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Pleasantdale School District 107 | 7450 S. Wolf Road | Burr Ridge, IL 60527 | 708.784.2013 | Fax: 708.246.0161 | www.d107.org

To: Dr. Dave Palzet, Superintendent
From: Griffin L. Sonntag, Business Manager/CSBO/Director of Transportation
Date: November 9, 2023
RE: Levy Year 2023 Proposed Tax Levy

Objective:

To engage in a preliminary discussion with the Board of Education regarding the 2023 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 funds.

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", the 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 county clerk calculates the "limiting rate" for each taxing district 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 differently.

The maximum revenue the district can generate for operating funds from the 2023 levy is the current year's CPI growth capped at 5% multiplied by the 2022 final operating tax extension of \$14,219,681 plus the estimated Equalized Assessed Value (EAV) of new construction multiplied by the limiting rate. The total extension, including bond and interest, is \$14,609,924.

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, because of the triennial EAV reassessment and the unknown new construction, we request a levy of 6.48%. This estimated operating levy amount is \$15,141,000. This levy request will ensure that the district captures the tax revenue the law permits. The district will only get the lower amount requested or CPI + revenue through new construction. Including the bond and interest levy, the total aggregate levy request is \$15,519,385, an increase of 6.22%.

Administration Recommendations:

Approve the proposed 2023 tax levy and authorize the publication of the public hearing notice.