



**PROSPECT HEIGHTS DISTRICT 23  
FINANCE COMMITTEE  
MEMORANDUM**

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**Date:** November 3, 2022

**Title:** Discussion of the DRAFT 2022 Tentative Tax Levy

**Contact:** Amy McPartlin, Assistant Superintendent for Finance & Operations

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**Background**

The Board of Education annually approves a property tax levy that is limited by the following items: Voter approved maximum tax rates, Illinois School Code maximum tax rates, Cook County Property Tax Cap; prior year equalized assessed valuation computation, growth in new property, and the property assessment cap.

District 23 must file the adopted property tax levy with the Cook County Clerk's Office no later than the last Tuesday in December each year. At this point, we are still awaiting the final levy numbers from the 2021 tax year, typically received in June, which makes projecting the 2022 tax year extremely challenging. Coupled with the fact that 2022 is a reassessment year for the Township, much of the current tentative levy is an educated guess and still a bit fluid.

We have received a notification from the County that the Agency Tax Rate Reports would be emailed somewhere between November 2 - 11th, 2022. Provided that we receive this information prior to the November 9th meeting, the Board of Education will authorize the publication of a notice in The Daily Herald regarding the 2022 Proposed Property Tax Levy. This notice will advise the community of the amount of the tax levy increase and the date of the public hearing on the levy. The levy is to then be approved after the hearing at the December 14th Board of Education Meeting. The draft notice of the Truth in Taxation Hearing has been attached. Final numbers will be filled in pending receipt of the Agency Tax Rate Reports.

**Administrative Consideration**

Administration has prepared a DRAFT 2022 Tentative Tax Levy based upon information known to date and estimates, such as new property added to tax rolls, percentage increase to existing property, and the State equalization factor for Cook County. This document serves as the preliminary estimate of the 2022 Property Tax Levy as required by Illinois State Statutes.

The Truth in Taxation Act requires the Board of Education to determine a proposed levy amount at least twenty days prior to final adoption of the property tax levy. If the proposed

aggregate levy, which excludes the Debt Service levy, exceeds 105% of the prior year aggregate extension, then a public hearing must be held prior to levy adoption. As the current levy increase is over the 105% of the prior year, the Truth in Taxation public hearing is required.

The tax levy sets forth the maximum dollar amount that can be received from property taxation in a given year. In addition to individual rate limits in the Operations & Maintenance, the tax levy is subject to the limitations of the Property Tax Extension Limitation Legislation (PTELL), otherwise known as the tax cap, and restricts the growth in property tax revenue to the lesser of 5% or the annual change in the U.S. Consumer Price Index (CPI) for the previous calendar year, excluding new property. As the 2021 Consumer Price Index had a rate of 7%, the most we can increase the levy under the tax cap is 5% and we will still need to account for potential new property. While we will likely not see significant new growth, it is in the District's best interest to levy high enough, as to not lose out on any potential revenue, as once it's gone, it cannot be reclaimed in subsequent years.

The levy is filed by fund, but limited in aggregate by the PTELL and excludes the Debt Service Fund. The District's goal is to levy the maximum amount allowable under the specifications of PTELL in order to generate revenues sufficient to meet increasing operating costs. Approved bond and interest levies, along with the value of new property, are exempt from the tax cap.

This tentative tax levy has been prepared to maximize new funding by shifting it to the Education Fund while still increasing the other funds incrementally. As predicted, we have slightly elevated the extension to Transportation, based on the potential for increased rates of services in the 2023-24 school year.

Currently, the outstanding bonds paid from the Debt Service Extension Base (DSEB) have levies attached to them that do not reflect the full increase available under PTELL. In order to capture PTELL increases in the DSEB, the District needs to approve a supplemental debt service levy. The amount referenced includes the current 2022 Working Cash Bond issuance and will be filed through a separate resolution, as provided by Chapman & Cutler and Raymond James. This supplemental levy has been attached for the Committee's review and is to be approved and submitted with our 2022 levy in December.

### **Recommendation**

At this time, we are recommending moving forward with a levy of 8.46% based on assumptions of 5% CPI (Capped) and \$5,000,000 in new construction (consistent with our past estimates). Realizing that these are high estimates, we project our levy extension to be closer to 7%.

This recommendation is a balance of the need to protect our District from losing potential revenue and negative perceptions caused by an unnecessarily high request.

The draft levy has been attached for the Committee's review.