

**TO:** Dr. Jean Barbanente  
Board of Education

**DATE:** October 17, 2024

**FROM:** Mr. Ryan Domeracki

**RE: Proposed Property Tax Levy 2024**

A property tax levy is the dollar amount of taxes requested by the Board of Education to be collected from all property owners within the District. The District has three limitations to the amount of taxes we may collect:

- √ The legal maximum tax rate
- √ The Property Tax Limitation Law (“tax cap”)
- √ The amount of the levy request filed in December

The District is responsible for levies in the Education, Tort Immunity, Special Education, Operations and Maintenance, Transportation, IMRF, Social Security, Life Safety, and Working Cash Funds. The County Clerk automatically extends the amount of taxes required to meet the payment schedule for each debt issue from the Debt Service Fund. Taxes levied in December of 2024 are scheduled to be collected in June 2025 and September 2025.

Each year the administration prepares the estimated tax levy that is presented to the Board of Education for discussion in November and subsequent approval in December, following a public hearing if necessary. Effective for the 2005 levy year and all subsequent levy years, the maximum tax rate definition was changed to what is set for specific funds by statute. This rate ceiling is not permitted to be further increased by referendum or otherwise. Therefore, taxing districts have substantially increased flexibility to levy taxes for the purposes for which they most need the funding. However, the overall “tax cap” remains in place (see explanation below). A taxing district’s limiting rate will continue to control the overall level of property tax rate change. In accordance with the Truth in Taxation statute, a public notice and hearing will not be necessary for the 2024 Tax Levy as the request for increase will not exceed 5% over the 2023 final property tax extension. Although the board has consistently committed to transparency, adopt this estimated tax levy resolution and conduct the public hearing in December anyway, this is the first time in the last few years that we are not officially required to do so, but we will still hold one.

The Property Tax Extension Limiting Law (PTELL or Tax Cap) was originally applied to the 1991 levy year for taxes payable in 1992. The Tax Cap limits the increase in property tax extensions to the lesser of 5.0% or the actual percent increase in the All Urban Consumer Price Index (CPI) as published by the U.S. Dept. of Labor, during the 12-month calendar year proceeding the levy year, plus new property/construction. **The CPI {as of December 2023} for the 2024 property tax levy is 3.4%.** The ten

year history of the CPI is attached for reference in *Exhibit 3*. The property tax extension for the previous year 2023 is increased by the CPI for the basis of our request. In addition to the CPI, the formula allows for the recognition of new property/construction that comes onto the tax base for each tax year. This includes any expiring Tax Increment Financing (TIF) property and previously tax exempt property that is sold and may become taxable. The total Equalized Assessed Value (EAV) estimate is what we use as the base for planning the 2024 property tax levy. The past two years new property/construction has contributed an additional 0.88% (2022) and 0.85% (2023) respectively to our annual tax extension. As in the past, because this actual property information is unknown at the time of filing a property tax levy request, it is a sound practice to build in some buffer to capture any potential available funds from new property growth. It is an absolute under the Tax Cap that if the annual Tax Levy request isn't high enough compared to the county clerk's extension in the spring, we will forfeit access to the full extension. This would be a permanent loss of access to property tax revenue for the district and one that would compound in the years ahead.

The prior year 2023 new property/construction value of \$30,643,740 represented an increase of 0.85%. The overall Equalized Assessed Value (EAV) of property increased by 3.44%. Currently having discussions with the local assessors as of October, as we iron our estimates for what the expected increase of our overall EAV will be and most importantly new property.

Unfortunately, even though the prior year 2023 property tax extension was limited by the "tax cap" to an increase of \$3,691,840 or 5.88% overall, some property owners may be frustrated by the fact that their tax bill is increasing. This is due to a number of possible factors including: 1) the total tax levy request that is filed including debt service repayment or, 2) changes in the assessment value of their property by the assessor office or, 3) property assessment appeals that can reduce overall district taxable property (EAV) which in turn increases the tax rate for each remaining property. The downturn in the economy from 2009 to 2014 brought about changes to this taxation process that were unique and challenging for all. During this time, the most common concern was how their tax bill could be increasing when the value of their property was declining. A more detailed explanation is provided in the attached Tax Levy Process Frequently Asked Questions (FAQ) that I prepared to assist the community. We are but one of the contributors to this property tax system and work closely to explain the process to our constituents. In addition, the area township assessors provide similar information to help explain the somewhat complex process of property assessment and taxation.

In summary, with the CPI limit of 3.4% and applying an estimate of \$30,000,000 for new property, it is likely the tax extension will increase approximately 4.22% or \$2,805,968. **The 2024 proposed Property Tax Levy of \$69,763,367** represents a requested increase of 4.9%, (*see Exhibit 2, row 9, columns C and E*) to protect us from any unexpected new property increase. This levy is based upon an estimate of property value (EAV) increasing by 2.77% in accordance with trending from area assessors. Again, this is the first year of returning to more sustainable inflation compared to the previous two years, as we previously discussed with the board, it continues to reflect the same inflationary pressures on the district operating budget as the local economy. Therefore, we are submitting a levy request that provides appropriate protections to sustain our comprehensive educational programming. The updated property tax booklet is provided to assist with historical trending and other important property tax information including area high school comparisons.

The tax levy process takes place over three board meetings as follows to comply with the law and avoid unnecessary tax objections.

- Tax levy process is outlined in detail in **Exhibit 1**.
- At the October 28, 2024 Board Meeting, initial property tax levy process discussion.
- At the November 11, 2024 Board Meeting the Board adopts the “Resolution Regarding Estimated Amounts Necessary To Be Levied For The Year 2024”, and establish the Public Hearing date of December 9, 2024.  
*\*Board Secretary must sign Truth In Taxation public notice for publication*
- Truth in Taxation notice to the public will be published in the Daily Herald on Friday, November 29, 2024 – see attached
- At the December 9<sup>th</sup> Board Meeting we will conduct the public hearing and recommend adoption of the 2024 property tax levy to be filed with the DuPage County Clerk.

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## Property Tax Cap Formula (PTELL)

$$\text{Limiting Tax Rate} = \frac{\text{Prior Year Tax Extension x (1+CPI-U)}}{\text{Total EAV – New Property}}$$

## LEGAL NOTICE

### NOTICE OF PROPOSED PROPERTY TAX INCREASE FOR DUPAGE HIGH SCHOOL DISTRICT NUMBER 88

- I. A public hearing to approve a proposed property tax levy increase for DuPage High School District Number 88 for 2023 will be held on December 9, 2024 at 7:00 p.m. at 2 Friendship Plaza, Addison, Illinois 60101, in the District Board Room.  
  
Any person desiring to appear at the public hearing and present testimony to the taxing district may contact Ryan Domeracki, Chief Financial Officer, 2 Friendship Plaza, Addison, Illinois 60101 (630) 530-3970.
- II. The corporate and special purpose property taxes extended or abated for 2023 were \$66,504,639.97.  
  
The proposed corporate and special purpose property taxes to be levied for 2024 are \$69,763,367.00. This represents a 4.90% increase over the previous year.
- III. The property taxes extended for debt service and public building commission leases for 2023 were \$10,962,385.18.  
  
The estimated property taxes to be levied for debt service and public building commission leases for 2024 are \$10,879,784.00. This represents a 0.75% decrease over the previous year.
- IV. The total property taxes extended or abated for 2023 were \$77,675,690.54. The estimated total property taxes to be levied for 2024 are \$80,643,150.76. This represents a 3.82% increase over the previous year.

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Secretary, Board of Education

**PROPERTY TAX LEVY PROCESS:**

The following process outlines the legal requirements to complete adoption of the annual Property Tax Levy according to section 35 ILCS 200/18 of the Illinois School Code:

1. Before the last Tuesday in December we must certify the amount of our property tax levy request to the County Clerk.
2. **If the levy request exceeds 5% increase** over the prior year estimated or actual tax extension, we are subject to the Truth in Taxation law,
  - a. In accordance with the Truth in Taxation guidelines we will need to publish a notice of a hearing if our levy request exceeds a 5.0% increase over the prior year tax extension. This notice must be published no greater than 14 days or less than 7 days before the Public Hearing.
  - b. We need to approve a Resolution of Intent to Levy at least twenty (20) calendar days before the Public Hearing. We will present this at the November Board of Education Meeting.
3. **If the levy request does not exceed 5% increase** over the prior year estimated or actual tax extension, we do not need to adopt a resolution in November, or hold a public hearing in December. However, in accordance with our past practice of commitment to transparency, we routinely adopt this resolution and schedule the public hearing in December.
4. At the December meeting the Board must adopt the following:  
*If a hearing is required or voluntarily elected, this must take place before the adoption of said resolutions, in accordance with Truth in Taxation.*
  - a. Resolution Authorizing and Directing Tax Levy
  - b. Resolution Authorizing and Directing Certain Special Purpose Tax Levies
5. Once the levy is adopted the President and Secretary of the Board of Education will need to sign:
  - a. Resolution Authorizing and Directing Tax Levy
  - b. Resolution Authorizing and Directing Certain Special Purpose Tax Levies
  - c. Certificate of Tax Levy (ISBE Form 50.02)
  - d. Certification of Compliance with Truth in Taxation Statement

DUPAGE HIGH SCHOOL DISTRICT #88

EXHIBIT 2

**2024 PROPOSED TAX LEVY vs. PREVIOUS YEAR'S TAX EXTENSION**

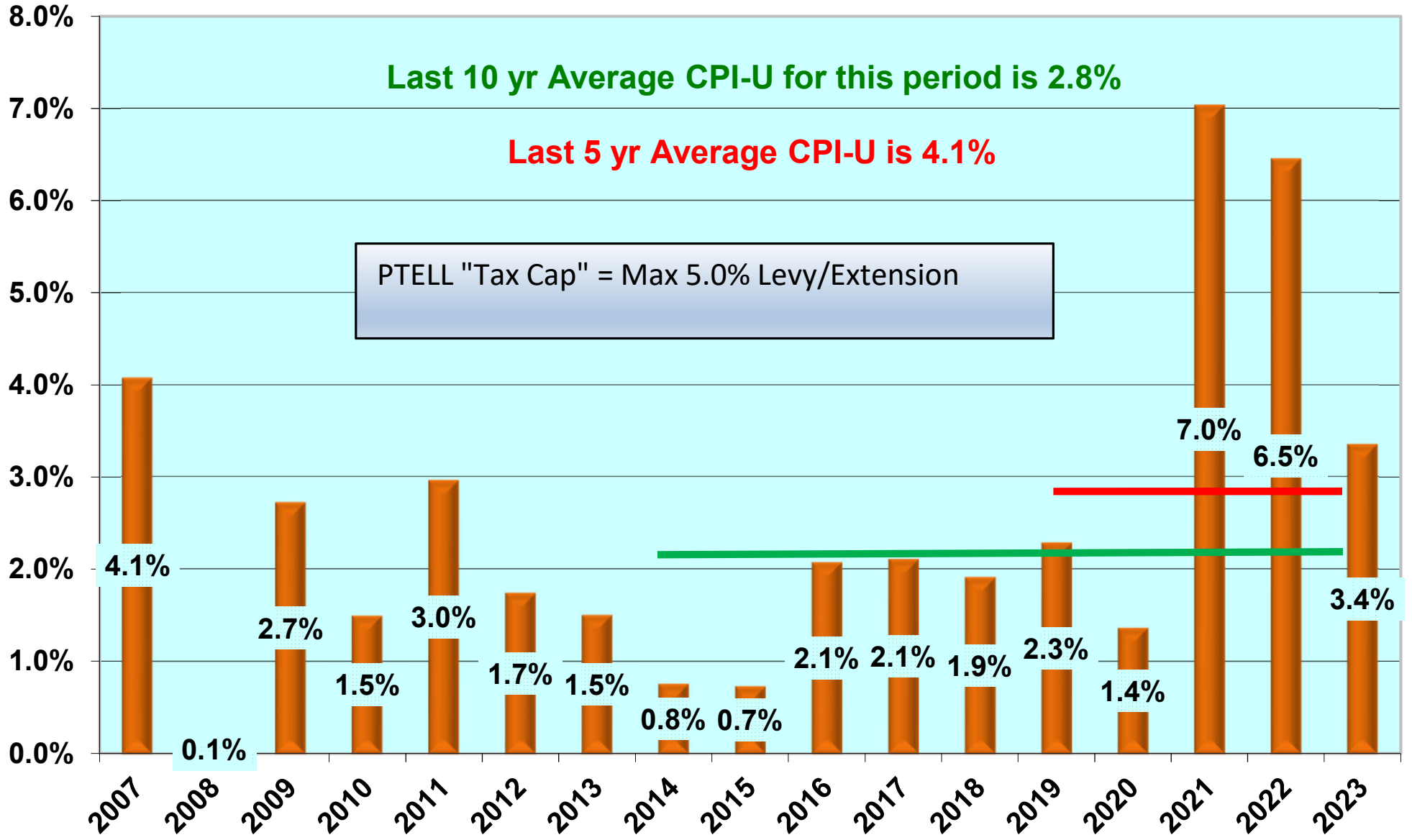
10/17/2024

ESTIMATED 2024 "T.I.F." A.V. = \$3,829,315,334

|                                  | [A]                       | [B]                      | [C]                          | [D]                | [E]           | [F]              | [G]                            | [H]           | [I]                           | [J]                               |
|----------------------------------|---------------------------|--------------------------|------------------------------|--------------------|---------------|------------------|--------------------------------|---------------|-------------------------------|-----------------------------------|
| FUND                             | FINAL<br>2023<br>TAX RATE | 2023<br>TAX<br>EXTENSION | 2024<br>PROPOSED<br>TAX LEVY | \$<br>CHANGE       | %<br>CHANGE   | % OF<br>TAX LEVY | 2024<br>ESTIMATED<br>EXTENSION | %<br>CHANGE   | 2024<br>ESTIMATED<br>TAX RATE | Maximum<br>Authorized<br>Rate (a) |
| 1 EDUCATIONAL                    | 1.3904%                   | \$51,808,634.81          | \$53,447,258                 | \$1,638,623        | 3.16%         | 66.28%           | \$53,093,457                   |               | 1.3865%                       | 0.0000%                           |
| 2 OPERATIONS & MAINT.            | 0.2031%                   | \$7,567,846.47           | \$7,938,671                  | \$370,825          | 4.90%         | 9.84%            | \$7,888,390                    |               | 0.2060%                       | 0.5500%                           |
| 3 TRANSPORTATION                 | 0.1087%                   | \$4,050,344.22           | \$5,248,811                  | \$1,198,467        | 29.59%        | 6.51%            | \$5,215,527                    |               | 0.1362%                       | 0.0000%                           |
| 4 IMRF PENSION                   | 0.0192%                   | \$715,424.19             | \$713,980                    | (\$1,444)          | -0.20%        | 0.89%            | \$712,253                      |               | 0.0186%                       | 0.0000%                           |
| 5 SOCIAL SECURITY                | 0.0400%                   | \$1,490,467.05           | \$1,500,000                  | \$9,533            | 0.64%         | 1.86%            | \$1,489,604                    |               | 0.0389%                       | 0.0000%                           |
| 6 WORKING CASH                   | 0.0000%                   | \$0.00                   | \$0                          | \$0                | 0.00%         | 0.00%            | \$0                            |               | 0.0000%                       | 0.0500%                           |
| 7 HEALTH / LIFE SAFETY           | 0.0000%                   | \$0.00                   | \$0                          | \$0                | 0.00%         | 0.00%            | \$0                            |               | 0.0000%                       | 0.1000%                           |
| 8 SPECIAL EDUCATION              | 0.0234%                   | \$871,923.23             | \$914,647                    | \$42,724           | 4.90%         | 1.13%            | \$911,377                      |               | 0.0238%                       | 0.4000%                           |
| <b>9 TOTAL CAPPED FUNDS</b>      | 1.7848%                   | \$66,504,639.97          | <b>\$69,763,367</b>          | \$3,258,727        | <b>4.90%</b>  | 86.51%           | <b>\$69,310,608</b>            | <b>4.22%</b>  | 1.8100%                       |                                   |
| 10 DEBT SERVICE                  | 0.2942%                   | \$10,962,385.18          | \$10,879,784                 | (\$82,601)         | -0.75%        | 13.49%           | \$10,990,135                   |               | 0.2870%                       |                                   |
| 11 AGGREGATE REFUNDS             | 0.0056%                   | \$208,665.39             | \$0                          | \$0                | 0.00%         | 0.00%            | \$0                            |               | 0.0000%                       |                                   |
| <b>12 TOTAL NON-CAPPED FUNDS</b> | 0.2998%                   | \$11,171,050.57          | \$10,879,784                 | (\$82,601)         | <b>-0.74%</b> | 13.49%           | \$10,990,135                   | <b>-1.62%</b> | 2.1783%                       |                                   |
| <b>13 GRAND TOTAL</b>            | <b>2.0846%</b>            | <b>\$77,675,690.54</b>   | <b>\$80,643,151</b>          | <b>\$3,176,126</b> | <b>4.09%</b>  | 100.00%          | <b>\$80,300,743</b>            | <b>3.38%</b>  | 2.0970%                       |                                   |

(a) Public Act 94-976 established maximum tax rates for some funds by type of district; Transp., IMRF & Tort are not limited and Public Act 100-465 removed specific limit for Education Fund for school districts subject to PTELL

# Percent of YOY Change in December CPI-U since 2007



Last 10 yr Average CPI-U for this period is 2.8%

Last 5 yr Average CPI-U is 4.1%

PTELL "Tax Cap" = Max 5.0% Levy/Extension

# Tax Levy Process and Frequently Asked Questions

## 1. What is a Levy?

The amount of money a governmental entity (like public school district) certifies to be raised from property tax – the request.

## 2. What is an extension?

The process in which the County Clerk calculates the tax rate needed to raise the revenue (Levy) allowable by law and certified by each school district in the county. The total extension is the product of the district's total combined property value {referred to as equalized assessed valuation (EAV)} multiplied by its calculated tax rate and is equal to the total property tax billings on the district's behalf. The EAV is calculated by the township assessor but in simple terms they will calculate the most recent three year sales ratio across regional areas and apply the rate of change to other properties in that area. They also manage the various types of exemptions for each property and assist homeowners who may disagree with the assessment value of their property. In general, the goal is to provide a uniform and fair assessment that equates to the established county value for that type of property. This is then multiplied by what is called the county multiplier, assigned by the Illinois Dept. of Revenue to equalize all property values to achieve the overall 33% level for the county. Overall the total property within the county should reach 33% of the determined property value for property tax purposes. Historically the multiplier is typically closer to 1.0 but due to the unprecedented rate of foreclosure activity and downturn in the real estate market, it is not uncommon to see a negative multiplier for some areas recently. More information is available through contacting your local assessor for a more specific discussion about your property value or EAV.

Example: Home value of \$300,000 = (approximately) \$100,000 EAV

## 3. What is The Truth In Taxation Act?

Legislation approved and effective July 1981 provides procedures for Public Notice and Public Hearings on Tax Increases greater than 105% of the prior year's extension.

## 4. What is The Property Tax Extension Limitation Law?

The Property Tax Extension Limitation Law, commonly referred to as "TAX CAP" or "PTELL" limits the increase in property Tax Extensions to 5% or the Consumer Price Index (CPI), **whichever is less**, not counting new construction or Bond & Interest Obligations. Last year, the district tax extension (excluding debt service) was approved to collect \$59,315,444.54 in tax revenue. The CPI used for determining this year's levy will be capped at 5.0% percent. This means the district will be allowed to collect an additional \$2,965,772 plus whatever taxes are generated from new properties, including any expiring or closed Tax Increment Finance (TIF) properties or previously exempt properties.

## 5. How does the district determine its levy?

The annual budget expenditures for the education program and support services are projected to define the "need" for financial resources. The district then prepares an annual request (tax levy) and the board adopts that levy request by December each year after holding a public hearing. The law allows the district to make a prediction to request (levy) more taxes than they expect to collect, **because at the time of the levy in December, the new property EAV is unknown**. The actual new property value is not available until March when the County Clerk finalizes the tax extension and tax rate allowed under the Tax Cap.



## 6. Is it possible for your tax bill to increase even when your property value is declining?

Yes, the percent change in your property tax bill is not a 1 to 1 relationship with the percent change in your property value. In addition, other important factors also impact your tax bill:

- **Did your homeowner's exemption amount change from the prior year?**  
The recent decline of home values is generating a loss of the senior citizen assessed value freeze. This means that while they may have qualified for a protection from increases to their property tax bill during a good economy ...when the value of their homes declines below the "assessment freeze" level, so does their protection. Consequently, they will begin to see increases to their property tax bills. This can be quite troubling to those who are on fixed income during retirement.
- **Did another exemption possibly expire?**  
The change in ownership may result in the loss of a senior citizen exemption or the loss of a homestead improvement exemption that expires after four years.
- **What was the change in your taxable property value (EAV) as compared to other taxable properties in the community?**  
The rate of change in EAV for individual properties will cause a shift in the tax burden to other properties. If other property EAV's decreased by a larger percent than yours, your resulting EAV would represent a larger portion of the total EAV than it previously did. Therefore, you would be responsible for a larger portion of the taxes than you previously were. With thousands of taxable properties making up the total EAV, it is impossible to predict your tax bill simply based upon what happens to your individual property's EAV.

### Consider this simplified example:

**Year 1:** The school district needs taxes of \$10,000 to provide services to your children. Suppose there are only 2 taxable properties in the community, your home and a commercial bank. The taxable value (EAV) of your home is \$100,000 and the EAV of the bank property is \$700,000.

Your home represents 12.5% of the total EAV ( $\$100,000/\$800,000$ ), so your share of the tax bill is  $12.5\% \times \$10,000$  or **\$1,250.**

**Year 2 declining EAV:** The school district is limited by the Consumer Price Index (CPI) to an increase in property taxes of 0.70% or \$70, for a total tax extension of \$10,070. At the same time, your EAV decreases by 15% to \$85,000 and the bank EAV decreases by 30% to \$490,000.

Your home **now** represents 14.8% of the total EAV ( $\$85,000/\$575,000$ ), so your share of the tax bill is  $14.8\% \times \$10,070$  or **\$1,490.**

Therefore, even though your taxable EAV decreased, the bank's EAV decreased more, ***so your property now represents a larger proportion of the total tax base***, and a larger proportion of the tax burden. The recent increase in property assessment appeals combined with the number of foreclosed properties throughout the county has contributed to this actual trend.

**Year 2 Increasing EAV:** The school district is limited by the Consumer Price Index (CPI) to an increase in property taxes of 0.70% or \$70, for a total tax extension of \$10,070. However, had your EAV increased by 20% to \$120,000 and the bank's EAV by 30% to \$910,000, you would not have seen a 20% increase in your tax bill.

Your home now represents 11.7% of the total EAV (\$120,000/\$1,030,000), so your share of the tax bill is 11.7% x \$10,070 or **\$1,178.**

Even though your EAV increased, the bank's EAV increased more, ***so your property now represents a smaller proportion of the total tax base***, and therefore a smaller proportion of the tax burden.

### **7. Why would a District propose a levy which is higher than the limits of the Property Tax Extension Limitation Law?**

Because under the Property Tax Extension Limitation Law (PTELL) if you under levy, you can never recapture the lost revenues for the District. Also, at the time of the levy, a very important fact is unknown to the School District: ***the amount of new construction property that will be coming on to the tax base in the coming year. The assessment process timing does not align with our November/December levy cycle. The new property value is not determined until three months after the levy request.***

### **8. Why doesn't the School District lower its Levy?**

We would be penalized under the Tax Cap for future years as each year is limited by the year prior. The CPI in 2008 was an unprecedented 0.10% which severely limited property tax revenue and resulted in a funding shortfall for most school districts. At the time of the 2021 tax extension **we permanently lost access to \$15.8 million for education programs.** This is a permanent funding reduction of the annual property tax revenue for the district. Consequently, we have worked diligently to adjust the programs and services to live within the available fiscal resources and be diligent with any borrowing.

### **9. How have the District's financial matters been managed?**

During the period of 2003 through the year 2011 DuPage High School District 88 had maintained the highest designation of 4.0 on the Financial Profile rating with ISBE (Illinois State Board of Education) which is the equivalent of the "Recognition" rating. Unfortunately, this score declined during the downturn of the economy from 2012 to 2014, due to a combination of deficit spending and declining property values, to downgrade one level to the "Financial Review" rating. In addition, the District financial rating from Moody's Rating Service was downgraded to Aa1 from Aaa as of 2014. Some of this downgrade was simply due to the deteriorating State of Illinois financial condition. In addition, the combination of the low CPI of 2008 (explained above in paragraph 8) and the program demands for comprehensive services to the community outpacing available resources, were causing us to draw down financial reserves. The combination of a recovering economy and budgetary control have contributed to our return to "Recognition" status since the fiscal year 2015 and Moody's has affirmed in 2021 our financial rating of Aa1 and has stayed there since.

## 10. How does the District 88 tax rate compare to other districts?

The amount and type of property in a community does affect the homeowner tax bill. A community that has more successful commercial/industrial property will typically generate a total overall taxable EAV that is much greater. This balanced mix of properties helps distribute the tax burden throughout the community. The higher the combined property value the lower the tax rate.

$$\text{Tax Rate} = \frac{\text{Tax Extension}}{\text{Total EAV}}$$

|                      |          | <u>EAV Per Student (a)</u> | <u>Tax Rate-2023</u> |
|----------------------|----------|----------------------------|----------------------|
| Hinsdale Twp. HS D86 | =        | \$ 1,622,178               | \$1.7035             |
| Downers Grove HS D99 | =        | \$ 1,174,702               | \$1.9411             |
| Fenton HS D100       | =        | \$ 1,079,933               | \$2.0117             |
| Lake Park HS D108    | =        | \$ 1,025,821               | \$2.0581             |
| <b>DuPage HS D88</b> | <b>=</b> | <b>\$ 973,825</b>          | <b>\$2.0846</b>      |
| Glenbard Twp. HS D87 | =        | \$ 903,487                 | \$2.1976             |
| West Chicago HS D94  | =        | \$ 749,141                 | \$2.1468             |

(a) Calculated from ISBE Evidence Based Funding Enrollment and County tax extension reports