



City of Hanover

*2025 Truth in
Taxation Public
Meeting*

December 2, 2025

Truth in Taxation - Public Meeting

Purpose

Held prior to approval of the final budget and levy for the upcoming tax year.

Provide the public with information about the proposed levy and budget.

Give the public an opportunity to ask questions.

Nine Factors that Influence the Total Tax Levy

- Property Market Value
- Tax Capacity
- Property Class Rates
- State Aid
- County Budget/Tax Levy
- School Operating Levy
- School District Voter Approved Debt Obligations
- City Budget/Tax Levy
- Special State Laws; *for example, homestead credits*

How Property Tax System Works

- Assessor sets proposed property values as of January 1 for the following year taxes. Values are based on comparable sales.
- These values are sent to the County Auditor. Auditor then sends property-specific notices to property owners notifying of the value change. Included in the notice is the information about the Board of Review meeting.
- City Council conducts Board of Review meeting in April of each year; this is when residents can question their proposed values.
- Values are then finalized and set for calculating the taxes.
- City and other jurisdictions adopt levy and budgets in December. Tax rates are calculated by County based on the levies adopted by each jurisdiction.

New Residential Construction

Increase in permitting activity 2021-Present = Community Growth

Year	New Single Family	New Townhome/Villa	New Multi-Family	Total New Dwelling Units
2012	13			13
2013	44			44
2014	30			30
2015	18	3		21
2016	28	2	24	54
2017	7	1		8
2018	10	2		12
2019	14	3		17
2020	20	2		22
2021	63	10	24	97
2022	63	15		78
2023	82	2		84
2024	42	9		59
2025				81 so far*

Hanover Households Data – Estimated Population Increase Since April 2024

(State Demographer + New Construction Building Permits x Average Household Size in Comp Plan)

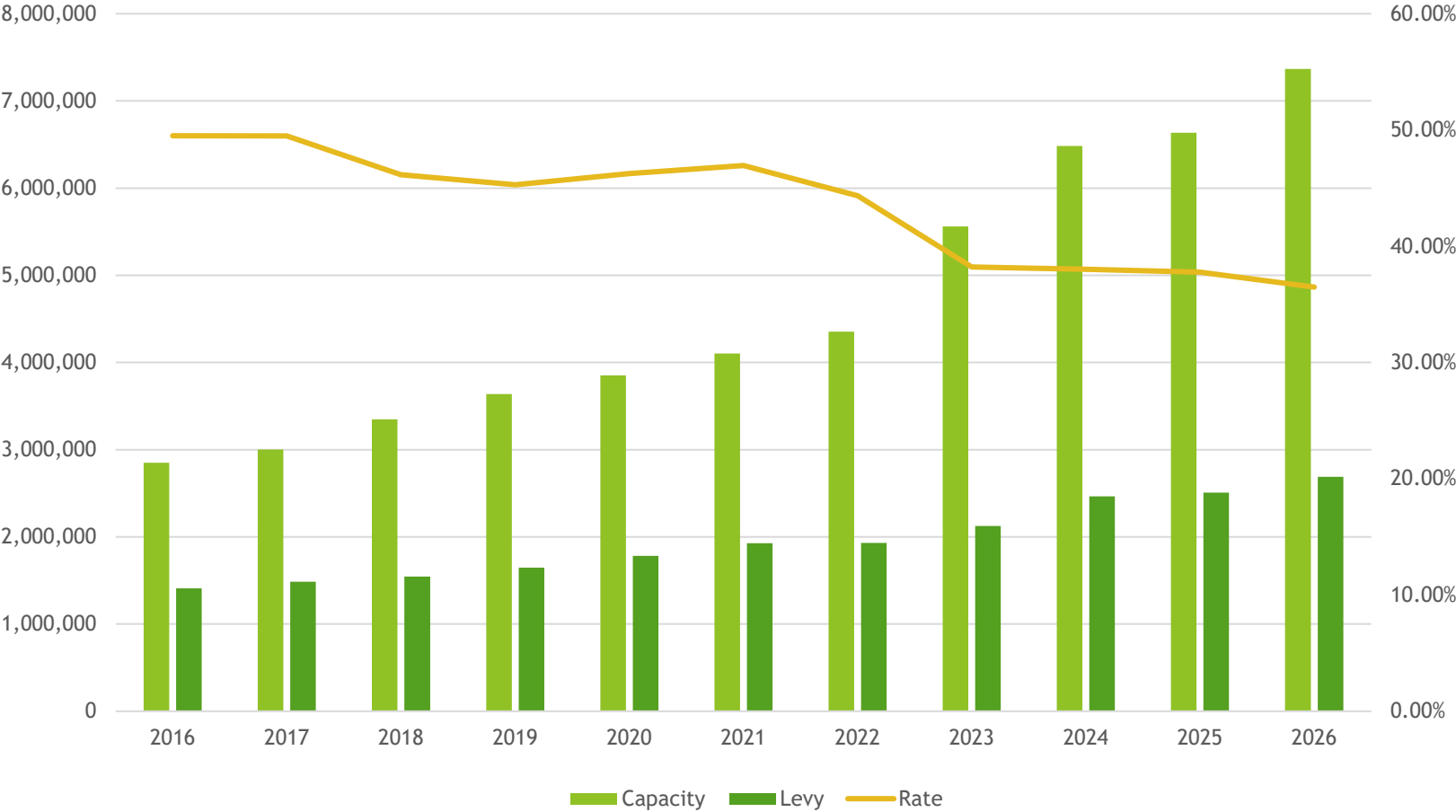
**New construction permits issued in 2025 as of November 25, 2025*

	New Residential Units (Building Permits)	Average Hanover Household is about 3 residents	Estimated Population Increase	Total Population Estimate
April 2024 Households (starting number)	-----	-----	-----	4,392
2024	59	X3	177	4,569
2025	81*	X3	243	4,812

Effects of Growth on Budget

- ▶ Reduced tax rate for past 5 years in a row, down about 17% over the last twelve years -
53.16% in 2014 to 36.48% proposed for 2026
- ▶ More people and households needing services, but also more households to share in overall needs - need to adjust and balance
- ▶ Increase in levy required to meet needs for larger and still growing population, but Council has held tax rate steady or reduced for last 5 years

Tax Capacity, Tax Levy and Tax Rate Comparison



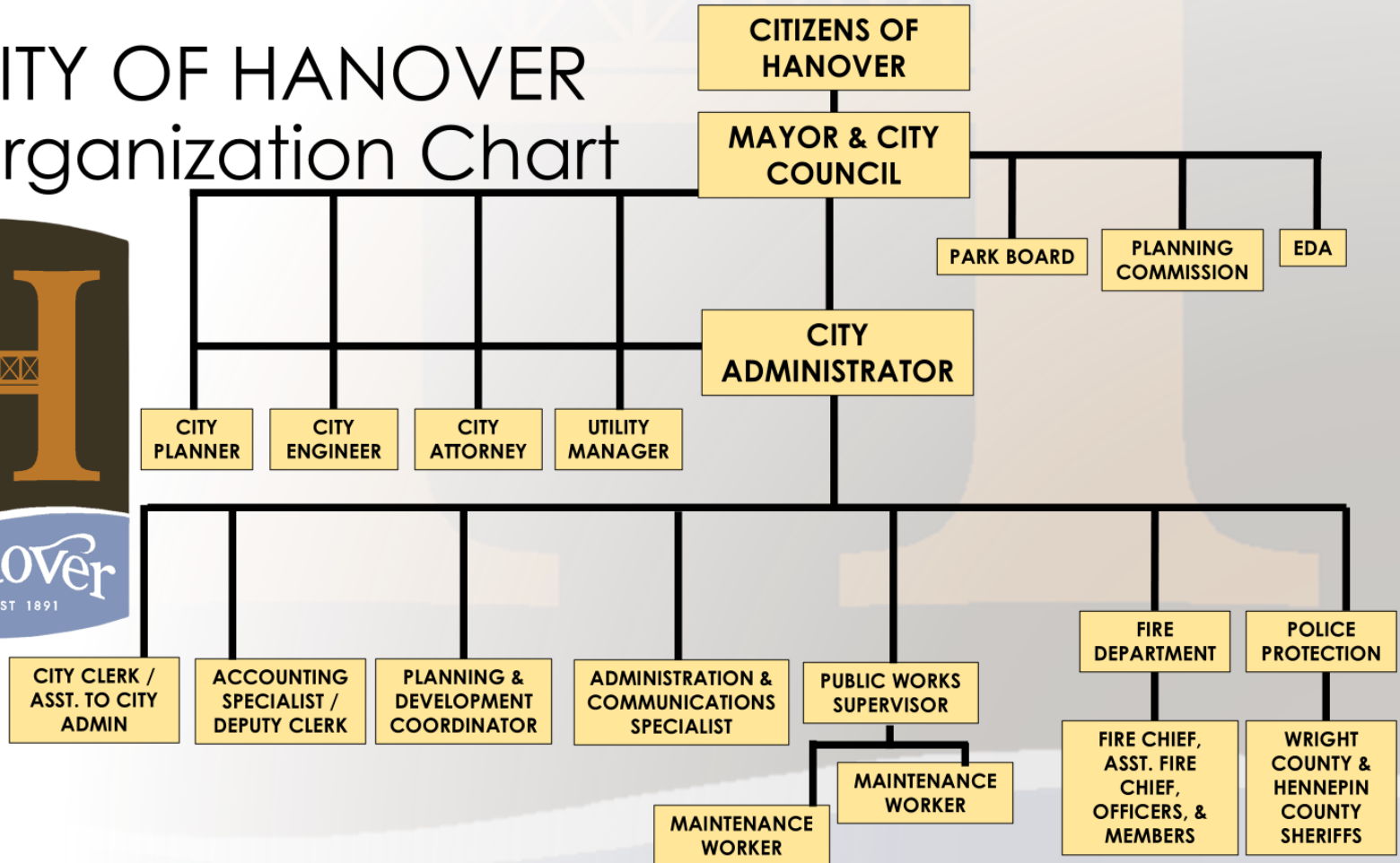
Notable 2026 Levy Impact Items

- ▶ Decrease in State Local Government Aid -
 - ▶ \$41,200 decrease this year. Down \$80,725 over the past two years.
- ▶ Consultant Expenses -
 - ▶ Budgeted time for financial consultant time for CIP update & ongoing support; sustained/increased engineering, planning, IT & legal support needs as community growth continues & training of staff continues
- ▶ Fire Department Investments -
 - ▶ Increased calls, hourly wage & officer pay increases; increased investments in training & partnership study
- ▶ Staffing-
 - ▶ First full year of Plan. Coord. (2025 was partial); 2026 budget for summer intern
 - ▶ Public Works budget includes 4 summer seasonals - up from 2
 - ▶ MN Paid Leave premiums - 50% each employee & employer contribution
 - ▶ 20% increase in health premium contribution & 4% wage scale
- ▶ Election Year Expenses -
 - ▶ \$10k + staff time prioritized in 2026 for Primary & General Elections

2026 Budgeted Council Goal Items

- ▶ Code Enforcement-
 - ▶ Full year of Planning Coordinator position with 2025 being first partial year
- ▶ Systems/Process Improvements -
 - ▶ Laserfiche projects - budgeted in Council Miscellaneous. To be led by Clerk with supports from Admin Specialist, Deputy Clerk and Planning Coordinator
 - ▶ Study of possible additional partnership opportunities with Fire partners
- ▶ CIP Update (including Bridge and Settlers specific goal projects) -
 - ▶ Financial consultant time allocated to assist in update projecting plan for next several years with discussions/prep work from department heads, other consultants and administrator
 - ▶ 2026 purchases include commercial lawn mower, repairs at city hall, Settlers Park remodel, Historic Bridge decking replacement and a road project TBD
- ▶ Foster Staff Professional Development-
 - ▶ Training investments in fire, public works and city hall

CITY OF HANOVER Organization Chart



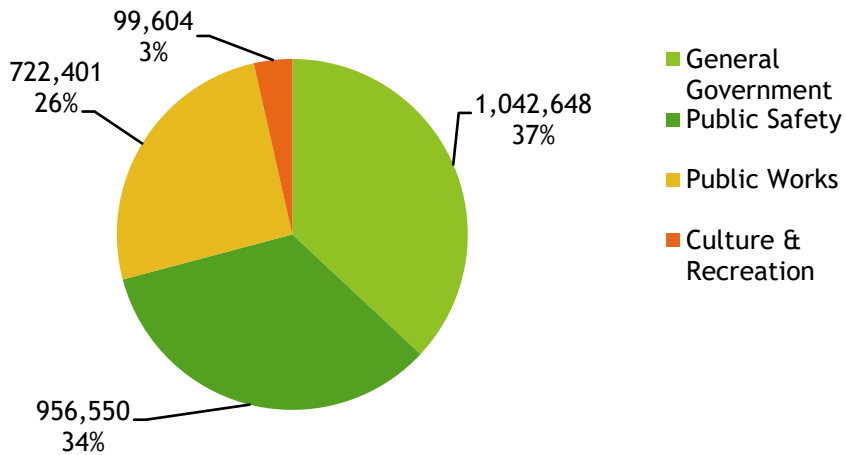
Breakdown of 2026 Preliminary Property Tax Levy

	<u>2025</u>	<u>2026</u>
General Fund Levy	\$1,514,389	\$1,801,376
Fire Protection Levy	\$187,281	\$228,705
Debt Services Levy	\$100,000	\$109,274
<u>Capital Improvement Levy</u>	<u>\$704,998</u>	<u>\$548,096</u>
<u>Total City Levy</u>	<u>\$2,506,668</u>	<u>\$2,687,451</u>
EDA	\$65,716	\$70,504
<u>Total Hanover Property Tax Levy</u>	<u>\$2,572,384</u>	<u>\$2,757,955</u>

Change 2025 to 2026: \$185,571

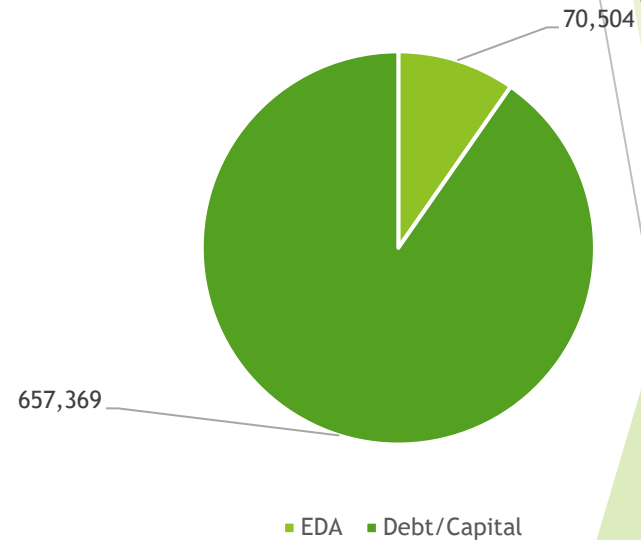
General Fund Expenditures & Other Property Tax Funded Activities

General Fund Expenditures



General Fund Budget
\$2,821,203

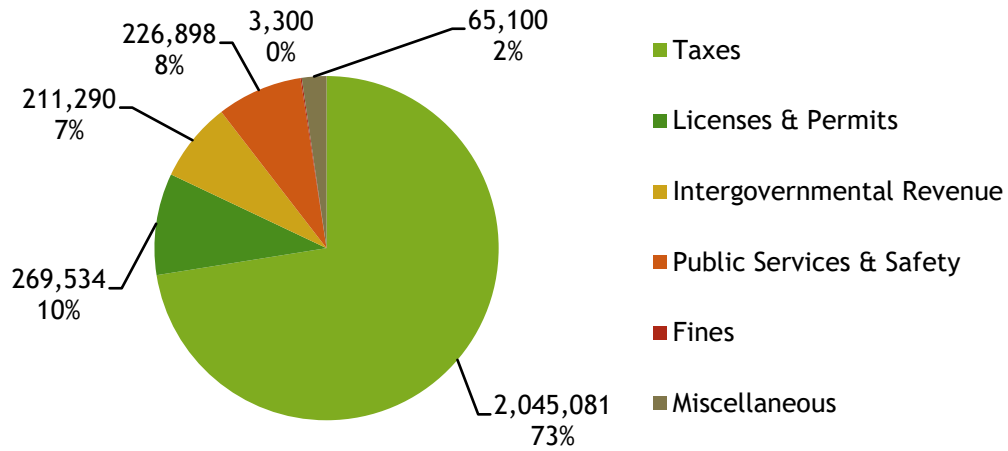
Other Tax Supported Expenditures



Other Services
\$727,873

General Fund Revenue by Source Type

General Fund Revenue



Property Value Tax Statement

Hennepin County

2025 Home Value = \$500,800

2026 Home Value = \$502,200

2025 Actual **Total** Tax = \$5,951.42

2026 Proposed **Total** Tax = \$6,007.03

2025 Actual **City** Tax = \$1,908.42

2026 Proposed **City** Tax = \$1,853.74

City's Percent of Total Tax = 30.86%

*Information provided by Hennepin County
using \$507,400 value statement example

Property Value Tax Statement

Wright County

2025 Home Value = \$429,148

2026 Home Value = \$444,500

2025 Actual Total Tax = \$4,750

2026 Proposed *Total* Tax = \$4,772

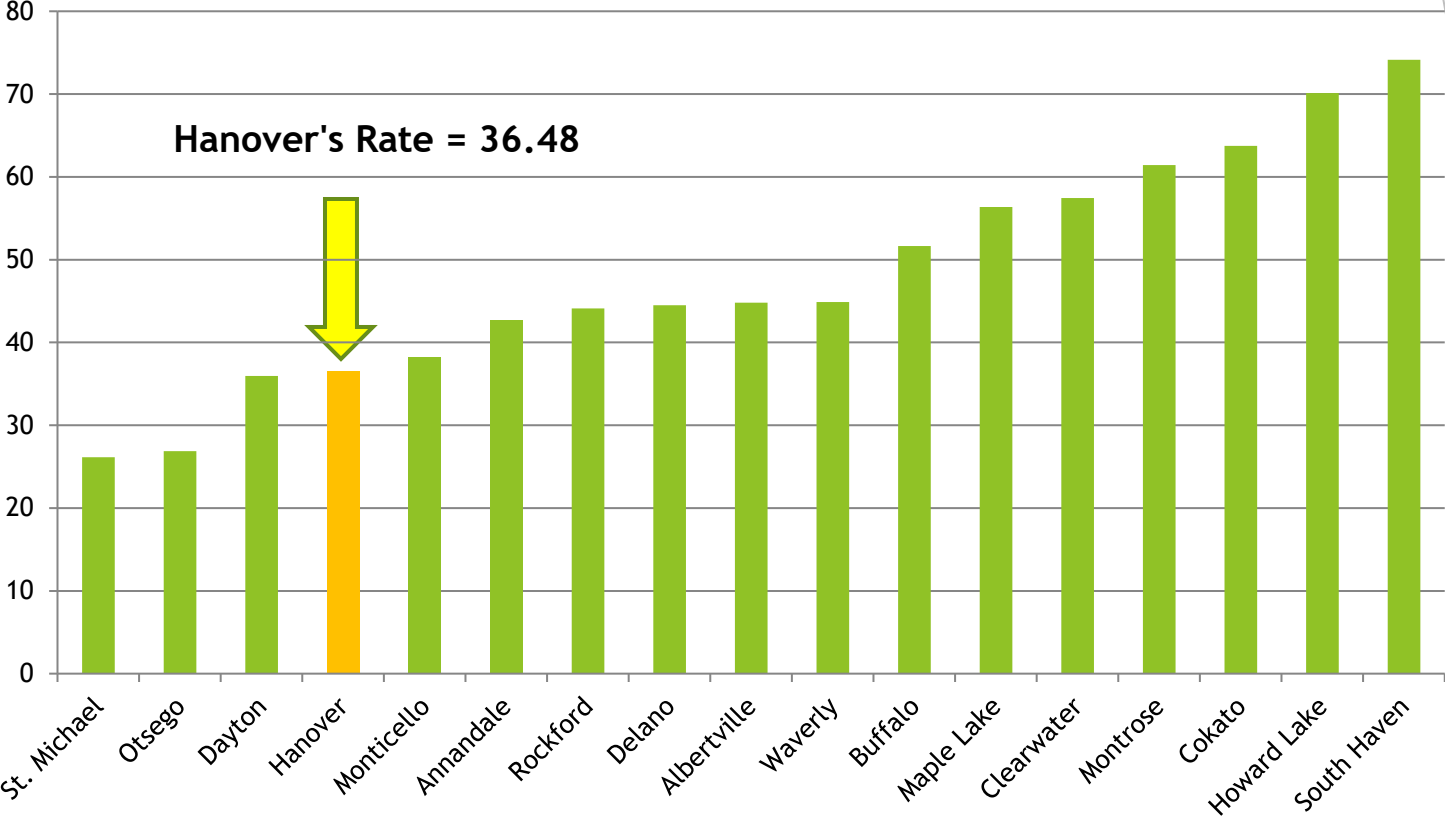
2025 Actual *City* Tax = \$1,611.10

2026 Proposed *City* Tax = \$1,598.04

City's Percent of Total Tax = 33.5%

*Information provided by Wright County

Hanover's 2026 Tax Rate Compared to Other Wright County Cities (proposed)



**data received from Wright County
(Hanover's updated to current proposed 2026 rate)*

Are City Taxes a Good Value?

Some of the services you get for your City Tax Dollars:

- Police Patrol, Crime Lab, and Other Police Services
- Criminal Prosecution
- Fire and Emergency Medical Response
- Street Maintenance/Improvement, Snowplowing and other street services
- Parks, Trails, and Recreation
- Single-sort Curbside Recycling
- Planning & Zoning Administration and Code Enforcement
- City Council, Planning Commission, Park Board, EDA
- Misc. Items – Elections, Assessing, Newsletters, Historical Bridge, Dog Control, Street Lights, Event Support, Holiday Lights, Compost Site, Cemeteries, Senior Center, Library, Clean-up Day, Emergency Sirens, Community Hall Facility Overhead, Business Incentive Programs, Low Interest Business Loans, Emergency Management Services

Final 2026 Property Tax Levy and Budget Adoption:

**City Council Meeting December 2, 2025
Following the Truth in Taxation Hearing
Hanover City Hall**

Questions or Comments on the 2026 Property Tax Levy and Budget?

Thank you

Jennifer Nash, City Administrator