



## Legislation Details (With Text)

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**Title:** Receive the estimated 2020 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 15, 2020

**Sponsors:**

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Date	Ver.	Action By	Action	Result
11/4/2020	1	City Council	received	Pass

### CITY COUNCIL AGENDA ITEM

#### **ACTION REQUESTED:**

Receive the estimated 2020 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 15, 2020

**DEPARTMENT:** Finance Department

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

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

N/A

#### **BACKGROUND:**

Pursuant to 35 ILCS 200/18-60, the City Council determines the amount of money, exclusive of election costs, to be necessary to be raised by taxation upon the taxable property in the City. The proposed levy estimate can then be considered for final approval by the City Council at its December 15, 2020 meeting. This satisfies the minimum 20-day 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 Clerk's Offices 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:

1. Make tentative annual budget available for public inspection and publish notice of a public hearing;
2. Hold a public hearing on tentative annual budget and pass an ordinance approving annual

budget;

3. File approved budget with County Clerks within 30 days of approval, but before tax levy ordinance is filed;
4. Estimate the amount of taxes to be levied at least 20 days prior to approval.
5. Determine whether a Truth-in-Taxation hearing is required;
6. 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; and
7. Hold Truth-in-Taxation hearing and adopt levy ordinance.

## **DISCUSSION:**

The chart below shows the 2019 final levy and the final 2019 extension. The 2019 levy is used to support 2020 City operations, pension obligations, and debt service. The City is required to levy property taxes for an amount necessary to cover all debt service, therefore the 2019 levy figure is inclusive of all General Obligation GO debt service and the City's initial request. On December 17, 2019, the City Council approved a levy of \$60,237,035, followed by abatement of debt service funded by the utility funds and other special revenue funds in the amount of \$9.09 million. The final amount extended to property owners per the counties was \$51,690,730, which resulted in a final rate of 0.6937.

<b>Purpose</b>	<b>2019 Final Levy</b>	<b>2019 Final Extension</b>
General Corporate	5,446,468	5,506,624
Debt Service	18,554,175	9,560,214
IMRF	2,620,624	2,652,717
Naperville Fire Pension	9,152,158	9,247,253
Naperville Police Pension	6,731,658	6,803,177
Naper Settlement	2,796,952	2,831,552
Naperville Public Library	14,935,000	15,089,193
<b>Total Levy</b>	<b>\$ 60,237,035</b>	<b>\$51,690,730</b>
<i>Debt Service Abatements</i>	<i>(9,094,513)</i>	-

Staff estimates the initial 2020 property tax levy to be \$62,372,937. This amount does not include abatements related to utility and special fund debt service. The 2020 levy is used to support 2021 City operations, pension obligations, and 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 2019 extension to the 2020 levy, the levy increased 20.7% (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 provided the 2020 recommended property tax levy with debt service abatements. This amount of \$52,991,452 is what staff estimates is needed to support the proposed 2021 Annual Budget. This total represents the full amount to be levied, including debt service abatements, and represents a

2.5% increase from the 2019 extension and is projected to result in a rate of 0.6871.

The chart below shows the initial recommendation for the 2020 levy, with and without debt service abatements. The final 2020 extension and tax rate will be determined once the final equalized assessed valuation (EAV) has been determined by both DuPage and Will Counties.

<b>Purpose</b>	<b>2020 Recommended Levy</b>	<b>2020 Recommended Levy (w/abatements)</b>
General Corporate	6,031,725	6,031,725
Debt Service	18,809,466	18,809,466
<i>Debt Service Abatements</i>	-	<i>(9,381,485)</i>
IMRF	2,743,559	2,743,559
Naperville Fire Pension	9,748,334	9,748,334
Naperville Police Pension	7,307,901	7,307,901
Naper Settlement	2,796,952	2,796,952
Naperville Public Library	14,935,000	14,935,000
<b>Total Levy</b>	<b>\$62,372,937</b>	<b>\$52,991,452</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 \$14.94 million, which is flat to the prior year.

#### *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 a levy of \$2.80 million, which is flat to the prior year.

#### *Public Safety Pension Levy*

Per the 2020 actuarial valuation report, the required contributions to the Fire pension increased \$544,021, or 5.6%, and the Police pension increased \$524,088, or 7.2%. The total required public safety pension contributions amount is \$18.07 million. The property tax will fund \$17.06 million. The Food and Beverage Tax will fund the remaining \$1.01 million of the public safety pensions.

#### *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 rate went from 11.05% in 2020 to 10.85% in 2021. The 2020 levy amount totals \$2.74 million and accounts for the General Fund portion of IMRF contributions.

#### *Debt Service Levy*

The debt service value is based on the City's actual annual debt service requirements. The estimated

levy includes the projected debt service for the 2020 bond issuance. Exclusive of any abatements, this amount increases to \$18.81 million. Inclusive of abatements for the utilities and other funding sources, this amount totals \$9.43 million, which is a decrease of 1.38% from the 2019 extension. These numbers are estimates and the final debt service will be determined after the 2020 series bond sale.

**General Corporate**

The general corporate portion of the property taxes are \$6.03 million. This levy is utilized to support City operations. The 2020 levy amount is an increase of \$525,1010, or 9.54% from the 2019 extension.

**FISCAL IMPACT:**

The total recommended tax levy, inclusive of abatements, is \$52,991,452 to support 2021 City operations, pension obligations, and debt service.