.



# Property Tax Terms

- Taxable Market Value (TMV) – the valuation of your property that is subject to property tax (Estimated Market Value (EMV) minus homestead valuation exclusion, disabled veteran exclusion, etc.)
- Net Tax Capacity (NTC) - your taxable market value times your property tax class rate (NTC is used to calculate your tax bill)
- Levy – the amount determined by the city that is needed from property taxes to fund the budget.
- Tax Rate – the levy divided by the total tax capacity. This percentage is used to calculate your taxes. To calculate your city taxes, multiply your NTC by the city's tax rate. To calculate your total taxes, you will need to have the tax rates for all taxing jurisdictions listed on your tax statement.
- Taconite Homestead Credit – Qualifying homeowners on the Iron Range located within the taconite tax relief area are eligible for a tax credit that reduces their final property tax bill. A supplemental equivalent credit is available to properties outside the Taconite Relief area that face similar issues.

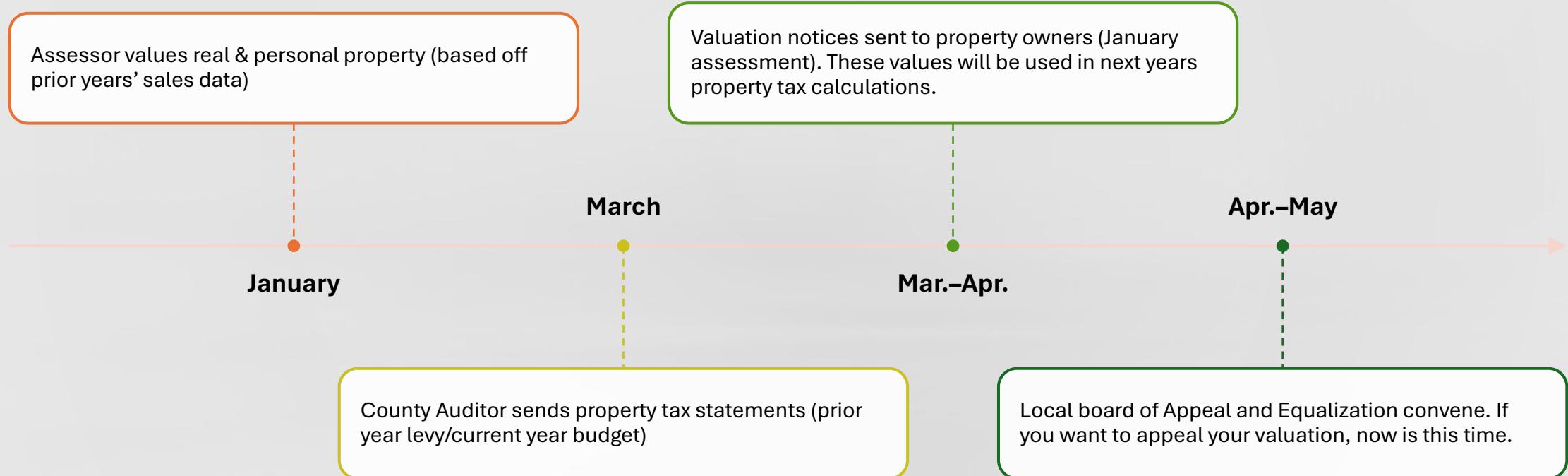


# Minnesota Property Tax System

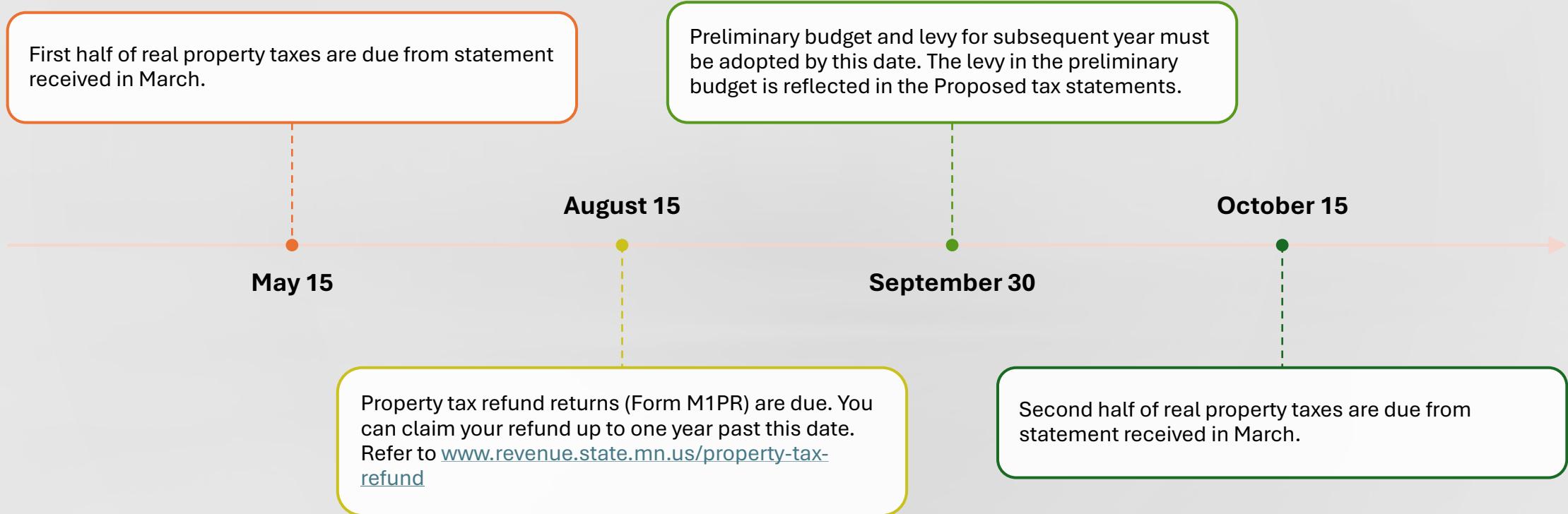
- January 1<sup>st</sup> – Assessor determines value for the following year's taxes (2026 taxes are based on a valuation from 1/1/2025).
- Properties are not taxed directly on value. They are taxed based on tax capacity.
- Different property types have different class rates. Multiplying the taxable market value by its class rate arrives at its tax capacity.
  - Residential homestead class (1a) – 1% on first \$500,000, 1.25% for values over \$500,000.
  - Residential Non-homestead (1-3 units) class 4b(1) – 1.25%
  - Commercial/Industrial/Utility class (3a) – First \$150,000 of value – 1.5%  
Over \$150,000 of value – 2.0%
  - Apartment (4 or more units) class 4a – 1.25%



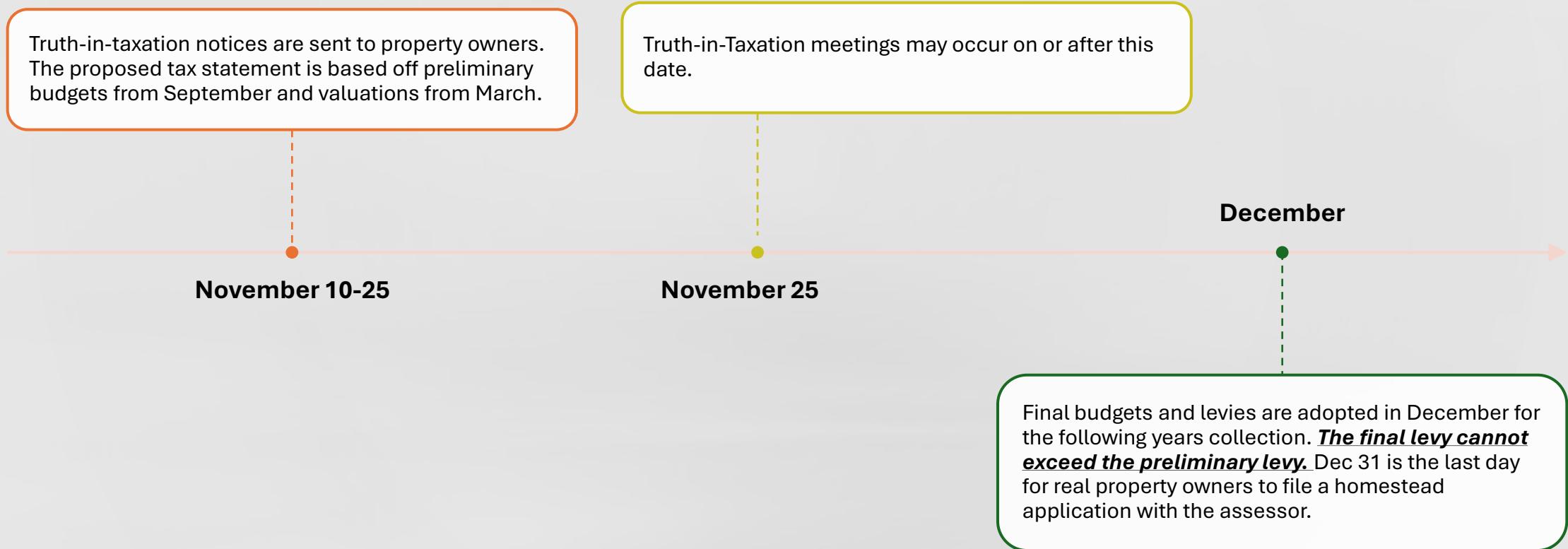
# Property Tax Cycle



# Property Tax Cycle - continued



# Property Tax Cycle - continued



## Where does your Tax Dollar Go?? (list not all-inclusive)

St. Louis County (32.4%)	City of Hibbing (53.4%)	ISD 701 (13.2%)	Special Taxing Districts (1%)
County Sheriffs/Public Safety	General Government – IT, HR, Finance, Bldg & Housing, Mayor/Council, Administration.	District Administration & Support Services	Hibbing Housing & Redevelopment Authority (HRA)
Operations & governance – IT/HR/Safety & Risk Mgmt/Property Mgmt/etc.	Public Safety – Police, Fire, Ambulance, Code Enforcement.	Education Instruction – Regular, Vocational, Special Education & Support Services	Arrowhead Regional Development Commission (ARDC) – Multi-disciplined planning & development organization serving NE MN Counties.
Public Works & Transportation	Public Works – Engineering, Streets & Alleys, & Garage	Pupil Support Services	St. Louis County Railroad Special Levy
Community services – i.e. Public Health & Human Services & Veterans Services	Culture & Recreation – Mineview, Bus Museum, Memorial Bldg, Golf, Parks & Rec, & Library.	Site, Building & Equipment/Fiscal & other fixed cost programs	
Economic & Community Dev/Land & Minerals/Planning & Zoning/Public Records & Valuation	Economic/Community Development – HEDA, Economic Development, Tax Abatement		
	Miscellaneous – Cemetery, Judgements & losses.		



ST LOUIS COUNTY  
Auditor-Treasurer  
Nancy Nilsen  
100 N 5th Ave W Room 214  
Duluth MN 55802  
www.stlouiscountymn.gov

Print Date: 10/29/2025

Taxpayer # XXXXXX

XXXXXX XXXXXX X X XXXXXXXX X  
XXXX XXX XXX X  
HIBBING MN 55746

### Property Information

Parcel ID/#: XXX-XXXX-XXXXX

#### Property Description:

CENTRAL ADDITION TO HIBBING  
Lot:XXXX Blk:XXX Acres .00  
LOT: XXXX BLOCK:XXX

# PROPOSED TAXES 2026

## THIS IS NOT A BILL. DO NOT PAY.

Step	VALUES AND CLASSIFICATION					
	Taxes Payable Year	2025	2026			
<b>1</b>	Estimated Market Value	223,200	239,700			
	Homestead Exclusion	31,817	24,977			
	Other Exclusions	0	0			
	<b>Taxable Market Value</b>	<b>191,383</b>	<b>214,723</b>			
	Class: Relative	RES HSTD RES NH 4B	RES HSTD RES HSTD			
<b>2</b>	<b>PROPOSED TAX</b>					
	Property Taxes before credits	3,597.00				
	School building bond credit	.00				
	Agriculture market value credit	.00				
	Other Credits	515.00				
	Property Taxes after credits	3,082.00				
<b>3</b>	<b>PROPERTY TAX STATEMENT</b> Coming in 2026					
<b>The time to provide feedback on PROPOSED LEVIES is NOW</b>						
It is too late to appeal your value without going to Tax Court.						

Property: XXXX XXX XXX X\HIBBING MN

### Proposed Property Taxes and Meetings by Jurisdiction for Your Property

Contact Information	Meeting Information	Actual 2025	Proposed 2026
STATE GENERAL TAX	No public meeting	.00	.00
ST LOUIS COUNTY St. Louis County Admin. 100 N 5th Ave W, Room 202 Duluth, MN 55802 218-726-2383 www.stlouiscountymn.gov	12/02/2025 7:00 PM St. Louis County Courthouse - Duluth 100 N 5th Ave W Duluth, MN 55802	883.79	998.71
CITY OF HIBBING City of Hibbing • Clerk 401 E 21st ST Hibbing, MN 55746 218-312-1560 www.hibbingmn.gov	12/03/2025 6:00 PM Hibbing City Hall 401 E 21st ST Hibbing, MN 55746	1,439.71	1,644.62
SCHOOL DISTRICT: 701 School Voter Approved Levies - School Other Levies -		.00	.00
!SD 701 - Superintendent 800 E 21st ST Hibbing, MN 55746 (218)208-0848 www.hibbing.k12.mn.us	12/10/2025 6:00 PM High School Board RM 800 E 21st ST Hibbing, MN 55746	416.88	408.30
Special Taxing District(s) Total:		39.62	30.37
Tax Increment Tax - Fiscal Disparity Tax -		.00	.00

Your school district was scheduled to hold a referendum at the NOVEMBER general election. If the referendum was approved by the voters, the school district's voter approved property tax for 2026 may be higher than the proposed amount shown on this notice.

Total excluding any special assessments -

2,780.00

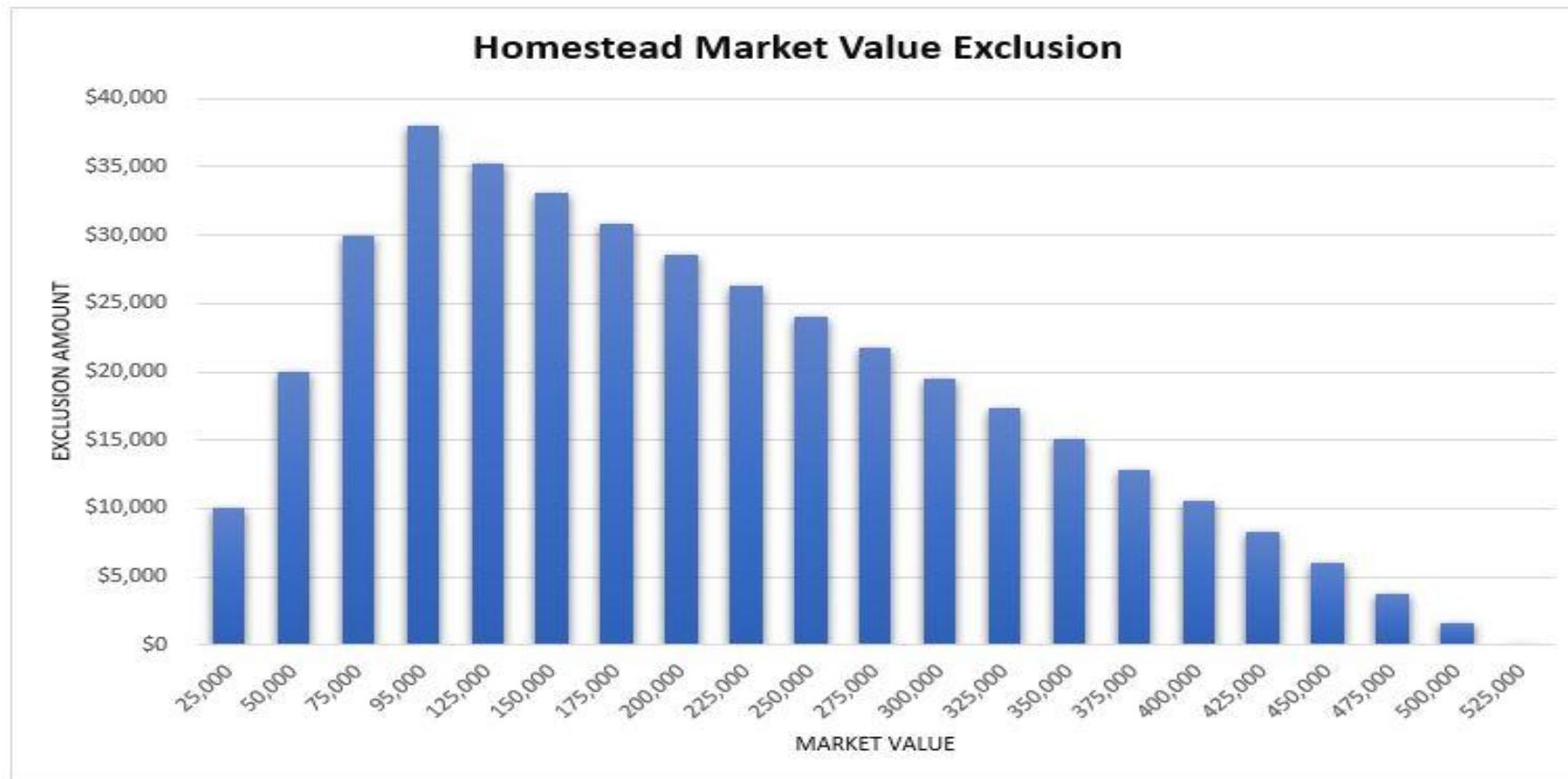
3,082.00

10.9 %



# Homestead Exclusion

- For homesteads valued at \$95,000 or less, the exclusion is 40% of the market value, creating a maximum exclusion of \$38,000. The exclusion is reduced as property values increase and phases out for homesteads valued at \$517,000 or more. (This exclusion increased from \$413,800 in 2024)



## Example (Step 1) : A residential homestead with an estimated market value of \$280,000

<b>Estimated Market Value (EMV)</b>	<b>\$280,000</b>
Max Exclusion	38,000 ( $\$95,000 \times 40\% = \$38,000$ )
Value over \$95,000	185,000 ( $\$280,000 - \$95,000 = \$185,000$ )
Benefit Reduction Amount	16,650 ( $\$185,000 \times 9\% = \$16,650$ )
Final Exclusion Amount	21,350 ( $\$38,000 - \$16,650 = \$21,350$ )
<b>Taxable Market Value (TMV)</b>	<b>\$258,650</b> ( $\$280,000 - \$21,350 = \$258,650$ )
Taxable Market Value	258,650
Class Rate	1% Residential Homestead Class Rate = 1% for the first \$500,000, 1.25% over \$500,000
<b>Net Tax Capacity (NTC)</b>	<b>2587</b> ( $\$258,650 \times 1\% = 2,587$ )



## Example (Step 2) : A residential homestead with an estimated market value of \$280,000

Net Tax Capacity (NTC)	2,587
County Tax Extension Rate (Levy/Tax Capacity of all County property)	54.28%
City of Hibbing Tax Extension Rate (Levy/Tax Capacity of all City property)	89.39%
School District Tax Extension Rate (Levy/Tax Capacity of all School district property)	22.19%
Special District Tax Extension Rate(s) (Levy/Tax Capacity of property in district(s))	1.65%
<b>Total Tax Extension Rate (i.e.)</b>	<b>167.51%</b> (sum of all of the taxing jurisdictions rates)
<b>Gross Taxes (before credits)</b>	$2,587 \text{ NTC} \times 167.51\% = \text{gross taxes before credits}$ <b>\$4,333.48</b>

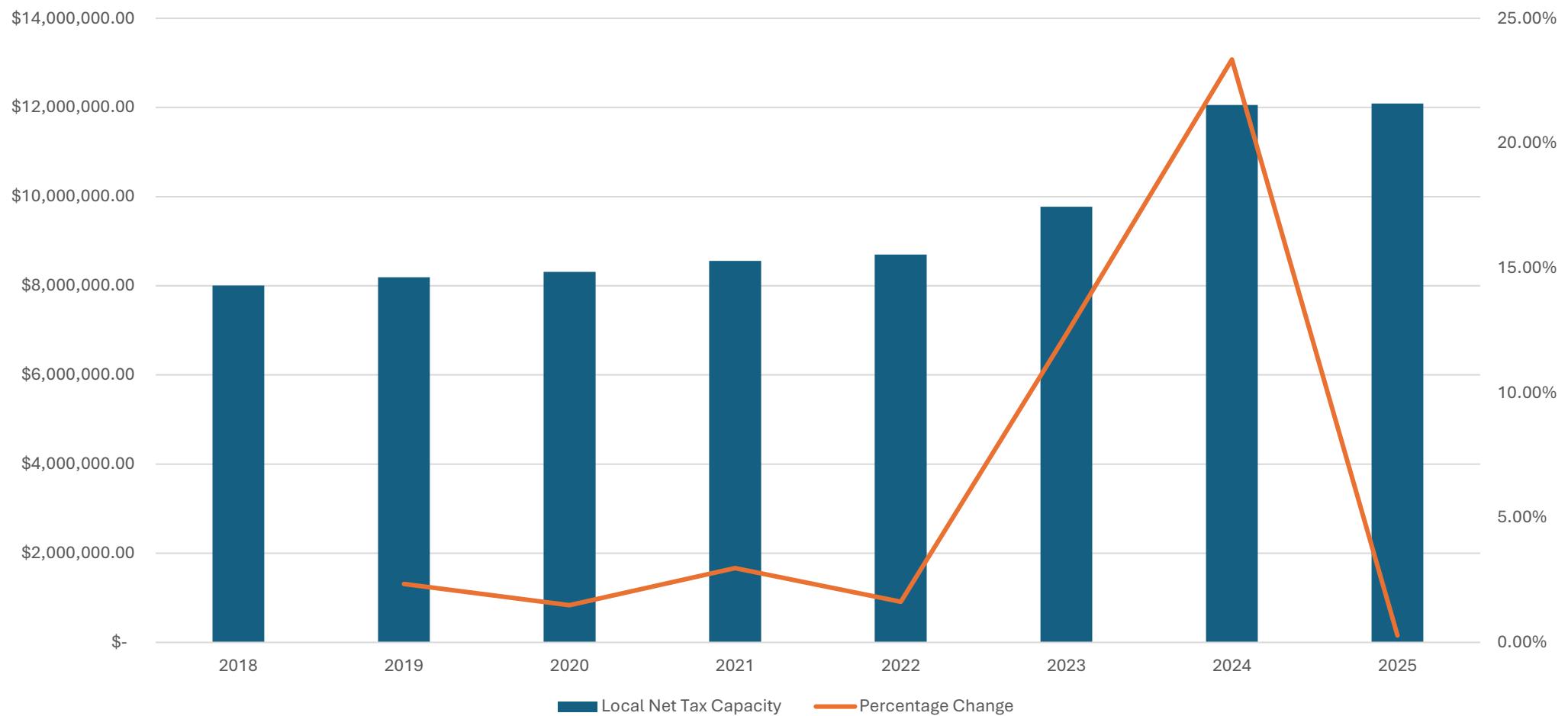


## Example (Step 3) : A residential homestead with an estimated market value of \$280,000

<b>Gross taxes before credits</b>	<b>\$4,333.48</b>
School Building Bond Credit	\$0
Agricultural Market Value Credit	\$0
Other credits (i.e. taconite homestead credit)	66% of homestead tax with a maximum of \$515.00 (this was increased from \$315.10 in taxes payable in 2025) \$515.00
<b>Total Tax Excluding special assessments</b>	<b>\$3,818.48</b> (\$4,333.48 - \$515.00 = \$3,818.48)

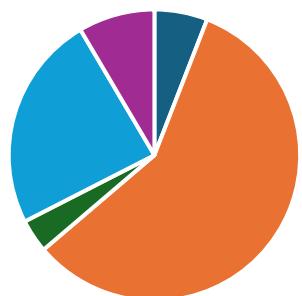


## Hibbing Local Net Tax Capacity

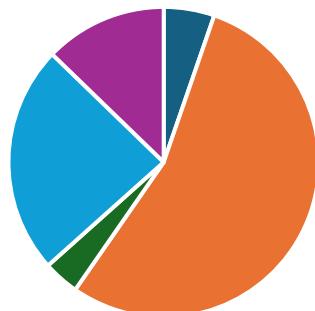


## Local NTC by Class over previous 10 years

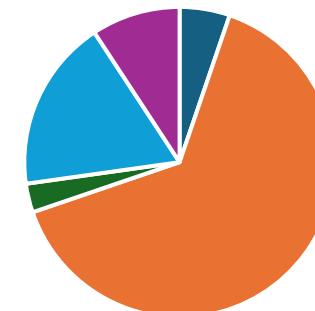
2015



2020



2025



- Agricultural/Cabin/Forest (6%)
- Residential (58%)
- Apartment (4%)
- Commercial/Industrial (24%)
- Utility/Railroad/Mineral/Personal Property (8%)

- Agricultural/Cabin/Forest (5%)
- Residential (54%)
- Apartment (4%)
- Commercial/Industrial (24%)
- Utility/Railroad/Mineral/Personal Property (13%)

- Agricultural/Cabin/Forest (5%)
- Residential (65%)
- Apartment (3%)
- Commercial/Industrial (18%)
- Utility/Railroad/Mineral/Personal Property (9%)



# 2026 Preliminary Levies (reflected on proposed tax statements)

City Levy	2025	2026	Increase/Decrease
General Fund (Including Library Transfer-In)	\$ 6,616,867.00	\$ 7,402,865.00	11.88%
Library	\$ 586,043.00	\$ 586,043.00	0.00%
HEDA	\$ 105,177.00	\$ 105,177.00	0.00%
Capital	\$ 1,035,236.00	\$ 1,292,716.00	24.87%
Permanent Improvement	\$ 1,216,243.00	\$ 1,335,111.00	9.77%
Tax Abatement	\$ 40,000.00	\$ 40,000.00	0.00%
CHAA MOU Estimate	\$ 35,000.00	\$ 35,000.00	0.00%
OPEB Debt Service	\$ 290,000.00	\$ -	-100.00%
Debt Service: Bonded Debt and Certificate of Indebtedness	\$ 538,040.00	\$ 802,927.00	49.23%
<b>Total City Levies</b>	<b>\$ 10,462,606.00</b>	<b>\$ 11,599,839.00</b>	<b>10.87%</b>
Housing & Redevelopment Authority (HRA)	\$ 100,000.00	\$ 100,000.00	0.00%
Chisholm-Hibbing Airport	\$ 821,000.00	\$ 821,000.00	0.00%
<b>Total Other Levies</b>	<b>\$ 921,000.00</b>	<b>\$ 921,000.00</b>	<b>0.00%</b>
<b>Total city-approved levies</b>	<b>\$ 11,383,606.00</b>	<b>\$ 12,520,839.00</b>	<b>9.99%</b>

# Major contributing factors to the changes in the operating budget (Revenues)

- Local Government Aid (LGA) funds 40% of the city's operating budget. LGA had a minimal certified increase for 2026 of \$21,840 or 0.23%.
- Taconite aids and taxes fund around 9% of the operating budget. Taconite aids are expected to decrease by \$133,972 or 5.8% for 2026.
- Ambulance revenues are expected to increase around \$100,000.
- Building Permit revenues are expected to increase around \$50,000.
- The city built-in a \$235,797 transfer-in from the other-post-employment-benefit fund (OPEB) to help offset the cost of rising healthcare costs.
- Other revenues had minimal increases with an overall net increase in revenues of \$181,598 (1.15%)



# Major contributing factors to the changes in the operating budget (Expenditures)

- Salaries – a cost-of-living (COLA) was built into the proposed budget for 2026 + step increases according to the base pay structure (BPS).
- Benefits – Consistent with national trends, healthcare costs are rising steadily. The city built in a preliminary estimate of a 13% premium increases for the preliminary budget.
- MN Paid Leave goes into effect on January 1, 2026. The city is responsible for paying a minimum of 50% of the premium.
- Costs of goods and services continue to increase. While inflation has slowed, headline consumer price index inflation (CPI) was 3% year-over-year for 2025.



**City of Hibbing**  
**2026 General Fund Revenue & Expenditure Budget Summary**

<b>Revenue Summary</b>	<b>2025 Current Budget</b>	<b>2026 Preliminary Budget</b>	<b>% Change</b>
General Property Taxes	\$ 6,616,867.00	\$ 7,402,865.00	11.88% *
Licenses & Permits	\$ 290,550.00	\$ 322,540.00	11.01% <i>Largely from increased building permit revenue.</i>
Intergovernmental Revenue	\$ 12,436,639.00	\$ 12,418,837.00	-0.14%
Charges for Services	\$ 2,204,945.00	\$ 2,353,850.00	6.75% <i>Increase primarily ambulance revenue</i>
Fines & Forfeits	\$ 112,000.00	\$ 97,000.00	-13.39% <i>Less parking tickets issued.</i>
Miscellaneous Revenues	\$ 784,985.00	\$ 818,490.00	4.27%
Other Financing Sources	\$ -	\$ 235,797.00	N/A <i>Transfer from OPEB fund to help offset retiree insurance.</i>
<b>Total Revenue &amp; Other Financing Sources</b>	<b>\$ 22,445,986.00</b>	<b>\$ 23,649,379.00</b>	<b>5.36%</b>
<b>Expenditure Summary</b>	<b>2025 Current Budget</b>	<b>2026 Preliminary Budget</b>	<b>% Change</b>
General Government	\$ 2,919,652.00	\$ 3,112,914.00	6.62%
Public Safety/Ambulance	\$ 10,206,376.00	\$ 10,809,972.00	5.91%
Public Works	\$ 4,600,213.00	\$ 4,782,613.00	3.97%
Culture & Recreation	\$ 2,387,851.00	\$ 2,567,409.00	7.52%
Economic Development	\$ 214,549.00	\$ 227,951.00	6.25% <i>Personnel cost is the largest contributing factor to these increases.</i>
Cemetery	\$ 337,978.00	\$ 339,723.00	0.52%
Retiree Insurance	\$ 1,310,367.00	\$ 1,388,797.00	5.99%
Miscellaneous	\$ 219,000.00	\$ 220,000.00	0.46%
Operating Transfers	\$ 250,000.00	\$ 200,000.00	-20.00% <i>Transfer to fund anticipated library deficit.</i>
<b>Total Expenditures</b>	<b>\$ 22,445,986.00</b>	<b>\$ 23,649,379.00</b>	<b>5.36%</b>



*\*An increase in spending of 5.36% requires a general fund property tax levy increase of around 11.88%.*

***City of Hibbing***  
***2026 Library Fund Revenue & Expenditure Budget Summary***

Revenue Summary	2025 Current Budget	2026 Preliminary Budget	% Change
General Property Taxes	\$ 586,043.00	\$ 586,043.00	0.00% <b><i>State certifies minimum maintenance of effort levy annually</i></b>
Intergovernmental Revenue	\$ 4,623.00	\$ 5,000.00	8.15%
Charges for Services	\$ 5,900.00	\$ 5,400.00	-8.47%
Miscellaneous Revenues	\$ 7,900.00	\$ 15,000.00	89.87%
Other Financing Sources	\$ 250,000.00	\$ 200,000.00	-20.00% <b><i>Transfer in was decreased because Library has a fund balance</i></b>
<b>Total Revenue &amp; Other Financing Sources</b>	<b>\$ 854,466.00</b>	<b>\$ 811,443.00</b>	<b>-5.04%</b>
Expenditure Summary			
Library	\$ 1,016,538.00	\$ 962,302.00	-5.34% <b><i>Decreased because budget for maintenance was moved back to City Services.</i></b>
<b>Total Expenditures</b>	<b>\$ 1,016,538.00</b>	<b>\$ 962,302.00</b>	
Revenue Over/Under Expenditures	<b>\$ (162,072.00)</b>	<b>\$ (150,859.00)</b>	<b>-6.92%</b> <b><i>Utilizing fund balance before increasing transfer-in</i></b>



**City of Hibbing**  
**2026 HEDA Fund Revenue & Expenditure Budget Summary**

Revenue Summary	2025 Current Budget	2026 Preliminary Budget	% Change	
General Property Taxes	\$ 105,177.00	\$ 105,177.00	0.00%	<i>The levy has consistently been \$105,177; cannot exceed 0.01813% of EMV</i>
<b>Total Revenue &amp; Other Financing Sources</b>	<b>\$ 105,177.00</b>	<b>\$ 105,177.00</b>	<b>0.00%</b>	
 <b>Expenditure Summary</b>				
Economic Development	\$ 183,861.00	\$ 185,811.00	1.06%	<i>Majority of increase was for professional services (i.e. grant writing)</i>
<b>Total Expenditures</b>	<b>\$ 183,861.00</b>	<b>\$ 185,811.00</b>		
 <b>Revenue Over/Under Expenditures</b>	<b>\$ (78,684.00)</b>	<b>\$ (80,634.00)</b>	<b>2.48%</b>	<i>Utilizing fund balance</i>

*Other Economic Development special levies - Tax Abatement - \$75,000 (P&F Development, Rivercreek Development, L&M Radiator, & CHAA MOU)*



**City of Hibbing**  
**2026 Debt Service Fund Levies**

Property Taxes for Debt Service	2025 Current Budget	2026 Preliminary Budget	% Change
GO Bonds 2018A (Fund 308)	\$ 47,933.34	\$ 140,752.50	193.64% <b><i>Used pledged fund balance in 2025 for reduction</i></b>
2020A GO Equip Bonds (Fund 311)	\$ 109,171.61	\$ 86,341.50	-20.91%
2022A Equipment Certificates (Fund 312)	\$ 79,307.43	\$ 71,744.55	-9.54%
2024A Equipment Bonds (Fund 313)	\$ 301,623.27	\$ 276,018.75	-8.49%
2025A GO Local Sales Tax Bonds (Fund 314)	\$ -	\$ 644,815.50	New  <b><i>An initial amount was built in from debt projections and unknown sales tax revenue.</i></b>
<b>Total Revenue &amp; Other Financing Sources</b>	<b>\$ 538,035.65</b>	<b>\$ 1,219,672.80</b>	<b>126.69%</b>

*\*MN statute Chapter 475 requires that, in the case of general obligations, the city levy for each year of the term of the bonds,*

*an amount that together with pledged revenues, will produce 105% of the P&I due each year.*



***City of Hibbing***  
***2026 Other Post Employment Benefits (OPEB) Revenue & Expenditures***

**Revenue Summary**

	<b>2025 Current Budget</b>	<b>2026 Preliminary Budget</b>	<b>% Change</b>
OPEB Tax Levy	\$ 290,000.00	\$ -	-100.00% <i>Removed OPEB levy for pay 2026</i>

**Total Revenue & Other Financing Sources**

	<b>\$ 290,000.00</b>	<b>\$ -</b>	<b>-100.00%</b>
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**Expenditure Summary**

Transfers Out	\$ -	\$ 235,797.00	N/A
<b>Total Expenditures</b>	<b>\$ -</b>	<b>\$ 235,797.00</b>	

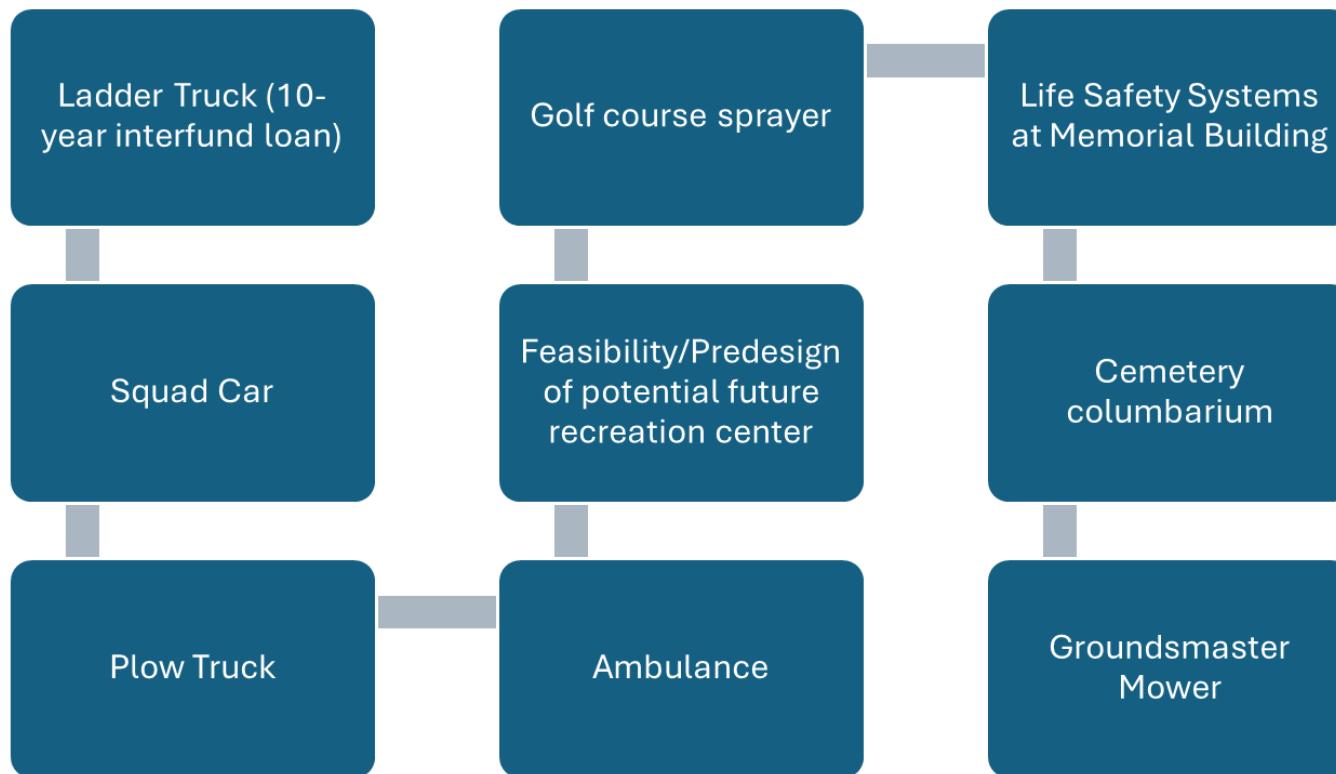
<b>Revenue Over/Under Expenditures</b>	<b>\$ 290,000.00</b>	<b>\$ (235,797.00)</b>	<b>-181.31%</b> <i>reduce cost of retiree insurance levy</i>
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*Interest income through September 2025 -  
\$302,622 (using some interest income to help*



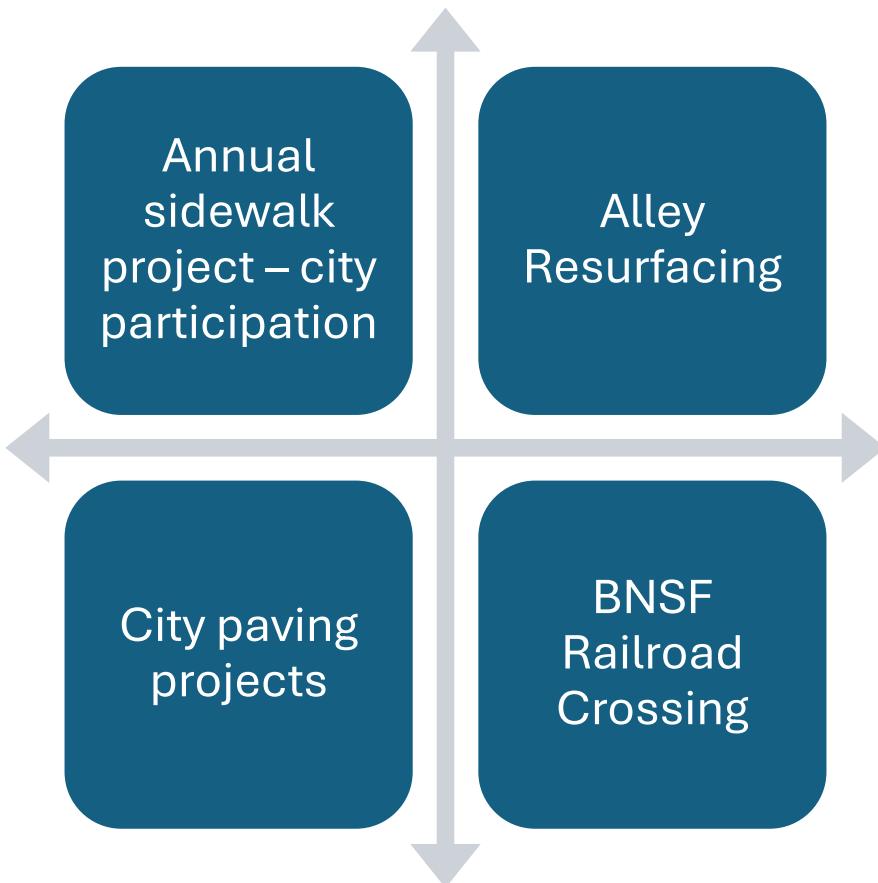
## Capital Levy – Increase from \$1,035,236 to \$1,292,716 (24.87%) –

Preliminary budget capital projects including but not limited to:



## Permanent Improvement Levy – Preliminary increase from \$1,216,243 to \$1,335,111 (9.8%)

Preliminary projects including but not limited to:



# Additional levies requiring city approval - HRA

- Housing & Redevelopment Authority (HRA) – the city must consent via resolution to a levy for the HRA.
- The levy is limited to 0.0185% of the previous year's estimated market value of the city.
- This levy is within the special taxing district line item of Hibbing's tax statements.
- Preliminary levy for pay 2026 - \$100,000 (consistent with 2025)



# Additional levies requiring city approval - CHAA

- Chisholm-Hibbing Airport Authority (CHAA) – the city of Hibbing and city of Chisholm must consent via resolution to a levy for the CHAA.
- The levy is spread across the tax base of both the city of Hibbing and city of Chisholm. This levy is reflected in the city tax line of the tax statement.
- Preliminary levy for pay 2026 - \$821,000 (consistent with 2025)



# Enterprise Funds (Business-Type Activities)

- Sewer & Sanitation Funds - Operate as business-type activities. Therefore, the city doesn't levy ad valorem taxes to support them.
- Fees are charged on public utility statements issued by Hibbing Public Utilities.
- Services provided include: Garbage service, recycling center, sanitary and storm sewer.
- Proposed fee increase for sewer of 5% and stormwater of 7.5% for 2026.
- Landfill fees will be collected directly by St. Louis County and will not be reflected on utility bill beginning on 1/1/2026.
- Proposed garbage tipping fees remain the same.



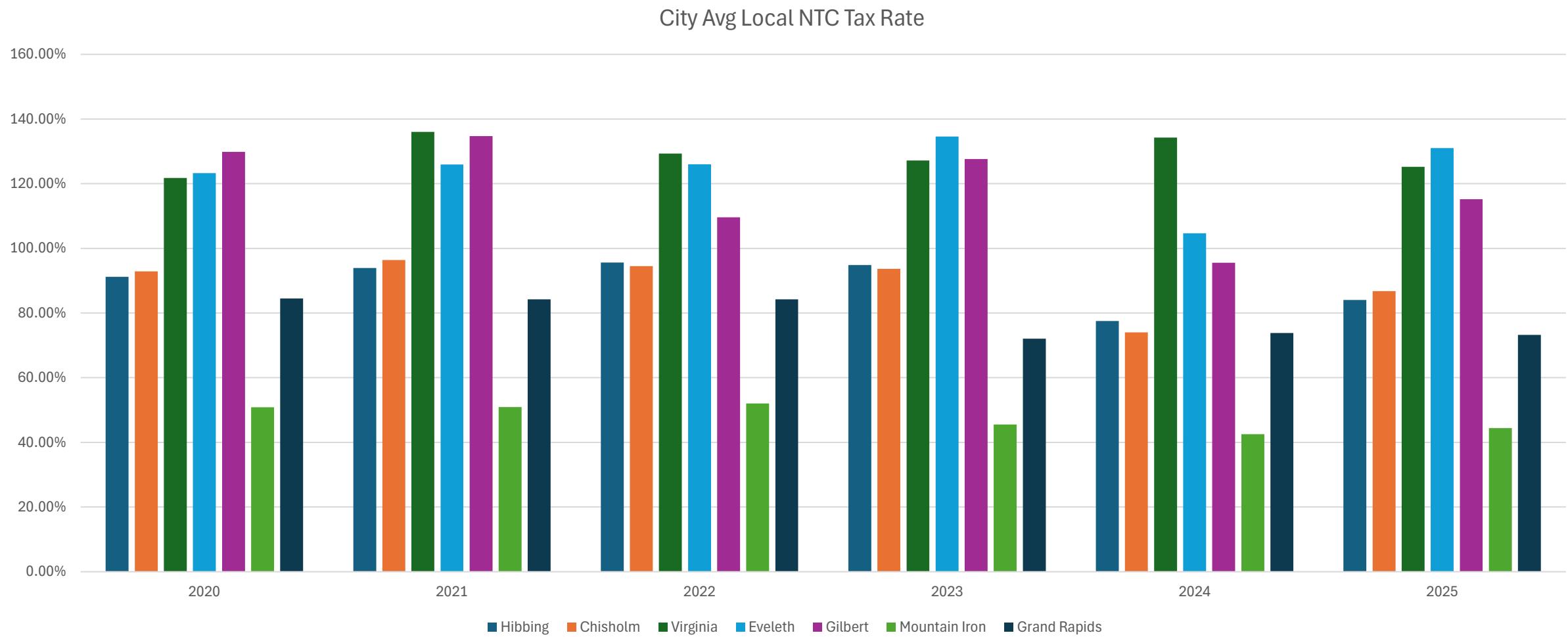
# Impacts to residential homestead taxpayer – proposed tax statements – City tax line only (preliminary increase of 9.99%)

<i>City of Hibbing, Minnesota</i>										
<i>Schedule of Tax Impact on Residential Parcel due to Levy Increase</i>										
<i>For Taxes Payable 2026</i>										
EMV	\$ 75,000	\$ 100,000	\$ 150,000	\$ 200,000	\$ 250,000	\$ 300,000				Average per Assessor's Office
Less - MVE	<b>(30,000)</b>	<b>(37,550)</b>	<b>(33,050)</b>	<b>(28,550)</b>	<b>(24,050)</b>	<b>(19,550)</b>				<b>\$ 163,100</b>
Taxable MV	\$ 45,000	\$ 62,450	\$ 116,950	\$ 171,450	\$ 225,950	\$ 280,450				\$ 140,539
Tax Class Rate	0.01	0.01	0.01	0.01	0.01	0.01				0.01
Tax Capacity	\$ 450	\$ 625	\$ 1,170	\$ 1,715	\$ 2,260	\$ 2,805				\$ 1,405
<b>Increase in Tax</b>	<b>\$ 25.71</b>	<b>\$ 35.68</b>	<b>\$ 66.82</b>	<b>\$ 97.96</b>	<b>\$ 129.10</b>	<b>\$ 160.24</b>				<b>\$ 80.30</b>

Preliminary levies set a cap on the amount a city can levy for the following year. The final levy cannot exceed the preliminary levy.



# How do we compare to our neighbors???



# Final 2026 Budget & 2025 Levy

- Once the final budget and levy is adopted; budget books will be available for viewing at Hibbing City Hall, Clerk's office, Room 201 or the Hibbing Public Library.
- Budget books will be available online at the City of Hibbing's website [www.hibbingmn.gov](http://www.hibbingmn.gov)



# Property Tax Relief

- Property Tax Refunds  
<https://www.revenue.state.mn.us/property-tax-refund>
- Senior Citizens' Property Tax Deferral Program  
<https://www.revenue.state.mn.us/property-tax-deferral-senior-citizens>
- Market Value Exclusion for Veterans with a Disability  
<https://www.revenue.state.mn.us/market-value-exclusion-veterans-disability>
- Other Property Tax Programs  
<https://www.revenue.state.mn.us/property-tax-programs>



# Contact Information

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- If you have questions about the city's budget:  
Sheena Mulner – Finance Director/Treasurer  
218-312-1602
- If you have questions about your property's classification or assessed value:  
Rodella LaFreniere – Principal Appraiser  
218-312-8387

