

M E M O R A N D U M

TO: Mayor Prussing and Members of the Urbana City Council

FROM: City Comptroller

RE: Truth in Taxation Property Tax Resolution and Timetable  
For Passage of 2008 Tax Levy Payable in 2009

DATE: October 13, 2008

State Truth-in-Taxation Law requires that the City make a determination of the maximum amount that might be levied. If this amount is above a 5% increase, then notice must be given to the public on the City's intent to possibly adopt this levy and the City must hold a public hearing for comment.

The Cunningham Township Assessor has estimated that the assessed value of the City will increase 6.5%. However, new property added to the tax rolls will account for 3.6% of this amount, meaning current homeowners on average will pay 2.9% more to the City of Urbana in property tax. This total increase is made up of the following items:

- Net Increase to current homeowners + 2.9%
- Additions due to new construction/annexations + 3.6%
- Additions due to Carle (not received) + 2.4%

Because we cannot be certain of exactly how much our assessed value will increase, I have prepared the resolution with a 8.9% increase. Because this resolution only determines a ceiling or maximum amount, it is necessary to include this artificially high amount. This amount will allow the City to decide exactly what rate is desired when the Tax Levy Ordinance and Tax Levy Resolution are approved in November.

Also included in this amount are \$ that will be levied against Carle, which is being held in a special account for possible refund.

Last year's resolution was stated at a 12% increase but the final property tax levy increased 7.3% over 2006, with 3.9% due to new construction and annexations and a 3.4% inflation increase on current homeowners.

A suggested timetable for passage of the property tax levies follows:

- Committee 10/13, Truth in Taxation Resolution Presented
- Council 10/20, Truth in Taxation Resolution Approved  
(Resolution must be approved at least 20 days prior to tax levy ordinance approval)
- Public Hearing on Monday, 11/10 (public hearing can be anytime before tax levy is approved)
- Committee 11/10, Property Tax Levy Ordinance and Resolution Presented
- Council Meeting 11/17, Property Tax Levy Ordinances and Resolution approved
- Property Tax Levy Ordinance must be approved, signed and filed with County Clerk no later than Tuesday, December 9, 2008

Recommendation. Approval of the attached resolution.

RESOLUTION NO. 2008-10-021R

A RESOLUTION  
DETERMINING THE AMOUNTS OF MONEY  
NECESSARY TO BE RAISED BY THE TAX LEVY (2008)

WHEREAS, An Act to provide procedures for public notice and hearing on tax and levy increases, approved and effective July 29, 1981, and known and cited as "The Truth in Taxation Act" (35 ILCS 200/18-55 et seq.), as amended, (the "Act"), requires taxing districts, including the City of Urbana, to disclose by publication and hold a public hearing on their intention to adopt an aggregate levy in amounts more than 105% of the property taxes extended or estimated to be extended, including any amount abated by the taxing district prior to such extension, upon the levy of the preceding year; and

WHEREAS, section 4 of the Act requires the corporate authority of each taxing district, not less than twenty (20) days prior to the adoption of its aggregate levy (the "Levy"), to determine the amounts of money, exclusive of any portion of that Levy attributable to the cost of conducting any election required by the general election law ("Election Costs"), estimated to be necessary to be raised by taxation for that year upon the taxable property in its district; and

WHEREAS, if the estimate of the corporate authority required to be made as provided in section 4 of the Act is more than 105% of the amount extended or estimated to be extended, including any amount abated by the corporate authority prior to such extension, upon the levy of the preceding year, exclusive of Election Costs, section 6 of the Act requires the corporate authority to give public notice of and hold a public hearing on its intent to adopt a levy which is more than 105% of the extensions, including any amount abated, exclusive of Election Costs, for the preceding year.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

(a) That the amounts of money, exclusive of Election Costs, estimated and proposed to be raised by the Levy for the current year upon the taxable property in the City of Urbana is \$7,643,091.

(b) That the aggregate amount of property taxes for the City of Urbana, extended or estimated to be extended, including any amount abated by the corporate authority prior to such extension, upon the levy of the preceding year, exclusive of Election Costs, was \$7,018,761.

(c) That the amounts estimated and proposed for the current year Levy are hereby determined to be 108.9% of the amounts extended or estimated to be extended for the preceding year.

PASSED by the City Council this \_\_\_\_ day of \_\_\_\_\_, 2008.

AYES:

NAYS:

ABSTAINED:

\_\_\_\_\_  
Phyllis D. Clark, City Clerk

APPROVED by the Mayor this \_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
Laurel Lunt Prussing, Mayor

M E M O R A N D U M

TO: Mayor Prussing and Members of the Urbana City Council

FROM: City Comptroller

RE: Property Tax Levy

DATE: October 13, 2008

Some additional important points concerning the property tax levy are:

- The public hearing on the property tax levy will be at 7:00 pm on Monday, November 10. This levy would mean a homeowner would pay 2.9% more than last year (an additional \$19 on a \$150,000 home).
- This levy will also capture property tax on new development. It is highly appropriate to capture this increase since additional costs and service demands are placed on Urbana from this new development.
- Over the last 10 years, the City has reduced the rate from \$1.39 to \$1.29. This has saved the owner of the \$150,000 home \$1,450 in taxes paid to the City over this 10 year period.
- The average rate of 5 other central Illinois cities (Bloomington, Normal, Decatur, Danville, & Rantoul) shows that Urbana is below their average city tax rate of 1.45.
- The City's ability to affect the total amount of property taxes a homeowner pays is limited in that the City only accounts for 15% of the total property tax bill (School District is 53%).
- Over the last 10 years, the overall tax rate paid by Urbana homeowners has decreased from \$9.10 to \$8.12. This has saved the owner of the \$150,000 home \$4,730 in total taxes paid during this time. This reduction has been accomplished even as the County has been required to increase their rate 9% during this same time frame. (voters approved 6 referendums during this time: 1995 for new jail, 1997 for countywide

public health district, 2002 for bonds and operating costs for nursing home, and 2004 for development disabilities board).

- Given cost increases in fuel, construction supplies, employee pension costs (especially given the current stock market), health insurance and the general recession in the economy, I believe Urbana as well as Champaign and other similar cities will have some very difficult financial decisions in the near future. Therefore, I believe asking homeowners to pay an additional 2.9% to the City is not too much.
- The City was required to borrow \$1.6 million from Meijers to construct infrastructure connected to this project. We are required to repay this amount back to Meijers over the next 3 years. Therefore the City will realize only a small increase in sales tax from the Meijer's store for the next 3 years.
- It is uncertain when the Menard's project will begin. However, the City will be required to borrow \$5 million to construct infrastructure connected to this project as well.
- The City has identified a number of areas in which there is a need to increase funding: Some of these are:
  1. Amounts contributed to the Capital Improvements Fund to keep up with repair of current roads and sewers (not including significant downtown improvements). This fund is especially hurt since the state Motor Fuel Tax is decreasing and construction costs are increasing over 10% annually.
  2. The amount in the City's reserve funds (savings for emergencies) has slipped to approximately \$1.5 million from \$4 million, 5 years ago.
  3. additional public safety officers, possible relocation of fire substation and the related costs, certain programs and incentives for historic and neighborhood preservation, costs for a public arts program, and improvements for bicycling, are additional areas that the Council has indicated they would like to increase future funding.

CITY OF URBANA  
2008 LEVY INFORMATION

	2008 CURRENT AMOUNT	2007 LAST YR. AMOUNT	2006 2 YRS AGO AMOUNT	% CHANGE	
				1 YR.	2 YRS.
GENERAL	\$ 2,056,699	\$ 1,826,955	\$ 1,697,554	12.6%	7.6%
Less Carle/Overlevy	(598,000)	(401,671)	(385,734)		
Net GENERAL	\$ 1,458,699	\$ 1,425,284	\$ 1,311,820	2.3%	8.6%
PENSIONS	\$ 2,770,920	\$ 2,558,686	\$ 2,408,660	8.3%	6.2%
LIBRARY	\$ 2,815,472	\$ 2,633,120	\$ 2,438,310	6.9%	8.0%
TOTAL Levied	\$ 7,643,091	\$ 7,018,761	\$ 6,544,524	8.9%	7.2%
Less Carle/Overlevy	(598,000)	(401,671)	(385,734)		
Net Levy Received	\$ 7,045,091	\$ 6,617,090	\$ 6,158,790	6.5%	7.4%
CITY TAX RATE/300\$ A/V	1.2942	1.2942	1.2942		
EQUALIZED ASSESSED VALUE	\$ 577,575,286	\$ 542,324,212	\$ 505,675,988	6.5%	7.2%
% INCR. ASSESSED VALUE DUE NEW CONSTRUCTION	3.60%	3.30%	3.05%		
% INCR. A/V CURRENT PROP.	2.90%	3.90%	4.75%		
\$150,000 HOMEOWNER PAYS TO CITY	\$ 669	\$ 650	\$ 626	2.9%	3.9%
OVERALL TAX RATE FOR URBANA HOMEOWNER	UNKNOWN	8.1149	8.2092		
CHAMPAIGN:					
CITY TAX RATE	1.2942	1.2942	1.2659		
OVERALL TAX RATE	UNKNOWN	7.2430	7.3491		
ASSESSED VALUE	UNKNOWN	\$ 1,324,600,432	\$ 1,190,820,008	n/a	11.2%