

MEMORANDUM

TO: Mayor Prussing and Members of the Urbana City Council

FROM: Interim Comptroller

RE: Property Tax Levy

DATE: November 7, 2013

Attached for your consideration is the 2013 property tax levy ordinance for the City of Urbana. This ordinance must be filed with the County Clerk no later than the last Tuesday in December. Thus, this will be on the City Council agenda for approval November 18th.

The attached levy ordinance has been prepared in order to levy the amount approved in the FY2013-14 budget. As there are three factors that affect the total levy, (i.e., assessed value, tax rate and total levy) only the tax rate or the levy amount can be determined in advance by the taxing district, not the final assessed value to be taxed. Thus this resolution is written to establish the levy amount in advance in order to maintain the ability to levy up to that amount once the total assessed value is determined. As in 2012 once the final assessed value is known the city may then pass a subsequent resolution in order to establish the levy based on a certain rate. This must be done and filed with the County Clerk prior to the levy being extended by the County Clerk in April. Some additional important points concerning the property tax levy are:

- Continuing the tax levy rate from the prior year would mean a homeowner would pay on average the same amount to the City of Urbana as paid last year. On a home worth \$150,000 this is \$596.
- Based on information provided by the Township Assessor, I estimate that the change in the total assessed value will be near zero percent. Last year total assessed value decreased 2.7%.
- In 2013 the Carle Foundation paid no property taxes since filing an exemption. Their total Equalized Assessed Value (EAV) should be removed from the tax rolls related to this levy. That amount is expected to be approximately \$60 million. This does not include approximately \$17 million in new construction that would have been added to total EAV for the new levy. If the Carle EAV were taxable, and the rate of 1.355 were applied to the total Carle EAV of \$77 million, this would generate an additional \$1,043,350 levy, which is now lost to the City due to Carle's tax exemption.

- In 2013 TIF District 3 expired. Total EAV for this TIF is approximately \$23 million. Presence is approximately \$14 million of that total. If Presence files for tax exemption only \$9 million of new EAV will be added to the total EAV to be taxed.
- If the tax rate stays the same at \$1.355 and the EA/V remains flat, then after adjusting for the loss of Carle, the addition of TIF 3 reduced by the tax exemption of Presence, and the addition of new construction and any assessment appeals, the final impact on the property tax levy is expected to be \$600,000 less than the levy last year, or a levy of about \$7.1 million.
- For an EAV of \$524 million a 0.01 change in the levy rate (e.g., from 1.355 to 1.365) equals \$52,400 in the property tax levy, or \$4.40 on a home valued at \$150,000.
- The attached ordinance would initially be used to determine the preliminary tax rate for extension purposes. A levy of \$7.3 million, as provided for in the City budget, applied to an EAV of \$524 million would generate a preliminary tax rate of around 1.400. This rate would be abated with a subsequent resolution to the County Clerk setting the rate at 1.355, from which the final levy would be determined.
- From 2000 to 2010, the City was able to reduce the rate from \$1.54 to \$1.29. This has saved the owner of the \$150,000 home \$1,320 in taxes paid to the City over this 11 year period.
- The City of Urbana's tax rate of 1.355 is approximately in the middle of tax rates of other central Illinois cities (Bloomington 1.31, Normal 1.20, Decatur 1.29, Rantoul 1.30, Champaign 1.315, Urbana 1.355, Peoria 1.41, Moline 2.03 and Danville 2.06 (pending)).
- 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 52%).

ORDINANCE NO. 2013-11-104

ANNUAL TAX LEVY ORDINANCE
OF THE CITY OF URBANA, ILLINOIS FOR THE YEAR
BEGINNING JULY 1, 2013 AND ENDING JUNE 30, 2014

WHEREAS, the Corporate Authorities of the City of Urbana, Illinois, pursuant to an ordinance previously adopted authorizing the same, did, on the 18th day of June, 2012, that date being before the beginning of the fiscal year of the city commencing on July 1, 2013, and ending on June 30, 2014, adopt the Annual Budget Ordinance for the city for such fiscal year; and

WHEREAS, pursuant to Sections 8-2-9.1 et seq. of the Illinois Municipal Code (65 ILCS 5/8-2-9.1 et seq.) and home rule ordinances previously adopted authorizing the same (Code of Ordinances, City of Urbana, Illinois, Sections 2-113 and 2-132), such passage of the Annual Budget Ordinance by the Corporate Authorities shall be in lieu of passage of the Annual Appropriation Ordinance otherwise required by the Illinois Municipal Code.

NOW, THEREFORE, BE IT ORDAINED BY THE CORPORATE AUTHORITIES OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. That the total maximum amount of appropriations for all corporate purposes, which are legally made to be collected from the tax levy of the current fiscal year of the City of Urbana, is hereby ascertained to be the sum of Seven Million, Three Hundred Forty Six Thousand, Nine Hundred Thirty Eight Dollars (\$7,346,938).

Section 2. That the sum of \$7,346,938 being the total of budgeted appropriations heretofore legally made which are to be collected from the tax levy of the current fiscal year of the City of Urbana, Illinois, for all corporate purposes of said City of Urbana, Illinois, is hereby levied upon all of the taxable property in the City of Urbana, Illinois, subject to taxation for the current year.

The specific amounts as levied for the various funds heretofore named are separately included herein by being placed in separate columns under the heading "To Be Raised by Tax Levy" which appears over the same, the tax so levied being for the current fiscal year of the City of Urbana and for the said budgeted appropriation to be collected from said tax levy, the total of which has been ascertained as aforesaid and being as follows:

	Budget Appropriations	To Be Raised By Tax Levy
<u>GENERAL CORPORATE FUND</u>		
For General Corporate Fund Expenditures for personnel - Police Department	923,680	923,680
<u>POLICEMEN'S PENSION FUND</u>		
For State Mandated Pension Requirements	2,044,255	2,044,255
<u>FIREMEN'S PENSION FUND</u>		
For State Mandated Pension Requirements	1,312,841	1,312,841
<u>URBANA FREE LIBRARY TRUST FUND</u>		
For Urbana Free Library Expenditures as Determined by Library Board		
CENTRAL COSTS - CONTRACTUAL	505,935	505,935
ADMINISTRATION - WAGES	369,163	369,163
ADULT DEPARTMENT:		
Books and Materials	280,793	280,793
Wages	<u>378,323</u>	<u>378,323</u>
SUBTOTAL - ADULT	659,116	659,116
CHILDREN'S DEPARTMENT		
Books and Materials	78,074	78,074
Wages	<u>336,709</u>	<u>336,709</u>
SUBTOTAL - CHILDREN'S	414,783	414,783
ARCHIVES DEPARTMENT		
Books and Materials	25,136	25,136
Wages	<u>246,312</u>	246,312
SUBTOTAL - ARCHIVES	271,448	271,448
ACQUISITIONS DEPARTMENT - WAGES	246,397	246,397
CIRCULATION DEPARTMENT - WAGES	599,320	599,320
TOTAL - LIBRARY	3,066,162	3,066,162
<u>TOTAL LEVY</u>	<u>7,346,938</u>	<u>7,346,938</u>

Section 3. This Annual Tax Levy Ordinance is adopted pursuant to the procedures set forth in the Illinois Municipal Code; provided, however, that any tax rate limitation or any other substantive limitations as to tax levies in the Illinois Municipal Code in conflict with this ordinance shall not be applicable to this ordinance pursuant to Section 6 of Article VII of the Constitution of the State of Illinois.

Section 4. That there is hereby certified to the County Clerk of Champaign County, Illinois, the several sums aforesaid, Seven Million, Three Hundred Forty Six Thousand, Nine Hundred Thirty Eight Dollars (\$7,346,938), constituting said total amount of which said total amount the City of Urbana requires to be raised by taxation for the current fiscal year of the City. The City Clerk of the City of Urbana is hereby ordered and directed to file with the County Clerk of Champaign County on or before the time required by law, a certified copy of this ordinance.

Section 5. If any provisions of this ordinance or the application of such provisions to any circumstances is held invalid for any reason whatsoever, the remainder of this ordinance or the application of the provisions to other circumstances shall not be affected hereby.

Section 6. This ordinance shall take effect and be in full force and effect immediately on and after its passage and approval.

This ordinance is hereby passed by the affirmative vote, the "ayes" and "nays" being called, of a majority of the corporate authorities of the City of Urbana, Illinois, at a regular meeting of said authorities.

PASSED by the corporate authorities this ____ day of _____, 2013.

AYES:

NAYS:

ABSTAINED:

Phyllis D. Clark, City Clerk

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

Laurel Lunt Prussing, Mayor

TRUTH IN TAXATION CERTIFICATE OF COMPLIANCE

I, the undersigned, hereby certify that I am the presiding officer of the City of Urbana, IL (Legal Name of the Taxing District), and as such presiding officer I certify that the levy ordinance, a copy of which is attached, was adopted pursuant to, and in all respects in compliance with the provisions of Section 18-60 through 18-85 of the "Truth in Taxation" law.

Check One of the Choices Below:

- 1) The taxing district's aggregate levy did exceed a 5% increase over the prior year's extension. Therefore, the district published a notice in the newspaper and conducted a hearing, meeting the requirements of the "Truth in Taxation Law".
- 2) The taxing district's aggregate levy did not exceed a 5% increase over the prior year's extension. Therefore, a notice and a hearing were not necessary.
- 3) The *proposed* Aggregate levy did not exceed a 5% increase over the prior year's extension. Therefore, a hearing was not held. The *adopted* aggregate tax levy exceeded 5% of the prior year's extension and a notice was published within 15 days of its adoption in accordance with the "Truth in Taxation Law".
- 4) The adopted levy exceeded the amount stated in the published notice. A second notice was published within 15 days of the adoption in accordance with the "Truth in Taxation Law".

Date _____

Presiding Officer _____

Comptroller _____