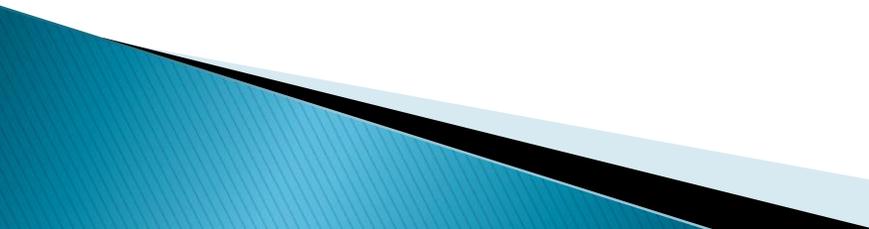


# 2014 Tax Levy

Board of Education Meeting  
Monday, November 10, 2014

# Tax Levy Components

- ▶ Equalized Assesses Valuation (EAV)
  - ▶ New Property (Construction)
  - ▶ Property Tax Extension Limitation Law (PTELL)
  - ▶ Consumer Price Index (CPI)
  - ▶ Tax Rates
- 

# Equalized Assessed Valuation (EAV)

## What Is EAV?

- ▶ EAV is the property valuation after the county and state equalization calculations are performed

## Why is EAV important?

- ▶ Any growth in EAV must be captured to ensure the financial health of the district. The total district EAV is multiplied by the approved tax rate (per \$100 EAV) to arrive at the extension

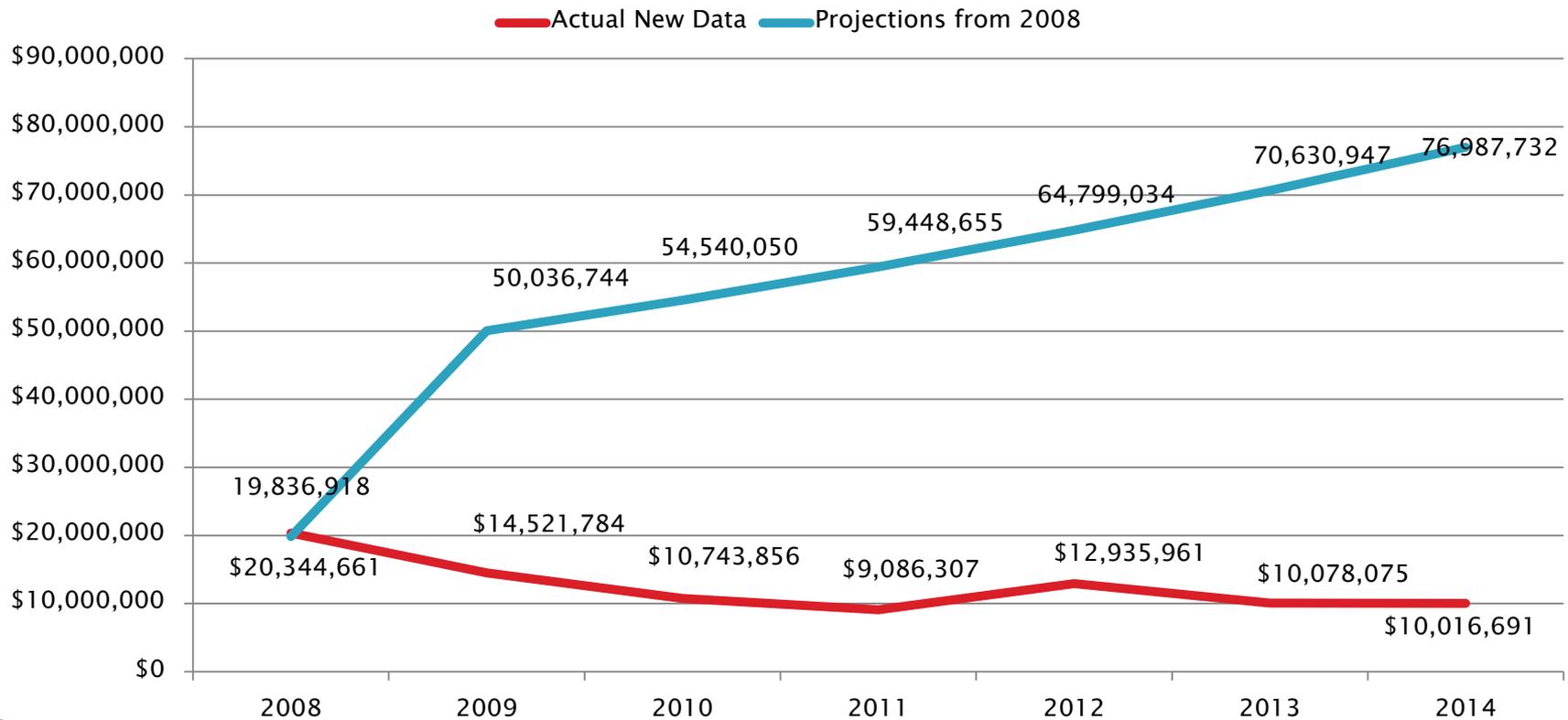
# Total EAV History

Levy Year	Rate Setting EAV	Percent Change
2005	1,162,965,932	10.28%
2006	1,289,469,301	10.88%
2007	1,404,593,984	8.93%
2008	1,480,815,138	5.43%
2009	1,471,203,786	-0.65%
2010	1,409,003,529	-4.23%
2011	1,328,294,553	-5.73%
2012	1,285,654,414	-3.21%
2013	1,241,734,700	-3.41%
2014*	1,263,646,017	1.77%

**\*Assessor Estimated EAV Report September 2014**

# New Property (Construction)

- ▶ New improvements or additions to existing improvements that increase the assessed value of that real property
- ▶ The date for determining fair market value is January 1



# Property Tax Extension Limitation Law (PTELL)

The Property Tax Extension Limitation Law (PTELL) became effective in 1991

PTELL is designed to limit the increases in property tax extensions (total taxes billed) for taxing districts

Commonly called the “Tax Cap,” the use of this phrase can be misleading. PTELL does not cap an individual’s property tax bill or property assessment

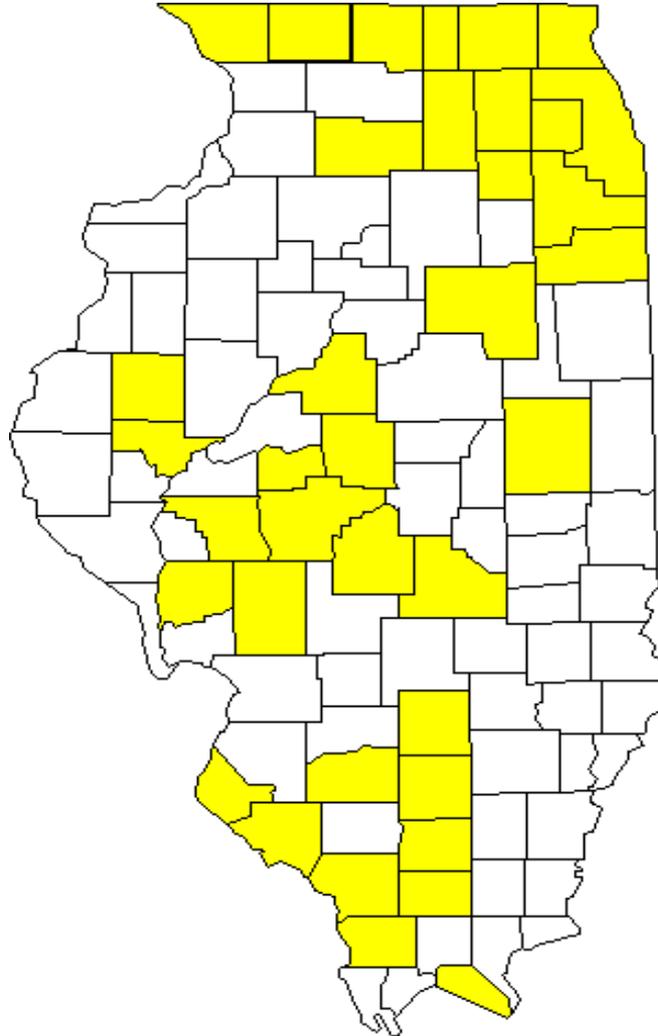
PTELL allows a taxing district to receive a limited inflationary increase in tax extensions on property

# What is the Limitation?

- ▶ **Increases in property tax extension for existing property are limited to the lesser of 5 percent or the increase in the Consumer Price Index for Urban (CPI-U) for the year preceding the levy year**
  - ▶ **This limitation does not apply to new property (construction), which allows taxing bodies to recoup their “fair share” of tax revenue for that property**
  - ▶ **There has not been a CPI-U of 5 percent since the inception of PTELL**
- 

# Tax Capped Districts

102 Districts  
39 Tax Capped



# Consumer Price Index (CPI-U)

2005	3.3%	} 5-year average 2.7%
2006	3.4%	
2007	2.5%	
2008	4.1%	
2009	0.1%	
2010	2.7%	} 5-year average 2.0%
2011	1.5%	
2012	3.0%	
2013	1.7%	
2014	1.5%	

**Current CPI 1.6%**  
**(September)**

Trending towards 1.7%

# Tax Rate

- ▶ **Operating Fund Rate**

- ❖ Education, Special Education, Tort Liability, Operations and Maintenance, Transportation, IMRF, Social Security

- ▶ **Debt Service Fund Rate**

- ❖ Working Cash Bond, Life Safety Bonds, Building Bonds

# Calculating the Limiting Rate

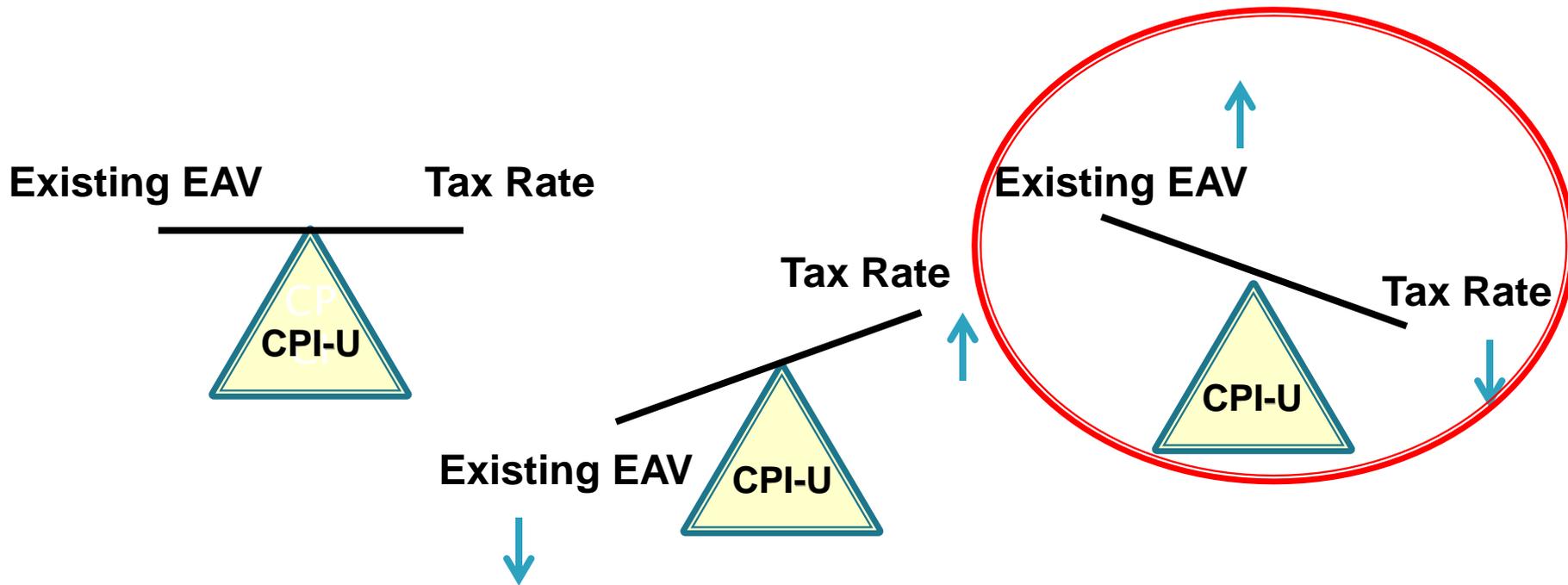
The limiting rate is the calculated total allowable tax rate  
This rate is used to calculate the total tax extension

$$\frac{\text{Prior Year Extension} \times (1 + \text{Lessor of 5\% or CPI-U})}{(\text{Total EAV} - \text{New Construction})} = \text{Limiting Rate}$$

## Notes:

- 1) The Limiting Rate is based on the prior year extension
- 2) New Property (construction) is outside the tax cap
- 3) Debt Service payments are outside the tax cap

# EAV Change, CPI, and Tax Rate



- If EAV is flat and CPI-U is flat, the Tax Rate is flat
- If EAV is declining or increasing less than the CPI-U increase, the Tax Rate will increase. NOTE: This is the current situation
- If EAV increase is more than the CPI-U increase, the Tax Rate will decline

# Limiting Rate History

2004	4.243
2005	4.159
2006	3.999
2007	3.866
2008	3.870
2009	3.938
2010	4.256
2011	4.614
2012	4.925
2013	5.184

# Data, Assumptions, and Calculations

- ▶ **CPI-U = 1.5% (December 2013)**
  - ▶ **Estimated EAV % Change from 2013 EAV = 1.77%**
  - ▶ **Estimated New Property = \$10,016,691**
  - ▶ **Estimate the Needs of Each Fund**
  - ▶ **Balloon Levy - to protect from estimate differences**
- 

# Summary

<b>Year</b>	<b>CPI</b>	<b>New Property</b>	<b>Limiting Rate</b>	<b>EAV</b>
<b>2005</b>	<b>3.3%</b>	<b>52,457,362</b>	<b>4.159</b>	<b>1,163,738,239</b>
<b>2006</b>	<b>3.4%</b>	<b>39,791,841</b>	<b>3.999</b>	<b>1,298,483,695</b>
<b>2007</b>	<b>2.5%</b>	<b>37,470,097</b>	<b>3.866</b>	<b>1,404,593,984</b>
<b>2008</b>	<b>4.1%</b>	<b>19,836,918</b>	<b>3.870</b>	<b>1,480,815,138</b>
<b>2009</b>	<b>0.1%</b>	<b>14,521,784</b>	<b>3.938</b>	<b>1,475,438,394</b>
<b>2010</b>	<b>2.7%</b>	<b>10,743,856</b>	<b>4.255</b>	<b>1,409,003,529</b>
<b>2011</b>	<b>1.5%</b>	<b>9,086,307</b>	<b>4.613</b>	<b>1,328,294,553</b>
<b>2012</b>	<b>3.0%</b>	<b>12,935,961</b>	<b>4.925</b>	<b>1,285,212,747</b>
<b>2013</b>	<b>1.7%</b>	<b>10,078,075</b>	<b>5.184</b>	<b>1,241,734,700</b>
<b>2014</b>	<b>1.5%</b>	<b>10,016,691*</b>	<b>5.224</b>	<b>1,263,646,017*</b>

\*Estimate based on information from Assessor in September 2014

# Levy Request

CPI-U	1.5%
Operating Rate	5.22
Debt Service Rate	1.64
Total Tax Rate	6.86
Abatement 2012/13	(.35)
Net Tax Rate	6.51

**Increase over prior year (6.45) = .06 per\$100 EAV**

**Approximate increase on \$315,000 = \$191**