

Tax Levy Questions and Answers

What is the Tax Levy?

The tax levy is a request made by a taxing body (school districts, park districts, fire protection districts, etc.) for funds needed to operate the organization for one year. Each year, the taxing body creates a tax levy and has it approved by a governing board. In the case of Lyons Township High School District 204, the levy is prepared annually and approved by the School Board at the November and December Board meetings. For school districts, the levy consists of requested dollar amounts for each individual operating fund and in an aggregate amount. Upon approval by the Board, the levy is submitted to the Cook County Tax Extension Office where the requested amounts are calculated in to a tax rate. In its simplest form, the tax rate is then multiplied by each individual property value which then creates an amount owed to each taxing body on the property tax bill.

Why is my tax bill higher than last year?

The Cook County Assessor's Office determines the value of each home and a large increase in a tax bill is most often caused by an increase in the assessed valuation of an individual's home. Total LTHS tax revenues, on all existing properties have increased by the following percentages for each year over the last five years and are subject to the Property Tax Extension Limitation Law (PTELL) that limits the amount that can be added to a tax levy in any given year:

- ✓ 2018 – 2.1%
- ✓ 2019 – 1.9%
- ✓ 2020 – 2.3%
- ✓ 2021 – 1.4%
- ✓ 2022 – 5.0%

In most years, any increase above approximately 2.0 to 3.0 percent per year in the tax bill for a regular homeowner was most likely caused by the County Assessor recording an increase in a particular home's assessed valuation. In the 2023 Tax Year, the increase is expected to be 5% on all existing property due to inflation in the economy.

Why is the LTHS Tax Levy increasing more than the PTELL limit?

The levy increase is larger than the PTELL limit because of the new property growth, consists primarily of commercial/residential property (new construction) that is coming on the tax rolls in the current year. The levy must include the tax dollars that the new businesses are expected to pay when construction projects are finished and the new developments begin paying local property taxes. At the time of the Board's adoption of a Tax Levy, which occurs each December, the total value of the new developments has not yet been finalized, but the Board is required to anticipate new construction projects being finished and added to the tax rolls for the given tax year. This is the reason that the District will ask for a percentage increase above the capped amount set by the PTELL. Upon adding the value of the new property to the tax levy, the total levy can increase above the PTELL capped amount, but not on existing properties during that year.

Why do taxes have to go up at all?

School districts in Illinois, including Lyons Township HS District 204, use property taxes as a main source of funding. Educational program costs include staff salaries, building maintenance and upkeep, and any new equipment or supplies that are needed. Ensuring that educational opportunities are provided as cost efficiently as possible is an important role that the District fulfills.

Why are there differences in what taxpayers pay that live within the LTHS District?

LTHS has only one tax rate for all taxpayers within the District; however, an individual homeowner's tax bill will be different depending upon the many other taxing districts or government agencies that are allowed to levy property taxes. Cities, towns, and unincorporated areas can have major differences in the list of taxing districts on the tax bill. There are other differences such as the senior citizen's assessment freeze that may apply in

specific cases, as well. Additionally, within LTHS' District boundaries, there are communities where the homes are increasing or decreasing in value which has a direct effect on how much a property owner pays in property taxes.

What does the Tax Cap really do for taxpayers?

The Tax Cap or the PTELL as explained earlier, limits the increase in property tax revenues that school districts can collect to the same percentage as the national rate of inflation as published in December of any given year. The only exception is for property that is classified as New Property, which is primarily new construction as discussed earlier in this document. New Property is only added to the tax rolls after the newly constructed buildings or additions have been completed, as approved by previously issued building permits. LTHS collects more tax revenue when new construction projects are finished and the owners begin paying taxes. Otherwise, LTHS can only expect total tax revenues to increase by the national rate of inflation. In December of 2022 (the number that is used to set the limit for the 2023 tax year), the National rate of inflation was 6.5% but because of the PTELL upper limit, District 204 is capped at an increase to existing property of 5%.