

**+ Tentative 2023 Levy**

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## + Overview of the Tax Levy and Extension Process

# + What is the Tax Levy?

- A levy is the request by a local government for local property tax dollars for operation. The request is made by Keeneyville School District #20 to DuPage County.
- Local governing bodies levy for specific dollar amounts, not tax rates.
  - Tax rates are calculated by the DuPage County Clerk during the extension process.
- If local governing bodies, such as Keeneyville School District #20, do not submit a formal request for the use of property tax dollars, we are not entitled to receive any local property tax dollars.
- Revenues from local property taxes generate approximately 71% of all revenues for the District.



# + Truth in Taxation



## ■ Truth in Taxation

- Required if a local governing body proposes an aggregated levy that is more than 105% of the total amount of taxes extended in the previous year.
- The district is required to publish a legal notice in the locally circulated newspaper and hold a public hearing within a specified timeframe.
  - Legal notice will be published December 8<sup>th</sup>
- The district is required to hold a public hearing
  - Public hearing held at December meeting, December 21<sup>st</sup>
- After the hearing and approval of the levy, the taxing district adopts the tax levy.

# + How is the tax rate calculated for a local unit of government?

- The total tax rate for a local unit of government is the total amount of property taxes extended as a percentage of total equalized assessed valuation (EAV) for that unit of government.
  - EAV = one-third fair market value of all property within the district's taxing body
  - $\text{Total Extension} / \text{Total EAV} = \text{Tax Rate}$
- There is a separate tax rate calculation for each fund within a school district, and for each taxing body (counties, municipalities, townships, community colleges, and school districts). These separate tax rates are combined to establish the total tax rate for the taxpayers who reside within the boundaries of the taxing bodies.



## + Calculating Property Taxes

# + The Calculation



1. The increase potential of each year's levy calculation is determined by the previous year's extension multiplied by CPI, capped at 5% (5% for the 2023 levy, CPI was 6.5%)
2. Plus, the estimated value of new property
  - The district will receive the tax receipts in two equal installments on June 1<sup>st</sup> and September 1<sup>st</sup>. Taxes are normally collected within 60 days of the installment dates

# + Assumptions for 2023 Tax Levy



- District will receive a 5% increase over 2022 extension
  - Despite 6.5% CPI, we're capped at 5% due to Property Tax Extension Limitation Act
- EAV projected to increase by 5%
- Estimated EAV with new construction = \$537,517,054
- Estimated New Construction = \$6,000,000
  - **Our request for an 8% increase will cover up to \$14,000,000 of new construction**
  - **New construction is unknown at the time of the levy**
  - **Assessors estimate is TBD, we will have this estimate to review at the December Board Meeting**



## + Current and Historical Property Tax Information

# + New Construction

## Estimates Versus Actual

Levy Year	Estimate	Actual	Difference (\$)	Difference (%)
2016	\$3,000,000	\$6,969,000	\$3,969,000	132%
2017	\$277,630	\$251,890	\$(25,740)	-9%
2018	\$329,170	\$379,230	\$50,060	15%
2019	\$413,290	\$454,790	\$41,500	10%
2020	\$207,150	\$484,420	\$277,270	134%
2021	\$873,960	\$1,054,390	\$180,430	21%
2022	\$2,860,390	\$2,828,300	\$(32,090)	-1%

## + What if we don't capture all of new construction?

Levy Year	CPI	Max Levy	Not Max Levy	Loss
2023	5	\$18,052,780	\$17,987,100	-\$65,680
2024	4	\$18,774,891	\$18,706,584	-\$68,307
2025	2.5	\$19,244,263	\$19,174,249	-\$70,015
2026	2	\$19,629,149	\$19,557,734	-\$71,415
2027	2	\$20,021,732	\$19,948,888	-\$72,843
2028	2	\$20,422,166	\$20,347,866	-\$74,300
2029	2	\$20,830,610	\$20,754,823	-\$75,786
2030	2	\$21,247,222	\$21,169,920	-\$77,302
2031	2	\$21,672,166	\$21,593,318	-\$78,848
2032	2	\$22,105,610	\$22,025,185	-\$80,425
<b>Total</b>		<b>\$202,000,589</b>	<b>\$201,265,666</b>	<b>-\$734,923</b>

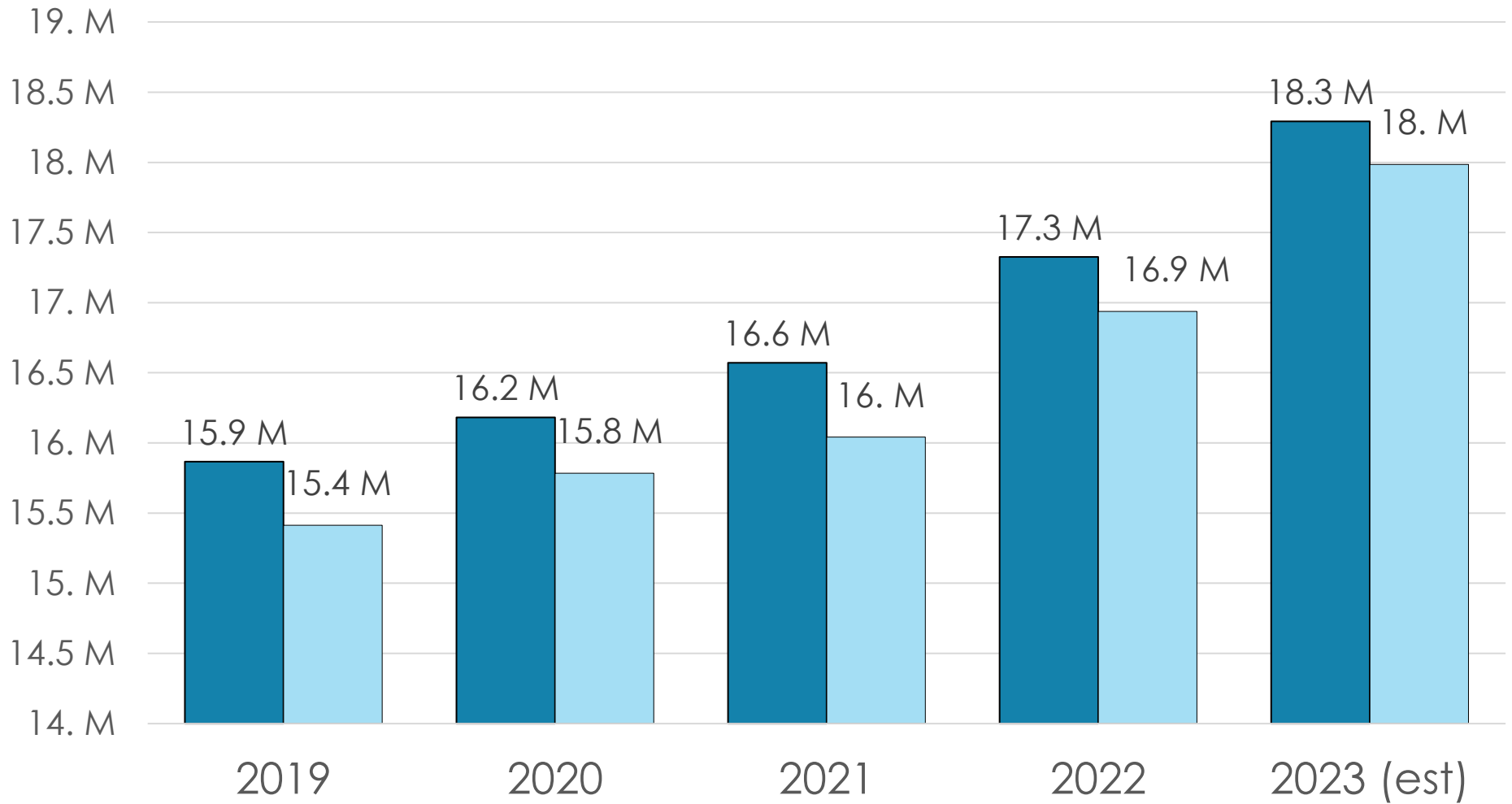
We are levying for a max of \$14m in new construction  
 If we levy for a max of \$6m in new construction, and actual new construction is \$8m, we leave \$66,000 on the table in year one  
**Ten-year impact is a loss of \$734,923!**

# + Tax Levy vs. Extension

(What we ask for vs what is billed to taxpayers)

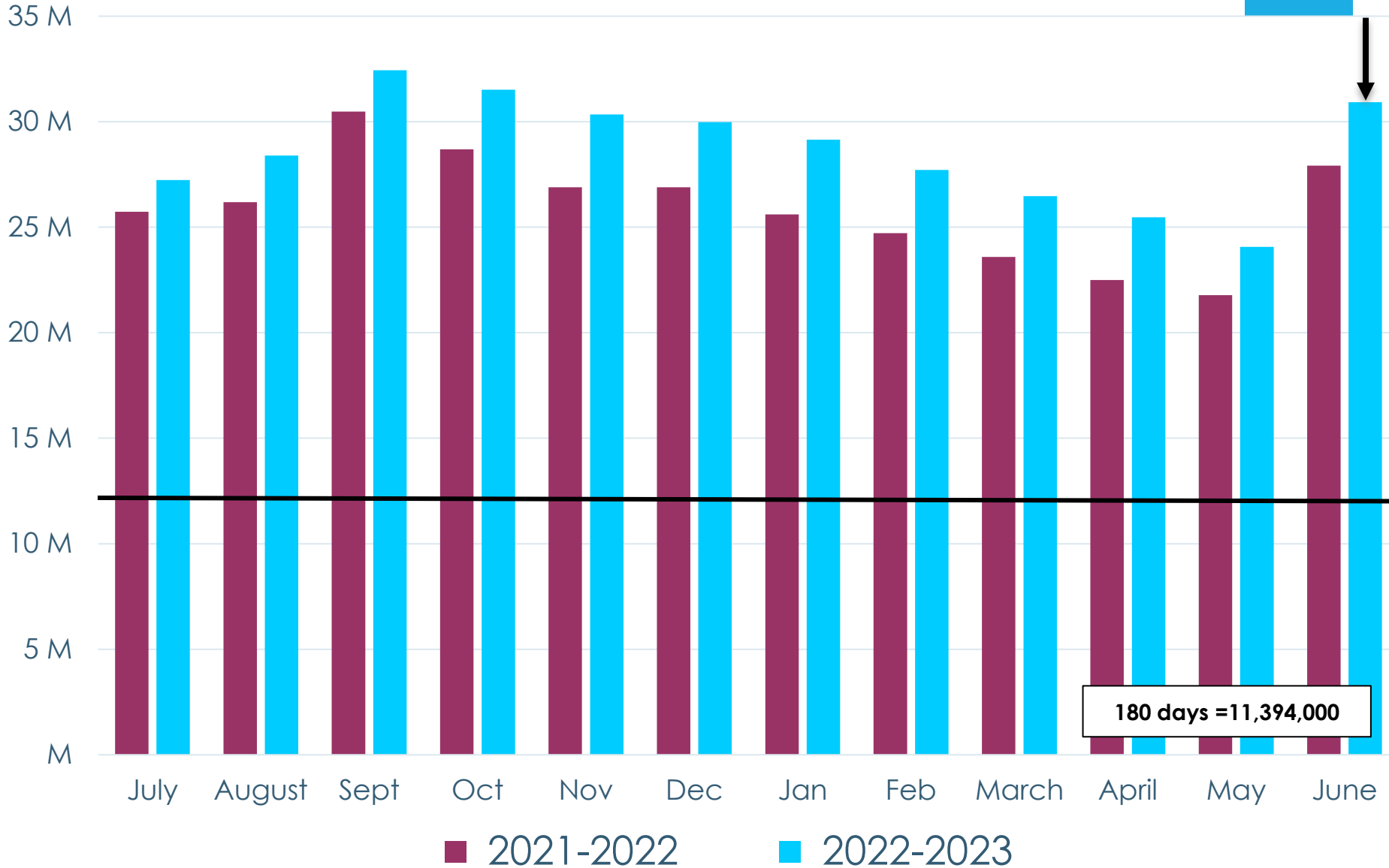


■ Levy Requested    ■ Levy Received



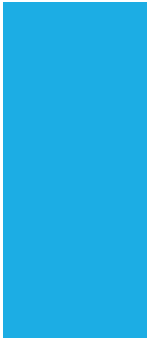
# + Fund Balance Disclosure

Includes deferred June property tax revenue



# + Key Takeaways

- We must file a tax levy every year to ensure the district receives property tax revenue (71% of our budget)
- The tax levy is based on last year's property tax revenue increased by inflation or 5% (whichever is less), plus new construction
- There is no consequence for asking for too much, the County Clerk will adjust our tax extension based on new construction actual numbers (not known until Spring 2024)
  - If we don't ask for enough, we can never recapture this loss in revenue
- Final tax levy will be presented at December 21<sup>st</sup> Board Meeting



## + Next Steps



- **August 11:** Budget filed with required agencies and posted on District's website
  - Illinois State Board of Education (ISBE)
  - DuPage County Clerk
  - DuPage Regional Office of Education (ROE)
- **December 12<sup>th</sup> Finance Meeting:** Final 2023 levy presented
- **December 21<sup>st</sup> Board Meeting:** Final 2023 levy presented & approved
- **December 22<sup>nd</sup>:** Tax levy filed with DuPage County Clerk



Questions?

