

MEMORANDUM

TO: Mayor Prussing and Members of the Urbana City Council

FROM: Interim City Comptroller

RE: Truth in Taxation Property Tax Resolution and Timetable
For Passage of 2013 Property Tax Levy Payable in 2014

DATE: October 9, 2013

The first step in the property tax levy process is approval of the attached resolution which determines the maximum amount that might be levied. If this amount is above a 5% increase over last year, then a public notice and public hearing is required. The amount of the levy is determined by the amount of taxable EAV and the tax levy rate. I don't anticipate that the 2013 levy payable in 2014 will be more than 105% of the 2012 tax extension payable in 2013.

Growth in property values

The preliminary 2013 EAV from the Cunningham County Assessor is approximately \$598.8 million. In order to compare an estimate of the change in property values from 2012 to 2013 we need to remove new construction added since last year of approximately \$23.2 million. If we remove this amount and an estimate of possible, successful assessment appeals of approximately \$5 million, provides an estimated value of \$570.6 million for 2013. Based on this, I anticipate growth in property values will be approximately 0.3%. This compares favorably, albeit modestly, to the decline in values from 2011 to 2012 of -1.5%, and the decline from 2010 to 2011 of -1.9%.

Taxable EAV and determination of levy

The new construction of approximately \$23.2 million will be taxable in 2013 in the City levy except for the \$17.3 million Carle new construction and the \$1.1 million TIF new construction. The approved 2013-14 budget includes a property tax levy of \$7,346,938 (Fiscal Year Annual Budget p.17). The calculation below anticipates the final EAV based on certain assumptions. In particular, Carle remains tax-exempt including its new construction, Presence files for tax exemption before taxes are extended, TIF III expires and a certain amount of assessment appeals are approved. These adjustments produce a taxable EAV of \$524.5M. Based on the current rate of 1.355, the anticipated levy would be \$7,107,286 which is less than the \$7.3 budgeted as illustrated in the table below.

2013 - Preliminary EAV	<u>598,814,409</u>	<u>8,113,935</u>
less 2012 Carle	(60,000,000)	(813,000)
less new Carle	(17,294,540)	(234,341)
less new TIF	(1,114,370)	(15,100)
add TIF III	23,150,755	313,693
less Presence TIF III	(14,033,280)	(190,151)
<u>less est. appeals</u>	<u>(5,000,000)</u>	<u>(67,750)</u>
	<u>524,522,974</u>	<u>7,107,286</u>
	Tax Levy Rate =	1.3550

Truth in Taxation Resolution

Because we cannot be certain of the final EAV, I have prepared the Truth-In-Taxation Resolution using the budgeted levy of \$7,346,938. This resolution is usually passed in October. Because this resolution only determines a ceiling or maximum dollar amount, it is necessary to include the full budgeted amount. This will allow the City to levy up to this amount given fluctuations in the EAV while freezing the rate if it so choose. In order to levy the full budgeted amount using the current 1.355 rate, an EAV of \$542.2 million rate would be required, which leaves plenty of room in the EAV to levy up to the limit in the Truth-In-Taxation resolution. The impact from any change in EAV will be in the final levy for the General Fund however, as the 3 other levies are fixed as shown in the table below.

<u>Funds</u>	<u>Budgeted Levy</u>	<u>Anticipated Levy</u>	<u>Change</u>
General	923,680	684,028	(239,652)
Fire Pension	1,312,841	1,312,841	-
Police Pension	2,044,255	2,044,255	-
Library	<u>3,066,162</u>	<u>3,066,162</u>	<u>-</u>
	7,346,938	7,107,286	(239,652)

What if Presence does not become tax exempt

A possible modification to this levy would be if Presence was to not submit for tax exemption in time. Then, EAV attributable to Presence would be included in the City levy and property tax receipts attributable to Presence would be held in escrow when received.

	<u>EAV</u>	<u>Levy</u>	<u>Levy Change</u>
2013 - Preliminary EAV	598,814,409	8,113,935	-
less 2012 Carle	(60,000,000)	(813,000)	-
less Carle new construction	(17,294,540)	(234,341)	-
less TIF new construction	(1,114,370)	(15,100)	-
add TIF III	23,150,755	313,693	-
less Presence TIF III	-	-	190,151
less est. appeals	(5,000,000)	(67,750)	-
	<u>538,556,254</u>	<u>7,297,437</u>	<u>190,151</u>
	Tax Levy Rate =	1.3550	

The levy of \$7,297,437 would still be less than the budgeted amount, and the net levy received by the City would still be \$7,107,286 after putting aside the \$190,191 for Presence.

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

- Committee 10/14, Truth in Taxation Resolution Presented
- Council 10/21, Truth in Taxation Resolution Approved (Resolution must be approved at least 20 days prior to tax levy ordinance approval)
- No notice of Hearing is required this year. If required, must be published in newspaper no less than 7 days or more than 14 days from hearing
- No Public Hearing required this year. If required, public hearing can be anytime before tax levy is approved
- Committee 11/12, Property Tax Levy Ordinance and Resolution Presented
- Council Meeting 11/18, Property Tax Levy Ordinances approved
- Property Tax Levy Ordinance must be approved, signed and filed with County Clerk no later than Tuesday, December 3, 2013

Recommendation: Approval of the attached resolution.

RESOLUTION NO. 2013-10-053R

A RESOLUTION
DETERMINING THE AMOUNTS OF MONEY
NECESSARY TO BE RAISED BY THE TAX LEVY (2013)

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 \$7,348,932.

(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 \$7,710,521.

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

PASSED by the City Council this ____ day of _____, 2013.

AYES:

NAYS:

ABSTAINED:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this ____ day of _____, 2013.

Laurel Lunt Prussing, Mayor