

# **Glen Ellyn School District 41**

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Abraham Lincoln Benjamin Franklin Churchill Forest Glen Hadley

## **2020 Levy Parameters**

### **Board of Education Workshop Meeting**

# 2020 Levy Draft Timeline

- 11/23/2020 Board of Education Meeting
- Board of Education Meeting
- 11/24/2020 Communication
- 12/14/2020 Board of Education Meeting
- Board of Education Meeting
- Review Preliminary Levy
- Approval to Place Preliminary Levy on Display
- Levy Placed on Display
- Levy Public Hearing
- Approval of the 2020 Levy

# THE LEVY STATUTORY GUIDELINES

- The Board of Education must “estimate” the levy at least 20 days prior to adoption.
- The Board of Education must adopt and file the final levy before the last Tuesday in December.
- A Truth in Taxation Hearing is required if the levy will increase by 5% or more.

# THE CALCULATION AND PAYMENT

1. The increase potential of each year's levy calculation is determined by taking the previous year's extension multiplied by CPI; (2.3% for the 2020 Levy)
2. Plus the estimated value of new property;
  - The district will receive the tax receipts in two equal installments: June 1<sup>st</sup> and September 1<sup>st</sup>. Taxes are normally collected within 60 days of the installment dates.

# TAX CAPS AND THE CONSUMER PRICE INDEX

- Property Tax Extension Limitation Act (Tax caps) Public Act 87-17
- Limits the amount of the increase in taxes from year to year to the lesser of 5% or the prior year CPI, plus the value of new property added to the tax base.
- The value of new property is unknown at the time of the levy and must be estimated.
- The December 31, 2019, CPI was 2.3% (It was 1.9% last year)
- The tax cap law will restrict the total levy increase to the lessor of CPI or 5%, plus new property, **regardless of the amount levied.**

# TIMING

- The 2020 levy will fund the 2021-2022 school year. The first installment of taxes related to the 2020 levy are expected to be received during June of 2021. The remainder of the levy is expected to be received during September of 2021.
- The June tax receipts are commonly referred to “Early Taxes” as they arrive just prior to the year for which they will fund.

# OTHER ASPECTS OF THE LEVY

- If the district levies less than the maximum permitted under the tax cap limitation law, the district forfeits that taxing capacity for all future years.
- In regards to new property growth, if the estimate used in the levy ends up below the actual growth the district would forfeit that taxing capacity for all future years as well. That is the reason why many districts estimate a bit higher than expected in order to safely capture all taxing capacity.

# ABATEMENT vs. UNDER LEVY

- If a district wishes to collect less than the maximum permitted under PTELL, there are generally two options:
  - 1. Under levy: submit a levy request below the maximum. This lowers the district's taxing capacity by the amount of the under levy for the current year, as well as all future levy years.
  - 2. Abatement: submit a levy at (or above) the maximum permitted, and then direct the Clerk's office to refund a certain portion. This preserves the district's full taxing capacity for future years.



# DEBT SERVICE

- The 2020 Levy will be the fourth year taxes will be extended related to the 2017 referendum bonds.
- During March of 2019 the District abated \$63,831 from the Debt Service extension on the 2018 levy.
- There was no abatement from the 2019 levy.

# Role of the DuPage County Clerk

- The Clerk's office will review all requested tax extensions, and if necessary reduce the amount to the appropriate PTELL limiting rate.
- In no event can a taxing body be granted a tax extension above the limit calculated under PTELL, regardless of the amount they request.

Thank You