

# 2018 Tentative Tax Levy

**Board of Education  
October 22, 2018**



**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 2017 = 2.1% to be used for 2018 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 22, 2018: Board adopts Tentative Tax Levy, Establishes Date/Time of Public Hearing
  - November 12, 2018: Public Hearing on Tax Levy
  - December 10, 2018: Board adopts Final 2018 Tax Levy
- ❖ File 2018 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
<b>2018</b>	<b>2.10%</b>	<b>4.64% Proposed</b>	<b>Unknown</b>
<b>2017</b>	2.10%	4.95%	2.94%
<b>2016</b>	0.70%	4.21%	1.47%
<b>2015</b>	0.80%	4.53%	0.78%
<b>2014</b>	1.50%	4.63%	1.90%
<b>2013</b>	1.70%	4.98%	2.50%
<b>2012</b>	3.00%	4.74%	3.10%
<b>2011</b>	1.50%	4.99%	1.70%
<b>2010</b>	2.70%	4.99%	3.60%
<b>2009</b>	0.10%	4.59%	0.80%
<b>2008</b>	4.10%	2.18%	1.50%
<b>2007</b>	2.50%	Referendum Driven	14.40%
<b>2006</b>	3.40%	Referendum Driven	19.10%

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

Projected 2018 Extension	2018 Levy Request
2.70% Increase	4.64%

- 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

- 4.64% - Total Levy Request
- 2.54% - 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?*

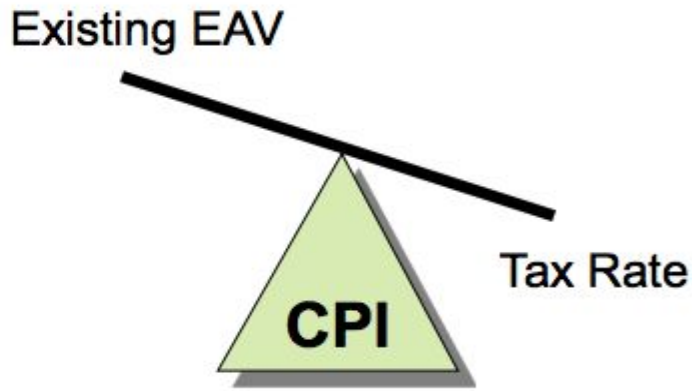
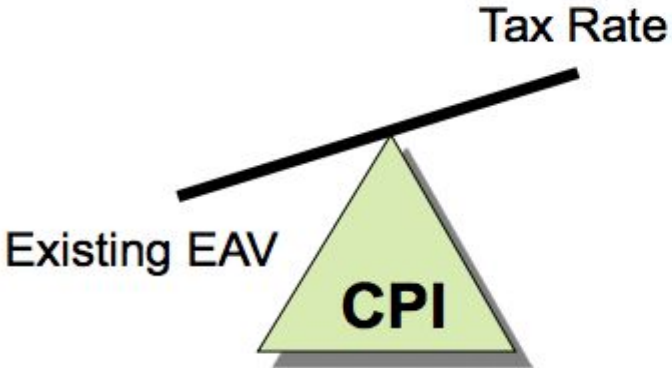
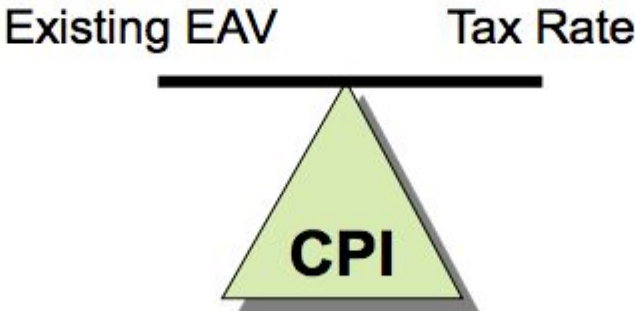
- ❖ Lost money foregone in first year
- ❖ Compounds significantly in every future year
- ❖ We can never catch up - each annual increase is limited by PTELL (CPI-U)
- ❖ Each year's limiting rate formula under PTELL begins with the prior year's actual tax extension



# 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: \$1,707,965,256 – Unknown
- New Construction: \$10,000,000 - Unknown

# Tax Levy Calculation

• 2017 Extension	\$ 65,126,772
• X 2017 CPI	1.0210
• New Extension	<u>\$ 66,494,434</u>
• 2018 EAV - Estimate	\$1,707,965,256
• Less: New Construction	\$ 10,000,000
• Adjusted EAV	<u>\$1,697,965,256</u>
• Adjusted Extension Base	\$ 66,494,434
• Divided by Adjusted EAV	\$1,697,965,256
• Limited Rate	3.916
• 2017 EAV	\$1,707,965,256
• Total Estimated Extension for 2018 (Rate X EAV)	\$ 66,886,047

# Tentative 2018 Extension

Fund	2017 Actual Extension	Tentative 2018 Extension Request	Variance	New Money
Education	\$47,204,772	\$51,236,047	\$4,031,275	
Operations & Maintenance	\$ 5,500,000	\$ 5,665,000	\$ 235,000	
Transportation	\$ 3,090,000	\$ 2,300,000	- \$ 790,000	
IMRF	\$ 1,133,000	\$ 800,000	- \$ 333,000	
Social Security	\$ 1,450,000	\$ 900,000	- \$ 645,000	
Liability Insurance	\$ 772,500	\$ 200,000	- \$ 572,500	
Special Education	\$ 5,150,000	\$ 5,000,000	- \$ 150,000	
Working Cash	\$ 566,500	\$ 550,000	- \$ 16,500	<b>\$1,759,275</b>

# What Happened with 2017 Tax Levy

Fund	2017 Total Levy Request	2017 Actual Extension	Variance
Education	\$49,000,000	\$47,204,772	\$ - 1,795,228
Special Education	\$ 5,000,000	\$ 5,150,000	\$ 150,000
Building (O&M)	\$ 5,500,000	\$ 5,665,000	\$ 165,000
Transportation	\$ 3,000,000	\$ 3,090,000	\$ 90,000
IMRF	\$ 1,100,000	\$ 1,133,000	\$ 33,000
Social Security	\$ 1,500,000	\$ 1,545,000	\$ 45,000
Tort	\$ 750,000	\$ 772,000	\$ 22,000
Working Cash	\$ 550,000	\$ 566,500	\$ 16,500
<b>Total Reduction</b>			<b>\$ - 1,273,500</b>
<b>Total Increase in Tax Levy</b>			<b>2.94%</b>