



River Forest  
Public Schools

# Property Tax Relief Grant

Regular Board Meeting  
November 19, 2018

# Property Tax Relief Grant

## Per ISBE:

- Provides school districts with high tax rates relative to other school districts with an opportunity to lower the property tax burden on local taxpayers with the state replacing a portion of foregone tax revenue with state funds.
- Established by Public Act 100-0465 and revised by Public Act 100-0582. Exempt from the Grant Accountability and Transparency Act.
- \$50 million is reserved for this purpose in FY 19.

# Property Tax Relief Grant

## *Timeline per ISBE*

- Grant applications will be available online at <https://www.isbe.net/proptaxrelief> and are due by 4:00 p.m. on January 7, 2019. Late submissions will not be considered.
- Districts eligible for the grant will be notified by January 31, 2019.
- Districts must then submit an abatement resolution to county clerk by March 30, 2019.
- County clerk will provide ISBE with a certification of abatement by April 15, 2019.
- Grant amounts could be paid out on May 20, 2019.

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Grant amounts are calculated as follows:

- Calculate the Unit Equivalent Tax Rate (UETR).  $\text{UETR} = \text{Adjusted Operating Tax Rate} \times 13/9 (1.44444)$

For District 90:

The threshold UETR is determined once applications are received. **Grants are distributed to applicant districts beginning with the district with the highest tax rate, followed by the next highest, until \$50 million in funding for FY 19 is distributed.** District 90's UETR is:

$4.182\% \times 1.44444 = \underline{6.0407\%}$ , which ranks 175<sup>th</sup> of all possible school district applicants.

# Property Tax Relief Grant

## Calculation of Property Tax Relief Grants

Need first to define tax relief, or amount to be abated

Tax relief allowable for partial redemption from the grant is capped at the lesser of:

**A** – 0.69% of EAV or

**B** – (UETR – Threshold UETR) x EAV

For District 90, **A** applies, the applicable EAV is **\$485,584,510**. The Maximum Possible Tax Relief is **\$3,350,533.12 (0.69% x \$485,584,510)**.

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## Calculation of Property Tax Relief Grants

**Amount Paid to Districts is a % of Local Tax Relief Provided**

Grant amounts are determined based on the amount of tax relief provided and the Local Capacity Percentage in Evidence-Based Funding calculations.

Property tax relief grant = Maximum possible tax relief x (1 – Local Capacity Percentage<sup>2</sup>)

District 90's Local Capacity Percentage is 90%. Therefore, the maximum possible tax relief is:

**$\$3,350,533.12 \times (1 - 0.9^2)$ , or  $\$3,350,533.12 \times 0.19$  or  $\$636,601.29$**

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## SUMMARY

Remember:

- Grants are distributed to applicant districts beginning with the district with the highest tax rate, followed by the next highest, until \$50 million in funding for FY 19 is distributed.
- District 90 is 175<sup>th</sup> on the list of applicants.
- There is only \$50 million in available funding for the grant. The total amount of Maximum Possible Property Tax Relief Grants of the 174 school districts above District 90 combined is \$388,013,507.78. So, it is unlikely that funds will be available past the 22<sup>nd</sup> district on the list.
- Finally, remember that due to District 90's high local capacity percentage of 90%, if it abates \$3,350,533.12 of property taxes, it will only receive \$636,601.29 in grant funds in return.
- Therefore, even if grant funding made it all the way down to District 90, at most it would only receive 19 cents on the dollar of abated property taxes.

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**Questions?**