



**PROSPECT HEIGHTS DISTRICT 23
BOARD OF EDUCATION
ACTION ITEM**

Date: November 10, 2021
Title: Approval of 2021 Tentative Tax Levy and Scheduling of Hearing
Contact: Amy McPartlin, Assistant Superintendent for Finance & Operations

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. This evening, the Administration is seeking approval of the Resolution for the 2021 Tentative Tax Levy and establishment of the December 8th Board meeting as the date and time for the public hearing on the 2021 Tax Levy, at which time the Board will adopt the 2021 Tax Levy.

Administrative Consideration

Administration has prepared the 2021 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 serves as the preliminary estimate of the 2021 Property Tax Levy as required by Illinois State Statute.

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.

The District has historically exercised the option to ask for the maximum amount of funds permissible with the intent of maximizing the funds that are available under the tax cap. While the currently proposed levy is just under 5% of the prior year, at 4.99%, the Truth in Taxation public hearing is not required but will be held for taxpayer transparency purposes.

The tax levy sets forth the maximum dollar amount that can be received from property taxation in a given year. The tax levy is subject to the limitations of the Property Tax Limitation Law (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 for the previous calendar year, excluding new property. The 2020 Consumer Price Index rate of 1.4% has been applied.

The annual levy is filed by fund, but limited in aggregate by the Property Tax Extension Limitation Legislation 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.

Last year, in an effort to shift revenues toward the Education Fund, the following adjustments were made:

- Reduction to the extension to the Working Cash Fund
- Reduction to the extension to the Transportation Fund
- Reduction to the extension to the Tort Fund

Moving into the 2021 tax year, we will continue with the shift to the Ed Fund and also continue with a reduced extension to both Tort and Working Cash. We will need to elevate the extension to Transportation, based on the increased rate of services in the fully in-person mode of education this year.

Additionally, the outstanding bonds paid from the Debt Service Extension Base have levies attached to them that do not reflect the full increase available under PTELL. The bond payments do however increase annually. In order to capture PTELL increases in the DSEB, the District needs to approve a supplemental debt service levy in the amount of approximately \$4,900. Chapman and Cutler have provided this to be approved and submitted with our 2021 levy.

Administrative Recommendation:

The Administration recommends the approval of the 2021 Tentative Tax Levy and the Supplemental Tax Levy for Debt Services, and the establishment of the date and time of the public hearing on the 2021 Tax Levy for December 8, 2021 at the regular meeting of the Board of Education.