



WCHS 308 Tax Levy FAQ's

How does the district determine its levy? The budget expenditures for the education program and support services are projected annually. In November, the district then prepares an estimated tax levy request. The board adopts a final levy request at the December board meeting each year. If the levy is greater than 5%, the district is required to hold a public hearing.

Why is the burden on property? Illinois school funding law emphasizes local control. In other words, local dollars fund local schools. The amount of money that school districts receive from the state varies. WCHS receives approximately 80% of its revenue from local sources, 18% from state sources and 2% from federal sources.

How has the Property Tax Extension Limitation Law impacted revenue for WCHS? PTELL was enacted in Tazewell County in 1998. Since the inception, Washington Community High School has permanently lost access to more than \$6.7 million for education.

Why would a District propose a levy which is higher than the amount they are entitled to receive? At the time of the levy adoption in December, new property and any assessment adjustments are unknown. Since the final amount of assessed valuation (EAV) is not finalized until March, the law allows the district to request more taxes than they expect to collect. If the district's levy request falls short of the amount allowable, the district will never be able to recapture lost revenues.

Are the people that build new houses this year getting taxed at a higher rate than those that have already been paying taxes for years? No. Everyone pays the same tax rate based on the total available EAV. The rate is established by dividing the dollars asked for by the total EAV. That rate is then applied to the EAV for an individual property.

Why doesn't the School District lower its Levy? Under the Property Tax Extension Limitation Law (PTELL), the revenue received through the 2014 extension sets the basis of the Tax Cap calculation for the 2015 levy. If the district lowers its 2015 levy, the district would lose the amount, compounded by the CPI index, annually. The district is penalized under the Tax Cap for future years as each year is limited by the prior year extension amount.

For example: A reduction of \$200,000 in the 2015 levy would reduce the 2016 by \$200,000 plus the CPI. In two years, the district would not ever have access to more than \$400,000 of revenue. The result is a permanent reduction in the annual property tax revenue for the district.

Will my taxes increase as a result of this Levy request? Assuming that an existing property's assessed value has not changed, then their tax bill for the WCHS portion should actually go down. Based on the estimates received from the Tazewell County Assessor's office, our total tax rate should decrease from 2.65882 (2014 levy) to 2.61843 (2015 levy). That means a home with a fair market value of \$100,000 with no exemptions paid \$886.27 last year. Assuming no change in assessed value, the same home will pay \$872.81 in 2016 for the 2015 levy.

What caused the large increase in property taxes levied for debt services and public building commission leases? The property taxes extended for debt service and public building commission leases for 2014 were \$1,001,696. The district abated \$280,000 of debt service last year, which means the total debt service would have been \$1,281,696. The estimated property taxes to be levied for debt service and public building commission leases for 2015 are \$1,292,041. This is an increase of 0.8% over the previous year.

Tax Levy Terms and Definitions

Tax Levy: a request for dollars by a taxing body for tax revenue.

Tax Levy Extension: The aggregate of dollars due to the district as calculated by the county clerk and billed to property tax payers.

Tax Rate: The percentage per \$100 of EAV that yields the taxes.

EAV: Equalized Assessed Valuation is the basis for property tax values and is one-third of the fair market value established by the county assessor.
Ex: \$300,000 FMV = \$100,000 EAV

CPI: Consumer Price Index. The measure of inflation set by the US Bureau of Labor Statistics.

PTELL or "Tax Cap": Law limiting the extension taxing bodies can receive to 5% or the CPI, whichever is less. PTELL does not cap individual tax bills, but limits the aggregate amount a taxing body can receive.

Property Tax Rate Calculation:

1. Multiply the previous year's extension by the CPI or 5%, whichever is less. This equals the new extension amount in dollars.
2. Subtract the value of new construction from the EAV. This equals the Adjusted EAV.
3. Divide the New Extension Amount by the Adjusted EAV. This equals the limiting rate.
4. Multiply the total EAV by the limiting rate to yield the total taxes allowable to establish the limiting rate.