



PROSPECT HEIGHTS DISTRICT 23 FINANCE COMMITTEE MEMORANDUM

Date: January 30, 2023

Title: Discussion of Proposed Tax Objection Settlement for Tax Years 2011-2014

Contact: Amy McPartlin, Assistant Superintendent for Finance & Operations

I received an email from District attorney John Izzo who met with the lead attorney for the tax rate objectors in Cook County, Mr. Adam Powers. Mr. Powers has made an offer to settle all the objections against School District 23 for tax years 2011 through 2014 at the rate of 0.004% for each year. John estimates that a settlement at the rate would result in a revenue loss of only about \$1,753 (all 4 years combined) for the District and is recommending that we accept this offer.

As we know, tax rate objections are filed every year. Unlike other tax protests, such as those in the Property Tax Appeal Board where the issue is the value of the taxpayers' property, the issue on tax rate objections is the propriety of the tax levies themselves. However, only those taxpayers who file protests can obtain relief, so the value (EAV) of the objectors' property is an important component in evaluating whether to settle or litigate these claims. We did not learn the EAV of the objectors for these 4 years until May of last year.

Additionally, while the objections as alleged often contest a whole range of issues and challenge tax rates that would, in theory, result in revenue losses of hundreds of thousands or even millions of dollars, many (but not all) of these issues tend to be totally meritless. Generally, the settlement offers, when they do come in, are much more reasonable. But we don't know that until later, after meeting with the attorney.

While the nature of the objections includes a challenge to past tax rates, the 2013 objection points to a late budget filed by the District. Total rates challenged in each year were far more than 0.004%, and the theoretical amount of revenue at stake was actually about \$773,000.

John is recommending the settlement offered at the rate of 0.004% as the cost of pursuing our defenses against these objections would far outweigh the cost of the settlement as proposed.

While this will resolve the objections only for tax years 2011 through 2014, there are more objections for subsequent years which will need to be dealt with in the future. At this point, I am asking for the Committee's authorization to allow Attorney Izzo to sign stipulations approving the settlement as offered.