



**CITY OF MONTICELLO
PRESS RELEASE**

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City Council Approves 2026 Property Tax Levy and Budget

Monticello, MN – On Monday, December 8, the City Council approved the 2026 property tax levy and annual budget during its regular meeting. The meeting included the annual Truth-in-Taxation public hearing, giving community members the opportunity to provide feedback before the City Council finalized the levy.

Throughout the second half of the year, the City Council held a series of budget workshops focused on balancing community priorities with fiscal responsibility. The Council considered the estimated tax base growth within the city, first projected at 8.6%, when determining the preliminary tax levy. Aligning the increase with this growth minimizes the impact on existing taxpayers while maintaining service levels and adequately funding priority projects.

In September, the City's preliminary property tax levy was set at \$15,337,000 (\$1,220,000 or 8.6% higher than 2025), along with a Housing and Redevelopment Authority (HRA) levy of \$504,000 (\$5,000 or 1% higher than 2025).

However, updated tax base information later showed a lower overall increase in the tax base, adjusted to 7.3%. When determining the final levy amount for 2026, the City Council considered both the initial increase of 8.6% as well as a modified 7.2% increase.

Following the Truth-in-Taxation public hearing, the City Council approved the lower tax levy increase at 7.2%, resulting in a \$15,137,000 City property tax levy (\$1,020,000 higher than 2025). The HRA levy remains the same at \$504,000 or a 1.0% increase. The overall combined City and HRA levy is 7.0% for 2026.

For taxes payable in 2026, taxable market values increased across all major property classifications. This included a 10.2% valuation increase of Xcel Energy's Monticello Nuclear Generating Plant. Because this increase is more than other property classes, more of the tax impact will shift to Xcel, which is the first shift to Public Utility property in five years.

Property tax valuation statements sent out in the spring show changes to an individual property's estimated market value, homestead exclusion, taxable market value, and property classification. The valuation information is then translated into the tax information for each of the applicable jurisdictions' preliminary levies, including Wright County, the City of Monticello,

the Monticello School District and any special levies, and is included on the Truth-In-Taxation notices sent in November. Final tax statements are typically mailed to residents in March.

Property taxes are the primary funding source for cities in Minnesota. In Monticello most of the tax levy goes into the City's General Fund to support many of the basic functions of local government, including public safety, snow and ice removal, and planning and zoning. The separate, smaller Housing & Redevelopment Authority (HRA) levy is used to fund the activities of the Economic Development Authority (EDA), primarily housing and redevelopment projects within Monticello. The City also strives to secure grant funding for community projects but grant funds typically do not cover the entire cost of a project and require matching funds.

The City Council also approved the 2026 annual budget, a key tool for aligning services, infrastructure planning, and long-term financial stability with long-term community goals.

Within the budget are anticipated expenditures on several projects of significance, which are funded through a variety of sources like the local sales tax, state funding support, and debt in addition to a portion of the levy. The projects include finalizing design and starting construction on the Water Treatment Plant and new Public Works Facility; construction of additional parking in Downtown Monticello; construction of a shared maintenance shop and pickleball courts at Bertram Chain of Lakes Regional Athletic Park; and design for future Fallon Avenue improvements.

Other 2026 projects include repairs to current city facilities, transportation improvements, utility extensions, stormwater improvements, and equipment purchases.

To support operations, the General Fund levy increased by 5.0%. This supports adequate staffing levels, funding for the law enforcement contract with Wright County Sheriff's Office, striping and crack sealing maintenance for streets and pathways, suitable funding to compensate for inflation impacts, and maintaining consistent city service levels.

To manage rising operational costs at the Monticello Community Center, an increase of \$17,000 (or 3.2%) was added to the MCC Fund. This is in addition to adjustments to membership, day pass, and rental rates, as well as facility hours. Consistent with the last two years, the Council also allocated a \$100,000 transfer from the DMV's net profits to support ongoing MCC operations.

The City has spent the last few years defining and communicating its top priorities through Council workshops and public engagement. Monticello is a growing community with a need to both maintain existing assets and plan for sustainable future expansion. The City remains committed to pursuing alternative funding sources, including state and federal grants, to limit the impact on local taxpayers.

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