

DATE: November 9, 2022

TO: Dr. Palzet and Members of the Pleasantdale School District Board of Education

FROM: Griffin L. Sonntag, Business Manager/CSBO

SUBJECT: 2022 Estimated Aggregate Tax Levy

Objective:

To engage in a preliminary discussion with the Board of Education regarding the 2022 Tax Levy

Background and Information:

The tax levy is an annual request by the District for property taxes to fund part of the District's operating expenses. I attended a seminar hosted by the Illinois School District Liquid Asset Fund (ISDLAF) and Forecast 5 in October. As a result of the seminar and much additional work, I have a proposed 2022 levy submission included in the board packet.

The State of Illinois Property Tax Extension Limitation Law (PTELL) [34 ILCS 200/81] is designed to limit the increases in property tax extension (total tax billed) for non-home rule taxing districts. Although the law is commonly referred to as the "tax cap", use of this phrase can be misleading. The PTELL does not "cap" either individual property tax bills or individual property tax assessments. Instead, the PTELL allows a taxing district to receive a limited inflationary increase in tax extensions on existing property plus an additional amount for new construction, newly annexed areas, and recovered Tax Increment Financing (TIF) valuations.

The PTELL limit slows the growth of revenues of the taxing district when property values and assessments are increasing faster than the rate of inflation. As a whole, property owners gain some protection from tax bills that increase because the market value of their property rises rapidly.

The "limiting rate" is calculated, for each taxing district, by the county clerk to implement PTELL. The sum of a district's rate extended for those funds subject to the PTELL cannot exceed this limiting rate. After calculating preliminary rates for the funds, the county clerk will reduce each rate proportionally, unless instructed by a taxing district to reduce them in a different way.

The maximum revenue the district can generate for Operating Funds from the 2022 Levy is the current year's CPI growth limited to 5% multiplied by the 2021 Final Tax Extension of \$13,491,179, plus the estimated Equalized Assessed Value (EAV) of new construction multiplied by the limiting rate.

Based on the historical averages, the estimated new construction growth for Pleasantdale SD 107 is 0.62%, which along with the CPI of 5.0% will generate a potential tax revenue growth of 5.62%. In this levy, we are requesting an increase in the operating levy of 5.67% as the new construction for Pleasantdale SD 107 will not be known until July 2023. The district will only get the lower of the amount requested or CPI + revenue through new construction. Because of the bonds that were sold this year to support our five-year facilities plan, the aggregate levy requested this year is 8.39%.

Administration Recommendations:

Approve the proposed 2022 tax levy and authorize the publication of the public hearing notice.

Levy Calendar

- 11/16/2022 Estimated Aggregate Levy presented at least 20 days before adoption
- 12/01/2022 Public Notice of Truth in Taxation Hearing (not more than 14 days and not less than 7 days)
- 12/14/2022 Truth in Taxation Hearing, Final Levy Presentation, and adoption of the 2022 Tax Levy by the Board of Education