

Questions and Answers about Local Property Taxes

Cass School District 63

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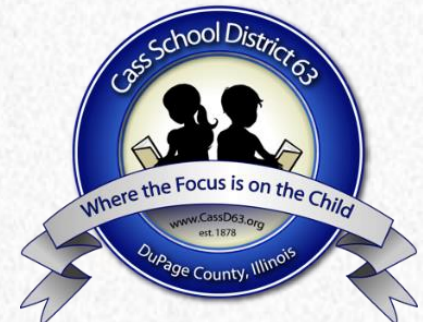
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Section I

Overview of the Tax Levy and Extension Process



What are property taxes and how are these taxes utilized?

- ✓ In the state of Illinois, local real estate property taxes (sometimes called an “ad valorem” tax, which means “according to value”) are based on a property’s equalized assessed value and the total local tax rate applied to that value, after any exemptions are subtracted.
- ✓ Property taxes are levied by local governing bodies, including but not limited to counties, municipalities, townships, park districts, community colleges and school districts.
- ✓ Assessed values are not determined by local taxing bodies, but through the DuPage County Supervisor of Assessment’s office.
- ✓ As with most school districts, property taxes in Cass School District 63 are the largest source of revenue to fund and operate educational programs, maintain buildings and grounds, provide student transportation, finance debt and pay for social security and retirement contributions.

What is the tax levy process?

- ✓ The tax levy is based on what the local taxing bodies determine to be necessary based on estimated budgetary needs for the following fiscal year, and as limited by the Property Tax Extension Limitation Law (PTELL).
- ✓ Local governing bodies approve levies for specific dollar amounts, not tax rates. Tax rates are calculated by the DuPage County Clerk's office during the tax extension process.
- ✓ School districts levy a separate amount for each fund for which local tax revenue is necessary for the following year.
- ✓ Each taxing body must then file its levy with the County Clerk by the last Tuesday in December and must also follow any applicable provisions of the Truth in Taxation Law.

What is the Truth in Taxation law and how does it work?

- ✓ The Truth in Taxation law requires that if a local governing body proposes an aggregate levy that is more than 105 percent of the total amount of taxes extended in the previous year (excluding necessary payments for debt service) it must publish a required legal notice in a newspaper of local circulation and hold a public hearing in a specified timeframe.
- ✓ At the public hearing, the taxing body must explain the reasons for its levy and proposed increase, as well as hear from anyone who wishes to provide testimony.
- ✓ In the event the aggregate levy is less than 105 percent of the total amount of taxes extended in the previous year, public notice and a Truth in Taxation hearing is not required.
- ✓ Whether a hearing is necessary or not, the Board then must then adopt the final tax levy in the required timeframe.

What is the Property Tax Extension Limitation Law?

- ✓ DuPage County taxing bodies fall under the Property Tax Extension Limitation Law (PTELL), sometimes called tax caps.
- ✓ PTELL does not cap either individual property tax bills or individual property assessments.
- ✓ Rather, PTELL limits the increase in property tax extensions to the lesser of 5 percent or the Consumer Price Index for Urban Consumers (CPI-U) from the previous year.
- ✓ This is in addition to any amount for taxable new construction, newly annexed areas, and recovered tax increment financing (TIF) district valuations. In Cass 63, new construction is the only potential source of growth outside of the CPI-U.
- ✓ If a school district needs to increase tax revenues for any purpose above the CPI-U, they generally must take that request directly to the voters for approval via referendum. Voters did approve a bond referendum in November of 2022.

What happens after the Board approves the tax levy?

- ✓ After the tax levy is approved and filed in December, the County Clerk begins the tax extension process by applying the state equalization factor and calculating the tax rate needed to produce the amount of revenues allowed for each taxing body, subject to PTELL and maximum allowable rates.
- ✓ The County Clerk then apportions the levy among the properties in the taxing district according to its equalized assessed value (EAV) so that tax bills can be computed.
- ✓ The County Treasurer applies any exemptions and prepares and distributes tax bills to receive tax payments from property owners. The Treasurer then collects and distributes payments to the local units of government.
- ✓ The 2022 levy is considered the 2022 tax year for property tax bills that are paid in 2023, providing revenue for the school district's budget in fiscal years 2023 and 2024.

Section II

Calculating Property Taxes and Understanding Your Bill



How are property taxes calculated for a homeowner?

- ✓ The calculation for a particular parcel of property is the equalized assessed value (EAV or one-third of the fair cash value) after any exemptions are subtracted, multiplied by the total tax rate and divided by 100.
- ✓ This is expressed as $EAV \times \text{Tax Rate} / 100$.
- ✓ For example, a home with no exemptions and a fair cash value of \$300,000 (equalized valuation of \$100,000) with an aggregate tax rate of \$6.30 per \$100 of EAV will have a property tax bill of \$6,300.
- ✓ Individuals who own their home and occupy it as a primary residence also qualify for the general residential owner-occupied exemption of \$6,000.
- ✓ This is expressed as $EAV - 6,000 \times \text{Tax Rate} / 100$.
- ✓ Applied to the example above, that same home would only be taxed on \$94,000, resulting in a tax bill of \$5,922.

How can I be certain that my own tax bill is correct?

- ✓ Assuming the property is assessed correctly, and the tax rates shown on the real estate tax bill are accurate, then a property owner can check the taxable value by taking the “fair cash value” of the home (usually shown in the upper right corner of the tax bill) and dividing by three.
- ✓ This will lead to the assessed value, which is then multiplied by the “state multiplier”, which is usually 1.0000 but could be higher or lower. This leads to the equalized value on which that parcel of property is taxed.
- ✓ The next step is to subtract from the equalized value any real estate tax exemptions (click for more information on local property tax exemptions, amounts and qualifications).
- ✓ This leads to the “net taxable value” of the property, which is multiplied by the local tax rate and divided by 100 to get the total tax bill.

Section III

Property Tax Information Specific to Cass School District 63



What is the school district's recommended levy for 2022?

- ✓ The recommended 2022 tax levy for Cass School District 63 is \$10,360,739 excluding debt service, compared to last year's actual extension of \$9,828,058, an increase of 5.42 percent.
- ✓ It is estimated that the total tax extension with debt service included will be around \$10,675,508, compared to last year's total extension of \$10,192,297, an increase of 4.74 percent.
- ✓ The final amount of taxes on an individual property could be higher or lower depending on any changes in assessment of the property, as well as what other taxing bodies levy.
- ✓ These estimates do not include the impact of the successful November 2022 referendum. This will be determined after the issuance of bonds at a date.
- ✓ Last year's total tax increase for Cass 63 was 1.8 percent, while the year prior there was a total increase of 2.9 percent.

Is there a need for a Truth in Taxation hearing in 2022?

- ✓ While rare and for the first time in many years, Cass 63 did hold a truth in taxation hearing for the 2022 levy.
- ✓ A Truth in Taxation hearing has not been necessary for at least 10 years due to the CPI remaining well below 5 percent during that time.
- ✓ Even with inflation and the CPI currently in the range of 7 to 8 percent, the proposed levy, excluding debt service, is just over the 105 percent threshold that requires a hearing.
- ✓ This information was presented and discussed at the November 14 and December 13, 2022 Board Meetings, including the Truth in Taxation Hearing on December 13. Public comment is always welcome prior to formal adoption.

What is the history of property values and tax collections?

Following are Cass 63's total property values, local tax revenues collected, and tax rates over the previous 12 years.

Levy Year	District EAV	Collected	Tax Rate
2021	375,891,461	10,192,297	2.7115
2020	368,778,025	10,009,742	2.7143
2019	353,326,094	9,726,007	2.7527
2018	346,910,291	9,536,217	2.7489
2017	333,558,161	9,322,283	2.7948
2016	319,478,027	9,079,566	2.8420
2015	306,094,953	9,003,783	2.9415
2014	302,328,582	8,926,554	2.9526
2013	313,133,860	8,785,910	2.8058
2012	331,922,378	8,632,637	2.6008
2011	358,569,220	8,355,738	2.3303
2010	381,149,927	8,214,924	2.1553

Fast Facts on EAV and Revenue Growth in Cass 63

- ✓ The average annual revenue growth from local property taxes over the previous 12 years in Cass 63 is 1.98 percent.
- ✓ The peak was tax year 2012 in which local tax revenues grew 3.3 percent. It was below 1 percent in tax years 2015 and 2016 and has averaged 2.34 percent the previous 5 years.
- ✓ Through last year, the district's equalized assessed valuation was 7 percent below the peak of \$405 million in 2008, and a little over 2 percent below the EAV of \$381 million in 2010.
- ✓ For 2022, the EAV is expected to grow a little over 5 percent closer to \$400 million, but still below the historical high.
- ✓ The district's current tax rate is about \$2.71 and is expected to eventually rise to about \$2.99 after the issuance of bonds related to the November 2022 referendum.

Section IV

Property Tax Terminology



What do some of these tax terms actually mean?

- ✓ **Levy** - The amount of the school district's need (what the district "asks for") for property tax revenue for each fund as certified in the Board's annual levy resolution in December.
- ✓ **Extension** - The process by which the county clerk calculates a government agency's tax rate. The total extension is the product of the agency's EAV multiplied by its calculated tax rate, and is equal to the total property tax billing on the agency's behalf.
- ✓ **Collection** - Receipt of property owners' payments by the County Treasurer.
- ✓ **Distribution** - Payments of tax receipts by the County Treasurer to schools and other units of local government.
- ✓ **Tax Year** - The calendar year in which property is assessed and the levy is made. Taxes are billed, collected and distributed in the following calendar year.

What do some of these tax terms actually mean?

- ✓ **Assessment** – Process of valuing real property for tax purposes.
- ✓ **Assessed Valuation** – The taxable value placed on the property by the local assessor.
- ✓ **Equalization** – Adjustments to local assessed valuations to bring about an overall assessment for a township or county equal to one-third of fair market value.
- ✓ **Multiplier** – The factor applied to a township or county's total assessed valuation to equalize it to one-third of fair market value, the rate specified in law.
- ✓ **Equalized Assessed Valuation (EAV)** – The total value of the real property after the county and state's equalization formula is applied. The term is applied to both individual properties and the total property within a local taxing body.
- ✓ **Tax Base** – The total EAV of a school district or taxing body.

Still Have Questions?

Contact Cass School District 63 Superintendent Mark Cross with any questions regarding local property taxes or other issues related to school district funding or finances.

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Disclaimer: None of the information contained in this document is intended to be advisory or legal in nature. Every effort was made to ensure accuracy in presentation, but anyone with specific tax questions should contact the local taxing body, the County Supervisor of Assessments or Treasurer's Office or a tax professional as appropriate for any specific information.

