

2017 Tentative Tax Levy

Board of Education
October 10, 2017



PARK RIDGE-NILES
SCHOOL DISTRICT 64

Property Tax Extension Limitation Law (PTELL) “Tax Cap”

- ❖ Enacted in Cook County in 1995
- ❖ Limits the increase in property tax extension to 5% or the increase in the “Consumer Price Index-All Urban Consumers” (CPI-U), whichever is less.
 - CPI-U for December 2016 = 2.1% to be used for 2017 Levy
 - <https://data.bls.gov/cgi-bin/surveymost>

Illinois State Statute

- ❖ School Board must adopt an estimated tax levy not less than 20 days prior to the date it adopts its final levy. Key dates:
 - October 23, 2017: Board adopts Tentative Tax Levy, Establishes Date/Time of Public Hearing
 - November 13, 2017: Public Hearing on Tax Levy
 - December 11, 2017: Board adopts Final 2017 Tax Levy
- ❖ File 2017 Tax Levy with County Clerk prior to last Tuesday in December.

Truth-In-Taxation

If the Tax Levy exceeds the previous year's operating fund extension by more than 5%:

- Publication of Truth-In-Taxation notice required
- Public Hearing required before Tax Levy is adopted

Requested & Actual Levy Increases

Levy Year	CPI Used in PTELL	Board Approved Levy Request	ACTUAL LEVY INCREASE
2017	2.10%	4.95% Proposed	2.72% Projected
2016	0.70%	4.21%	0.79%
2015	0.80%	4.53%	0.74%
2014	1.50%	4.63%	1.90%
2013	1.70%	4.98%	2.55%
2012	3.00%	4.74%	3.10%
2011	1.50%	4.99%	1.70%
2010	2.70%	4.99%	3.60%
2009	0.10%	4.59%	0.08%
2008	4.10%	2.18%	1.50%
2007	2.50%	Referendum Driven	14.40%
2006	3.40%	Referendum Driven	19.10%
2005	3.30%	13.41%	9.20%

Why Increase the Tax Levy Greater than the CPI-U?

Projected 2017 Extension	2017 Levy Request
2.72% Increase	4.95%

- District increases Levy Request to *capture all new construction dollars* that are not under the tax cap the first year they are on the tax rolls.
- District will still only receive amount of dollars *allowed* under the tax cap for *existing EAV property tax pool*.

Portion of Levy Request Borne by Existing Taxpayer

- 4.95% - Total Levy Request
- 2.85% - Direct result of addition of projected New Property EAV. DOES NOT contribute any additional tax increase to the current taxpayers that comprise the base EAV Property Pool.
- 2.10% - Existing EAV Property Pool will ONLY increase a maximum of 2.10% per PTELL law.

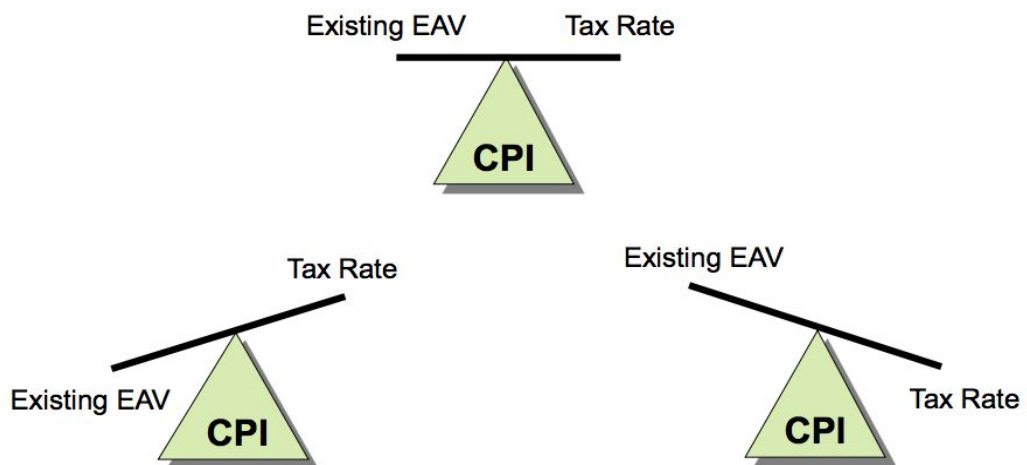
What Happens if Levy Set *Too Low?*

- ❖ Lost money foregone in first year
- ❖ Compounds significantly in every future year
- ❖ We can never catch up - each annual increase is limited by PTELL (CPI-U)
- ❖ Each year's limiting rate formula under PTELL begins with the prior year's actual tax extension

What Happens if Levy Set *Too Low?*

- ❖ Critical funds, rightfully the District's - *can never be accessed again.*
- ❖ Financial Projections assume - as directed by the Board - that revenues will grow each year at the full amount legally available to the District.
- ❖ Keep expenditures in line with CPI-U growth - should never need to go to referendum for an Operating Rate increase.

EAV Change, CPI and Tax Rate



Factors in Tax Levy

- CPI-U: 2.1% - Known
- EAV: \$1,655,044,977 – Unknown
- New Construction: \$10,000,000 - Unknown

Tax Levy Calculation

• 2016 Extension	\$ 63,266,070
• X 2016 CPI	1.0210
• New Extension	<u>\$ 64,594,657</u>
• 2017 EAV	\$ 1,655,044,977
• Less: New Construction	\$ 10,000,000
• Adjusted EAV	<u>\$1,645,044,977</u>
• Adjusted Extension Base	\$ 64,594,657
• Divided by Adjusted EAV	\$1,645,044,977
• Limited Rate	3.927
• 2017 EAV	\$1,655,044,977
• Total Estimated Extension for 2017 (Rate X EAV)	\$ 64,987,319

Tentative 2017 Extension

Fund	2016 Extension	Tentative 2017 Extension	Variance	New Money
Education	\$44,777,570	\$47,587,319	\$2,809,749	
Operations & Maintenance	\$ 6,180,000	\$ 5,500,000	- \$ 680,000	
Transportation	\$ 3,605,000	\$ 3,000,000	- \$ 605,000	
IMRF	\$ 901,250	\$ 1,100,000	\$ 198,750	
Social Security	\$ 1,673,750	\$ 1,500,000	- \$ 173,750	
Liability Insurance	\$ 412,000	\$ 750,000	\$ 338,000	
Special Education	\$ 5,150,000	\$ 5,000,000	- \$150,000	
Working Cash	\$ 566,500	\$ 550,000	- \$ 16,500	\$1,721,249

What Happened with 2016 Tax Levy

Fund	2016 Total Levy (Inc. L&C)	2016 Actual Extension	Variance
Education	\$48,819,468	\$44,777,570	\$ - 4,041,898
Special Education	\$ 5,150,000	\$ 5,150,000	\$ 0
Building (O&M)	\$ 6,180,000	\$ 6,180,000	\$ 0
Transportation	\$ 3,605,000	\$ 3,605,000	\$ 0
IMRF	\$ 901,250	\$ 901,250	\$ 0
Social Security	\$ 1,673,750	\$ 1,673,750	\$ 0
Tort	\$ 412,000	\$ 412,000	\$ 0
Working Cash	\$ 566,500	\$ 566,500	\$ 0
Total Reduction			\$ - 4,041,898

For More Information

“Demystifying School Finance: State & Local”

District 64, District 207, Dr. Tom Kersten/Roosevelt University
September 28, 2017

Sponsored by District 64, League
of Women Voters of Park Ridge,
AAUW NW Suburban Chapter

Video available on D64 website:
d64.org > Departments >
Business Services

