



November 25, 2024

TO: Mayor Patrick Ludvigsen and Members of the City Council

FROM: Cheri Grieco, Finance Director

SUBJECT: **Truth in Taxation Act and Proposed 2024 Property Tax Levies**

The Truth in Taxation Act requires that at least twenty (20) days prior to the passage of the tax levy ordinance, the City must estimate the amount of the tax levy. If the proposed aggregate amount of the levy is more than 105% of the amount of property taxes extended, or estimated to be extended, for the previous year, then the City must provide notice and hold a public hearing on their intention to adopt the tax levy. The hearing must take place prior to adoption of the tax levy. If a public hearing is required, notice must be provided no less than 7 days or no more than 14 days prior to the hearing. A certificate of compliance with the Truth in Taxation act must accompany the City's tax levy ordinance. The aggregate taxes to be levied for 2024 for the City of Prospect Heights do not exceed 105% of the amount of property taxes extended for 2023; therefore, the City is not required to publish a legal notice and hold a public hearing.

The City is subject to both the Property Tax Extension Limitation Law (PTELL), more commonly referred to as the "tax cap" law, and the Prior Year Equalized Assessed Valuation (EAV) Limitation Law. PTELL limits the increase in the City's tax extension from one year to the next to the lesser of 5% or the percent increase in the Consumer Price Index (CPI), with a provision that allows taxing districts to capture additional taxes from other factors affecting the tax base, such as new property. The Prior Year EAV Limitation Law (PYELL) states that the maximum amount the levy may be extended cannot exceed the statutory rate applied against the total of the prior year's EAV plus the current year's new construction.

The attached table compares the 2024 proposed levies with the 2023 tax levy extensions. In addition, the table provides a column that calculates the tax rates generated under the PTELL to confirm that none of the proposed tax levies exceed this limit. As such, the City's proposed tax levies for 2024, subject to the PTELL restriction, are in compliance.

The 2024 proposed tax levies are as follows:

City of Prospect Heights – This levy includes two components, Road Construction Debt and the Police Pension Fund.

- The proposed levy for Road Construction Debt Service reflects a decrease of 4.35% or \$58,552 due to a reduction in debt service requirements for G.O. Bond Series 2013 and 2020.

- The Police Pension proposed tax levy does not have a statutory rate limit and therefore it is not subject to the Prior Year EAV Limitation Law; however, it is subject to limitation under PTELL. For 2024, the proposed levy represents an increase of 4.97% or \$23,526.
- Overall, the City’s proposed tax levy represents a net decrease of 1.92% or \$35,026.

Special Service Area #6 – Lake Claire project area

- Reflects a decrease of 5.41% or \$12,424 related to reduced debt service requirement for G.O. Bond Series 2018.

Special Service Areas #5 & #8 - Storm water management for Willow/Palatine Roads and Levee 37 project area. Of special note, for SSA#8, after the result of an auto accident damaging the Levee wall, the City is working with the State and other possible grant funding agencies to minimize City costs, which are ultimately funded by the annual tax levy.

- Reflect increases of 4.99% and 4.95% totaling \$9,870 and is consistent with prior years.
- These Special Service Area levies are to cover the projected storm water management improvements, ongoing maintenance and administrative expenses.

<u>Summary of proposed tax levies</u>	<u>2024 Proposed</u>	<u>2023 Extended</u>
Road Construction debt	\$1,288,633	\$1,347,185
Police Pension Fund	\$496,750	\$473,224
SSA #5	\$34,175	\$32,550
SSA #6	\$217,323	\$229,747
SSA #8	<u>\$174,725</u>	<u>\$166,480</u>
Totals	\$2,211,606	\$2,220,841
Overall % decrease	-1.67%	

These proposed tax levies allow the City to capture revenue available from the increment gained from new property being added to the tax rolls and expiring incentives. In addition, the City could realize additional growth from the 3% loss and cost added on by the County, provided it does not exceed the limiting rate under the tax cap formula.

Below is the time frame for completion and filing of the 2024 tax levies, including compliance with the Truth in Taxation requirements.

Property Tax Levy Adoption Schedule

November 25, 2024	Preliminary tax levy estimates approved by City Council
November 25, 2024	First Reading Tax Levy Ordinances/Publish legal notice of public hearing
December 9, 2024	Approval of tax levy ordinances (Second Reading)
December 31, 2024	Deadline to file tax levy ordinances with Cook County Clerk

**CITY OF PROSPECT HEIGHTS
2024 TAX LEVY PROPOSAL**

Tax Agency	2023 Levy Request	Max Ceiling Allowable Tax Rate per \$100 EAV	Equalized Assessed Valuation (EAV)	2023 Extension	Final Tax Rate per \$100 EAV	2024 Proposed Tax Levy	Prior Year EAV Limiting Rate per \$100 EAV (1)	Projected Tax Rate per \$100 EAV (2)	Amount of Increase	Percent Increase/Decrease
Debt Service (Fund 41) Police Pension Tax	1,283,033 480,000 <u>1,763,033</u>	No Limit No Limit	529,334,333 529,334,333 529,334,333	1,347,185 473,224 1,820,409	0.2545% 0.0894% 0.344%	\$ 1,288,633 496,750 1,785,383		0.2556% 0.0967%	(58,552) 23,526 <u>(35,026)</u>	-4.35% (1) 4.97% (2) <u>-1.92%</u>
Special Service Area #5		0.1800	92,998,650	32,550	0.035%	34,175	0.0379	0.0379%	1,625	4.99% (2)
Special Service Area #8		No Limit	53,188,558	166,480	0.313%	174,725		0.3384%	8,245	4.95% (2)
Special Service Area #6 Debt Service (fund 46)		No Limit	20,660,712	229,747 <u>2,249,186</u>	1.112%	\$ 217,323 2,211,606		1.1045%	(12,424) <u>(37,580)</u>	-5.41% (1) <u>-1.67%</u>

actual DSR, not subject to PTELL, no limiting rate subject to PTELL

- (1) Debt service requirement for 2024
- (2) Estimate final to be 5\$ PTELL limit

ORDINANCE NO. O-24-24**AN ORDINANCE FOR THE LEVY AND ASSESSMENT OF 2024 TAXES FOR THE FISCAL YEAR BEGINNING MAY 1, 2024 AND ENDING APRIL 30, 2025 IN AND FOR THE CITY OF PROSPECT HEIGHTS POLICE PENSION FUND**

BE IT ORDAINED by the City Council of the City of Prospect Heights, Cook County, Illinois as follows:

Section 1. Findings.

The City of Prospect Heights Police Pension Fund has been created by Ordinance No. 0-90-34 entitled:

“AN ORDINANCE RELATING TO THE POLICE PENSION FUND FOR THE CITY OF PROSPECT HEIGHTS, ILLINOIS”

adopted August 20, 1990. Said Ordinance provides that the City Council shall annually levy a tax upon all the taxable property of the City at the rate on the dollar of all such taxable property which will produce an amount which, when added to the deductions from the salaries of wages of police officers, and revenues available from all other sources as hereinafter referred to, will equal a sufficient sum to meet the annual requirements of the Police Pension Fund. The annual requirements to be provided by such tax levy are equal to (1) the normal cost of the pension fund for the year involved, plus (2) the amount necessary to amortize the fund unfunded accrued liabilities pursuant to State statute.

Section 2. Levy.

A tax for the sum of Four Hundred Ninety-Six Thousand and Seven Hundred Fifty Dollars (\$496,750) be and the same is hereby levied for the purposes specified in Ordinance No. 0-90-34 against all taxable property in the City of Prospect Heights for the fiscal year commencing on the 1st day of May, 2024 and ending on the 30th day of April, 2025.

Section 3. Authority.

This tax is levied pursuant to Chapter 108-1/2, Illinois Compiled Statutes, Sec. 3-125 and pursuant to Ordinance 0-90-34, “An Ordinance Relating to the Police Pension Fund for the City of Prospect Heights, Illinois.”

Section 4. Filing.

There is hereby certified to the County Clerk of Cook County, Illinois the sum aforesaid, constituting the total amount the said City of Prospect Heights Police Pension Fund requires to be raised for the current fiscal year, and the City Clerk is hereby directed to file with the County Clerk of Cook County on or before the time required by law, a certified copy of this ordinance.

Section 5. This Ordinance shall be in full force and effect from and after its passage, approval and publication in pamphlet form as required by law.

PASSED and APPROVED this 9th of December 2024.

ATTEST:



CITY CLERK
Deputy



MAYOR

AYES: Cameron, Anderson, Morgan-Alams, Dash, Delick

NAYS: None

ABSENT: None



Ordinance No. O-24-24

Published in pamphlet form: December 9, 2024

Effective date: December 10, 2024