

Board of Education: Crete-Monee School District 201-U

Regular Board of Education Meeting – November 19, 2024

Approve the Resolution Authorizing Submission of an Application for the Property Tax Relief Pool Fund.

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The Issue:

The Property Tax Relief Pool Fund was established as part of the Evidence Based Funding (EBF) for Student Success Act and enables school districts to apply for grants that compensate them for reductions in their property tax levy, the amount of dollars they receive from real estate owners. It allows the neediest districts to lower their property taxes with minimal or no loss in revenue.

The goal of the Property Tax Relief Fund is to start moving districts away from relying on property taxes to fund their schools. It is focused on high-tax, low-property wealth districts that tax themselves at high rates as they strive to provide an adequate education. However, their high property taxes are often harmful to their communities and often do not raise significant dollars due to their low property wealth. To ensure that education is adequately funded and that districts can lower their property taxes, the state must continue to appropriate adequate funding for both the EBF formula and Property Tax Relief Fund.

Crete-Monee School District 201-U is considered a high-tax, low property wealth district.

Justification:

The Property Tax Relief Fund comes into effect when the state appropriates money into the fund. By law, the first \$300 million appropriated for education goes into the EBF formula. Any appropriation above \$300 million goes into the Fund, up to \$50 million. Dollars appropriated above \$350 million will flow into the EBF. For example, if the state were to appropriate \$400 million, the first \$300 million would flow to EBF, \$50 million would flow to property tax relief, and then another \$50 million would flow to EBF (for a total of \$350 million into EBF).

Property Tax Relief Grant amounts received in FY 2025 will be included in future calculations of those districts' Base Funding Minimum amounts, per 18-8.15 of the School Code. Per Public Act 101 – 0017, participating districts are required to abate taxes for 2 consecutive years to receive the grant in their Base Funding Minimum. Failure to abate in the second year will result in the removal of the grant from the district's Base Funding Minimum in the following and all future years.

There will be \$49.8 million in new Property Tax Relief Grants (PTRG) for FY 2025. All prior year grant recipients will continue to receive the PTRG in their Base Funding Minimum.

Board Policy and Past Practices

It is the practice of the Board to investigate, discuss, and decide on actions that could improve the District's funding.

Strategic Plan:

The recommendation supports Goal #6 of the Strategic Plan which states that the Board is to "prioritize our financial resources to meet our short and long-term goals"

Community Impact:

The Property Tax Relief Fund would help reduce property taxes of a home and business owner in the School District.

Supporting Data:

The following information is included:

- *Resolution Authorizing Submission of An Application for Property Tax Relief Pool Fund*

Financial Impact:

Crete-Monee School District 201U ranks 80th out of 850 school districts. The 79 districts ranked ahead of Crete-Monee School District 201U are eligible for an initial maximum tax abatement possible (max application amount) totaling \$165,904,025. This amount is \$116,104,025 above the allocated amount.

Recommendation:

The administration recommends approval of the *Resolution Authorizing Submission of Application for Property Tax Relief Pool Fund*.