



## Legislation Text

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**File #:** 18-935, **Version:** 1

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### **CITY COUNCIL AGENDA ITEM**

#### **ACTION REQUESTED:**

Receive the estimated 2018 property tax levy for the City of Naperville, including the Naperville Public Library, and direct staff to publish notice for a Truth-in-Taxation hearing on December 18, 2018.

**DEPARTMENT:** Finance Department

**SUBMITTED BY:** Rachel Mayer, Finance Director

#### **BOARD/COMMISSION REVIEW:**

None

#### **BACKGROUND:**

Pursuant to 35 ILCS 200/18-60, City Council is to determine the amounts of money, exclusive of election costs, estimated to be necessary to be raised by taxation upon the taxable property in the City. The proposed estimate of levy can then be considered for final approval by City Council at the December 18, 2018 City Council meeting. This satisfies the minimum twenty (20) days requirement between the estimate of levy and the adoption of the levy.

By law the City is required to approve and file with the DuPage and Will County Clerks a tax levy ordinance by the last Tuesday of December if the municipality chooses to raise revenue through real estate taxes. There are several statutorily required steps that need to occur prior to the filing of the levy. These steps include:

- Make tentative annual budget available for public inspection. Publish for a public hearing.
- Hold hearing on tentative annual budget; pass ordinance approving annual budget. [File with County Clerks within 30 days of approval, but before tax levy ordinance is filed].
- Estimate the amount of taxes to be levied at least 20 days prior to approval.
- Determine whether a Truth-in-Taxation hearing is required.
- Publish notification in the newspaper of Truth-in-Taxation hearing not less than 7 days and no more than 14 days prior to date of the Truth-in-Taxation hearing.
- Hold Truth-in-Taxation hearing; adopt levy.

#### **DISCUSSION:**

The chart below shows the 2017 final levy and the final 2017 extension. The City is required to levy property taxes for an amount necessary to cover all debt service, therefore the 2017 levy figure is inclusive of all General Obligation (GO) debt service and the City's initial request. The 2017 levy

figure includes the abatement for debt service funded by the utility funds and other special revenue funds in the amount of \$8.17 million, this was approved December 19, 2017. Additionally, the 2017 levy includes the \$1.8 million abatement approved on March 21, 2018 related to the telecommunications, hotel & motel, and home rule sales taxes. Therefore, in 2017 City Council approved a levy of \$46,886,811. The amount extended to property owners per the counties was \$47,381,766, which resulted in a rate of 0.6815.

<b>Purpose</b>	<b>2017 Final Levy</b>	<b>2017 Final Extension</b>
General Corporate	1,290,000	1,307,083
Debt Service	20,552,119	10,693,053
<i>Debt Service Abatements</i>	<i>(8,170,149)</i>	-
<i>Abatement per City Council</i>	<i>(1,800,000)</i>	-
IMRF	2,538,237	2,565,498
Naperville Fire Pension	8,381,201	8,468,231
Naperville Police Pension	6,614,131	6,681,420
Naper Settlement	2,898,272	2,933,985
Naperville Public Library	14,583,000	14,732,496
<b>Total Levy</b>	<b>46,886,811</b>	<b>47,381,766</b>

Staff estimates the initial 2018 property tax levy at \$57,838,505. This amount does not include abatements related to the home rule sales tax or utility/special fund debt service.

Per Illinois state statute, municipalities are required to publish for a truth-in-taxation hearing if the amount of the requested levy is 105% greater than the prior year's extension. Therefore, when comparing the 2017 extension to the 2018 levy, the levy increased 22.07% (without abatements), requiring the City to hold a truth-in-taxation hearing.

To provide a more accurate comparison of the year over year property tax requirements, staff has provided the 2018 recommended property tax levy with debt service abatements. This amount of \$49,277,037 is what staff estimates is needed to support the proposed 2019 Annual Budget. This total represents the full amount to be extended including debt service abatements, this represents a 4.00% increase from the 2017 extension, and is projected to result in a rate of 0.6815.

The chart below shows the initial recommendation for the 2018 levy, with and without debt service abatements. The final 2018 extension will be determined once the final equalized assessed valuation (EAV) has been determined by both DuPage and Will Counties.

<b>Purpose</b>	<b>2018 Recommended Levy</b>	<b>2018 Recommended Levy (w/abatements)</b>
General Corporate	3,237,894	3,237,894
Debt Service	20,022,986	20,022,986
<i>Debt Service Abatements</i>	-	<b>(8,561,468)</b>
IMRF	2,179,717	2,179,717
Naperville Fire Pension	8,406,983	8,406,983
Naperville Police Pension	6,510,973	6,510,973
Naper Settlement	2,796,952	2,796,952
Naperville Public Library	14,683,000	14,683,000
<b>Total Levy</b>	<b>57,838,505</b>	<b>49,277,037</b>

The values shown in the preceding tables are derived from a variety of sources including:

*Naperville Library Levy Request*

The Library portion is based on the request made by the Library Board. The Naperville Library is more than 90% funded by property taxes. The Library Board requested City Council approve a levy of \$14.68 million.

*Naper Settlement Levy Request*

The Naper Settlement portion is based on the request made by the Naperville Heritage Society. The Settlement receives more than 75% of its annual funding through property taxes. The Heritage Society requested City Council approve a levy of \$3.02 million, however City staff recommends a levy of \$2.79 million based on historical expenditures.

*Public Safety Pension Levy*

Per the actuary report, the required contribution for public safety pensions decreased 0.3% or \$41 thousand. Required contributions to the Fire pension increased 0.5% and the Police pension decreased 1.2%. The total required public safety pension contributions amount is \$15.98 million. \$1.07 million of the public safety pensions are funded through the City’s Food and Beverage tax, leaving \$14.91 million to be funded through the property tax levy.

*IMRF Pension Levy*

The portion allocated to the Illinois Municipal Retirement Fund (IMRF) is based on the actuarial calculated percentage given to the City by IMRF. The 2018 levy amount is a decrease of 15% from the 2017 extension and totals \$2.18 million.

*Debt Service Levy*

The debt service value is based on the City’s actual annual debt service requirements. Exclusive of any abatements, this amount decreased 2.6% to \$20.02 million. Inclusive of abatements for the utilities and other funding sources, this amount totaled \$11.46 million.

*General Corporate*

The general corporate portion of the property taxes are \$3.24 million. This levy is utilized to support City operations.

**FISCAL IMPACT:**

The total recommended tax levy is \$49,277,037 to support 2019 City operations.