



**2026 Levy & Budget
FREQUENTLY ASKED QUESTIONS
December 2025**

Q. What do City taxes help pay for?

A. The City's annual budget and levy is set based on its [Strategic Priorities](#) to cover the services and amenities community members expect and value. This includes general fund operations, capital projects, debt service, the Economic Development Authority and the Housing & Redevelopment Authority. Based on the most recent annual estimates, the budget provides funding for:

- 27,000+ residents served
- 90+ buildings owned & maintained
- 139+ miles of roads maintained (not including parking lots & alleys)
- 43,488 calls for service responded to by police officers in 2024
- 600 calls for service responded to by firefighters
- 900+ acres of parkland owned & maintained
- 31+ miles of paved and natural trails maintained
- 2,000+ building permits expected to be issued in 2025
- 199,296 items circulated last year by the library (digital and physical) to 19,000-plus library card holders
- 97,925 visits and 12,931 program attendees at the library in 2024
- 33,345 guests served in 2025 at River Springs Water Park plus swimming lesson participants
- 23,961 golfing rounds in 2025 at Brooktree Golf Course (increased 11.84% from 2024)

Q. Have the 2026 levy and budget been finalized or are they still being refined?

A. The City Council approved a *preliminary* 2026 budget and levy September 16 with a 13 percent increase over last year. This amount can be reduced but cannot be increased when the final budget and levy is approved December 16. Outstanding data is being gathered and used to finalize the budget along with public input.

Q: Does a 13 percent levy increase mean property taxes would also increase by 13 percent?

A: No. Property taxes are based on several variable figures. In addition to taking into account any changes in the market valuation of a property, they also factor in Owatonna's tax capacity which is based on growth. Once again in 2026, Steele County's projections indicate Owatonna will benefit from yet another year of increased tax capacity. Increased tax capacity offsets the impact of a levy increase on property owners. Based on a *preliminary* 2026 levy increase of 13 percent, the City portion of property taxes for a home valued at \$350,000 would increase by an estimated \$10.33 per month assuming the home's market value remains unchanged. This estimate does not account for adjustments related to an increase in market value. It only reflects the impact from the City levy and assumes there is no change in the property's market value. Increases in property market values will lead to higher tax impacts as would increases in levies by other taxing jurisdictions. The table below is based on preliminary projections from Steele County for tax capacity and shows multiple scenarios for home values if the proposed levy increase of 13% was adopted with final budget approval. In essence, this is a worst-case scenario and is based on estimated figures that are expected to change. These figures represent the City's portion of property taxes only.

Market Value	Increase from 2025	Monthly Increase
\$100,000.00	\$23.10	\$1.93
\$125,000.00	\$33.18	\$2.77
\$150,000.00	\$43.26	\$3.61
\$175,000.00	\$53.34	\$4.45
\$200,000.00	\$63.42	\$5.29
\$225,000.00	\$73.50	\$6.13
\$250,000.00	\$83.58	\$6.97
\$275,000.00	\$93.66	\$7.81
\$300,000.00	\$103.74	\$8.65
\$325,000.00	\$113.82	\$9.49
\$350,000.00	\$123.90	\$10.33
\$375,000.00	\$133.98	\$11.17
\$400,000.00	\$144.06	\$12.01
\$425,000.00	\$154.14	\$12.85
\$450,000.00	\$164.22	\$13.69
\$475,000.00	\$174.30	\$14.53
\$500,000.00	\$184.38	\$15.37
\$525,000.00	\$194.20	\$16.18
\$550,000.00	\$203.45	\$16.95
\$575,000.00	\$212.70	\$17.72
\$600,000.00	\$221.95	\$18.50
\$625,000.00	\$231.19	\$19.27
\$650,000.00	\$240.44	\$20.04
\$675,000.00	\$249.69	\$20.81
\$700,000.00	\$258.94	\$21.58

Q. What costs are causing increases in the City's 2026 budget and levy?

A. Like private businesses and personal financing, the City must consider inflation and subsequent increases in the cost of goods. In 2026, the budget will cover these new or significant expenses:

- Replace and upgrade Police Department portable recording systems
- Support an information technology transition from a hybrid environment to cloud solutions for increased efficiency and security
- Comply with State-mandated Minnesota Paid Leave
- Implement the 2025-2027 City Council-approved employee compensation package

Q. How can community members get accurate information about the budget?

A. The City of Owatonna uses [OpenGov, an online platform at owatonna.gov](https://www.owatonna.gov/open-gov), to share information about the proposed and, once approved, the final budget. The annual budget calendar and other information is available at [owatonna.gov/Finance/CityBudget](https://www.owatonna.gov/Finance/CityBudget). The public is invited to attend the two remaining meetings scheduled in this year's budget development process:

- December 2 Truth-in-Taxation Hearing
- December 16 final 2026 budget and levy approval

Q. How can community members provide comments or ask questions about the budget?

A. Community members are encouraged to contact City Council Members or staff prior to the final approval of the budget so decisions can be based on constituent input.