



## Agenda Item Details

Meeting	Nov 17, 2022 - Regular Board of Education Meeting
Category	10. Action
Subject	D. 2022 Tentative Tax Levy
Access	Public
Type	Action (Consent)
Recommended Action	The total recommended 2022 Tentative Levy request is \$77,805,794, which represents an increase of 3.96% compared to the estimated 2021 tax extension of \$74,842,073.

## Public Content

FROM: Cyndi Sidor, Chief Financial Officer

### BACKGROUND:

Pursuant to *Illinois School Code* (35 ILCS 200/18-60 and 35 ILCS 200/18-101.15), the Board of Education must approve a tentative tax levy at its November 17, 2022 meeting. The code specifies that at least 20 days prior to adoption of its aggregate tax levy, the District must estimate the amounts necessary to be raised by property taxes.

Based upon Board deliberation and discussion, the Board may direct the administration to amend the 2022 tentative levy prior to adopting the final tax levy at its December 15, 2022 meeting. If the levy increase is above 4.99%, the District must hold a truth in taxation hearing on the date of the final tax levy adoption. The proposed 2022 levy is not expected to be greater than a 5% increase over the 2021 tax extension. The Board is only required to have a levy hearing if the levy will be more than 105% of the prior year's extension, but the District has traditionally held a hearing regardless. The hearing will be scheduled for December 15, 2022.

The District is limited by the tax cap legislation to an increase in the levy equal to the Consumer Price Index (CPI). This tax cap covers only the existing tax base *prior* to new construction. The tax cap does not apply to new Equalized Assessed Value (EAV) generated by new construction. The Bond and Interest Fund Levy is *not* capped and is automatically set by the county based upon our registered debt retirement needs. Currently, the District does not have any Bond or Interest that needs to be levied. The CPI for the 2022 levy is 5%.

In May 2022, the Governor signed into law Public Act 102-0895, which created a new section of the Property Tax Code enabling certain school districts to approve a levy below the maximum permitted by law and leave open the possibility of recapturing under levied funds in later years. This new authority begins with levy year 2022 and is only available to school districts with the ISBE designation of Recognition or Review. The District also must certify to the county clerk within 60 days of filing its levy that it extended less than the maximum amount pursuant to Public Act 102-0895 in order to be eligible. There is still a great deal of uncertainty at this point regarding the interpretation of the law's language and the logistics for implementation. However, one notable restriction is that the District cannot use a recaptured levy to extend more than the PTELL cap of 5% in a future year. Therefore, in any year that CPI is 5% or greater, no recapture from prior year levies will be permitted.

### SUMMARY OF FINDINGS:

Approximately 80% of the total revenues received by Oak Park and River Forest High School District 200 is derived from real estate taxes. Therefore, the Board of Education's decision regarding the tax levy is the main driver in determining future fiscal stability in the District.

The high school has sought to contain property tax growth for the past nine levies as illustrated in the attached chart. Since 2013, the District has levied \$67 million less than it was entitled to under the tax cap law. By the tax year 2026 the amount will potentially have grown to \$102 million. By levying less than the 5% CPI cap for tax year 2022, there is not only an effect on the next school year's revenues, but a compounding impact forever.

The attached chart demonstrates the compounding impact of extending less than the maximum. The amounts shown represent levy dollars only and do not include possible interest that has been lost.

The current budget for school year 2022-2023 plans for expenditures to exceed revenues by \$14.5 million due to costs associated with Project 1, Athletic Fields and 10-Year Maintenance Plan projects. The Board's decision regarding the tax levy will impact operating surpluses available for future capital

projects, fund balance and the expectations of future balanced budgets.

At its November 9, 2022 meeting, the Community Finance Committee (CFC) recommended levying at a range of 3% to 3.5% for CPI, plus new property, as presented to the CFC for an overall of 3.96%, leaving Loss & Cost at zero and abating the additional levy to recapture losses from certificates of error.

For the 2022 tax levy, administration recommends levying at 3.5% CPI and capturing an increase for new property in the District, which is projected to be \$11.5 million. The total recommended tentative levy request is \$77,805,794 and represents an increase of 3.96% compared to the estimated 2021 tax extension of \$74,842,073.

The cost to taxpayers on a home assessed at \$400,000 would be approximately \$132.41 per year or \$11.03 per month.

STRATEGIC PLAN: Priority 4

BOARD GOAL:

DISTRICT POLICY: 4:20, 4:40, 4:150

[Maximum Extension Vs. Actual Extension.pdf \(79 KB\)](#)

[Estimated Compounding Impact over 5 Years.pdf \(86 KB\)](#)

[Tentative 2022 Levy Resolution.pdf \(31 KB\)](#)

## **Administrative Content**

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