

RUNAWAY COSTS — NOT SPENDING — ARE DRIVING CITY BUDGETS

Core costs are rising significantly faster than proposed revenue limits allow.

THE CHALLENGE:

- Revenue caps disproportionately impact small and rural communities
- Taxpayer investments are losing ROI as cost drivers increase, limiting community investment and the local economy

Costs to deliver essential services are growing 2-4x the proposed 2% cap

Core Cost Categories Growing ~8% Per Year	2020	2026	Annual Percent Change
Insurance	~\$80,670	~\$195,880	20%
Police Officer	~\$51,900	~\$67,900	4%
Firefighter	~\$48,000	~\$68,750	6%
Heavy Equipment Operator	~\$42,420	~\$56,850	5%
Ambulance	~\$225,287	~\$357,610	8%
Police Cruiser	~\$36,000	~\$50,310	6%

POLICY SOLUTIONS:

- Align revenue limitations with costs cities can **actually control** (capping the CGFL exclusively)
- Adopt a full definition of “new valuation” to support economic development
- Provide flexibility for bonding of major capital equipment (fire trucks, ambulances) and infrastructure-related costs
- Expand local options (e.g., an optional LOSST increase) to give voters a voice in funding decisions
- Preserve effective use of TIF, including optional school district participation
- Account for inflation in any revenue limitation to ensure long-term stability

Without these adjustments, cities will not be able to sustain the property tax relief the Legislature and local officials are seeking to deliver.