

School Finance Topic: Tax Levy

What is a tax levy?

The amount of money taxing bodies (school districts, park districts, villages, etc.) request to be raised from property tax. The levy is only a request.

What is an Extension?

The process in which the County Clerk calculates the tax rate needed to raise the revenue (levy) allowable by law, and certified by each taxing body in the county. The total extension is the product of the district's equalized assessed valuation (EAV) multiplied by its calculated tax rate, and is equal to the total property tax billings on the district's behalf.

What is The Truth In Taxation Act?

Legislation enacted in 1991 provides procedures for Public Notice and Public Hearings on tax levy requests greater than 105% of the prior year's extension.

What is The Property Tax Extension Limitation Law?

The Property Tax Extension Limitation Law, commonly referred to as "TAX CAP" or "PTELL" limits the increase in property tax extensions to 5% or the Consumer Price Index (CPI), whichever is less, not counting new construction or Debt Service obligations.

Last year, the district collected approximately \$6.7 million in taxes (capped funds). The CPI used for determining the 2016 levy request will be 0.7 percent. This means the district is limited to 0.7% plus whatever taxes are generated from new properties coming on the tax rolls for the first time.

How does the district determine its levy?

The law allows the district to request (levy) more taxes than it expects to collect. This is because at the time of the levy request, new property EAV is unknown. In the spring of each calendar year, taxing bodies receive a notification (extension) from the County Clerk of the actual amount they will receive.

How does the levy affect property taxes?

It is possible for taxes to increase even when EAV is dropping, because the taxing bodies generally choose to maintain or increase their extensions in an effort to collect sufficient funds to preserve their services. Other external factors may impact tax bills as well, the most common of which is a reduction in the amount of the Cook County allowable exemptions, and the possible shift of tax burden due to prior year(s) property tax refunds.

Example: [\$100,000 (EAV)/\$100] X 2.543 (tax rate) = \$2,543 (taxes collected)
 [\$ 99,000 (EAV)/\$100] X 2.695 (tax rate) = \$2,668 (taxes collected)

In tax year 2015, the district extension was \$6,707,870 (capped funds). The total EAV of all taxable properties was \$257,510,752, a decrease of 1.8% from the previous year. The total tax rate was \$2.695.

Why would a District propose a levy request that is higher than the CPI and/or the limits of the Property Tax Extension Limitation Law (PTELL)?

Under The Property Tax Extension Limitation Law, if a taxing body does not ask (levy) for all funds that may be available [CPI (inflation factor) + new property], those funds can never be recaptured, resulting in permanently lost revenue for the district.

Why doesn't the school district lower its levy request?

The district would be penalized under the Tax Cap formula for future years.

How does the District 93 tax rate compare to other Proviso Township school districts?

According to the Office of the Cook County Clerk data for the 2015 tax year, Hillside District 93 maintains the lowest tax rate in the township:

#92	Lindop	7.1160	#94	Komarek	3.8060
#95	Brookfield/Lagrange	5.2340	#89	Maywood/Melrose Park	3.7650
#87	Berkeley	5.0990	#92.5	Westchester	3.6260
#91	Forest Park	5.0430	#209	Proviso High School	3.0600
#88	Bellwood	4.8880	#93	Hillside	2.6950

When will the Board of Education approve the levy request?

Hillside School District 93 will consider the tentative tax levy request as part of their regularly scheduled Board of Education meeting on Wednesday, November 9, 2016, and finalize the 2016 tax levy at their regularly scheduled Board of Education meeting on Wednesday, December 14, 2016.