

2021 Property Tax Levy



Property Tax Basics

- Assessments –
 - Properties assessed at 1/3 of fair market value
 - This is the equalized assessed valuation (EAV)
- Exemptions –
 - Reduce taxing value
 - Most common is the \$6,000 exemption for owner-occupied properties
- Taxing Value –
 - EAV less exemptions is the taxing value – the basis for calculating the property tax bill

Property Tax Basics

Example –

1. A \$150,000 home is assessed at 1/3 of market value, or \$50,000
2. If this home is owner-occupied, the owner-occupied exemption reduces the taxing value by \$6,000 to \$44,000
3. \$44,000 is the amount used to calculate the owner's property tax bill

Property Tax Basics

- Each taxing district (City, School District, Park District, etc.) levies their own taxes
- The County calculates the total tax rate for a particular property by adding tax rates for all of the individual taxing districts applicable to that property
- For most properties in Urbana, the City's property taxes are about 13% of the total
- Taxes levied in 2021 will be received in CY2022

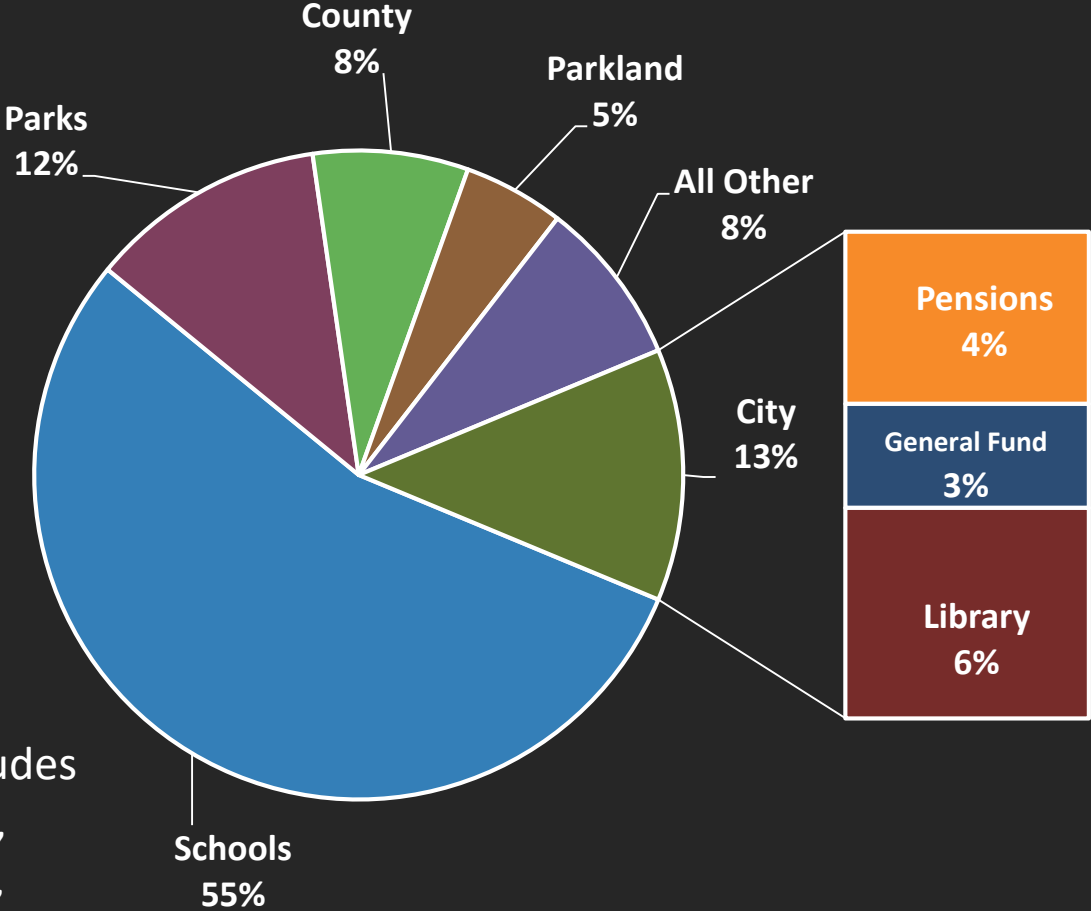
Estimating Taxing Value

- Assessments are not finalized at the time we levy taxes
- When the final levy is approved, a separate Ordinance will limit the rate to \$1.3499
- Final levy extension won't be known until spring and the corporate levy will be reduced to maintain the tax rate, reducing General Fund revenue

Pension Funding

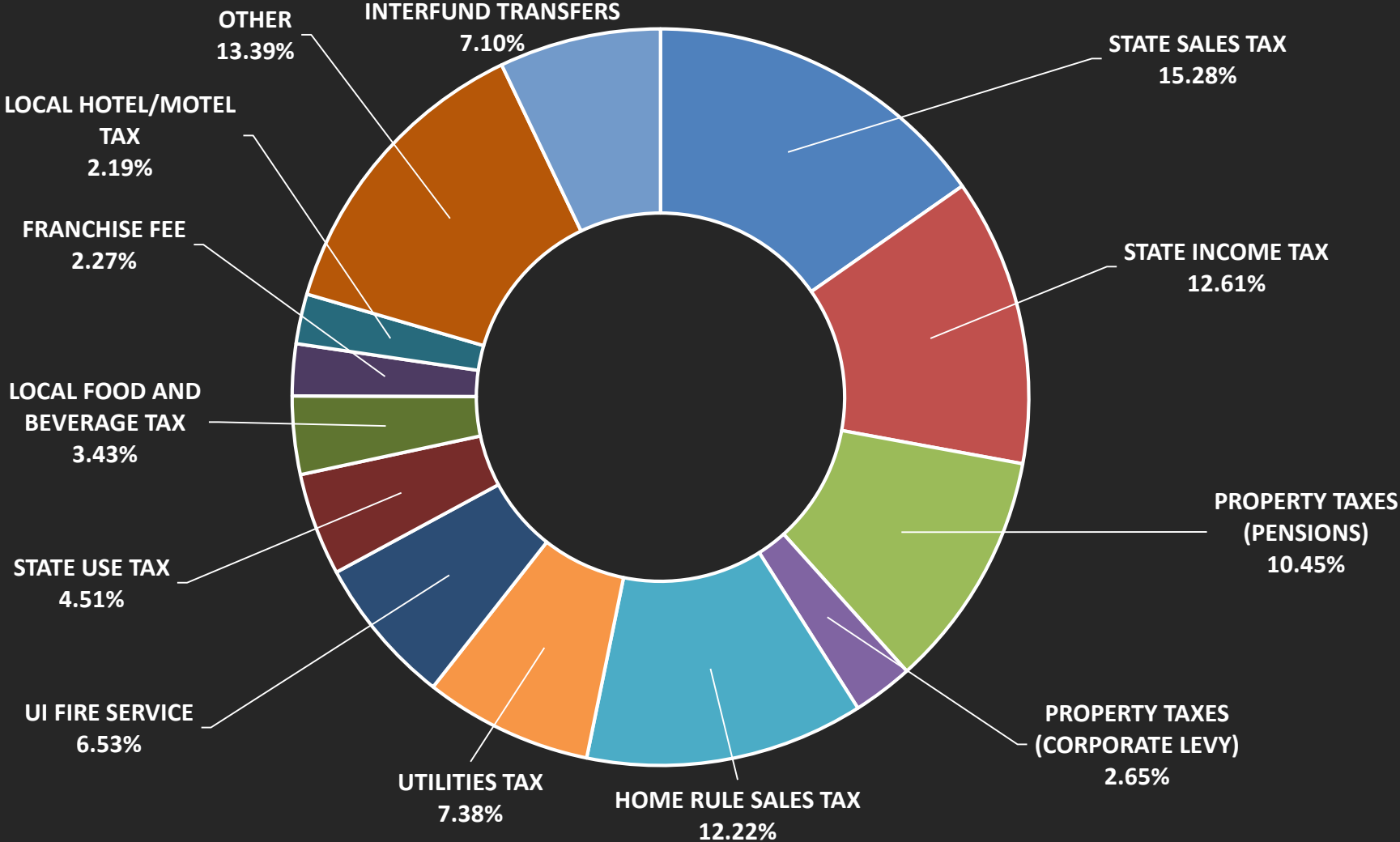
- Police and fire pensions are defined benefit plans – benefits are set by State statute
- Current funding policy is 100% funding in 20 years, beginning with the 2018 tax levy (includes a transition period)
- Failing to address pension liabilities is a slippery slope, which would lead to larger liabilities in the future

2020 Property Taxes

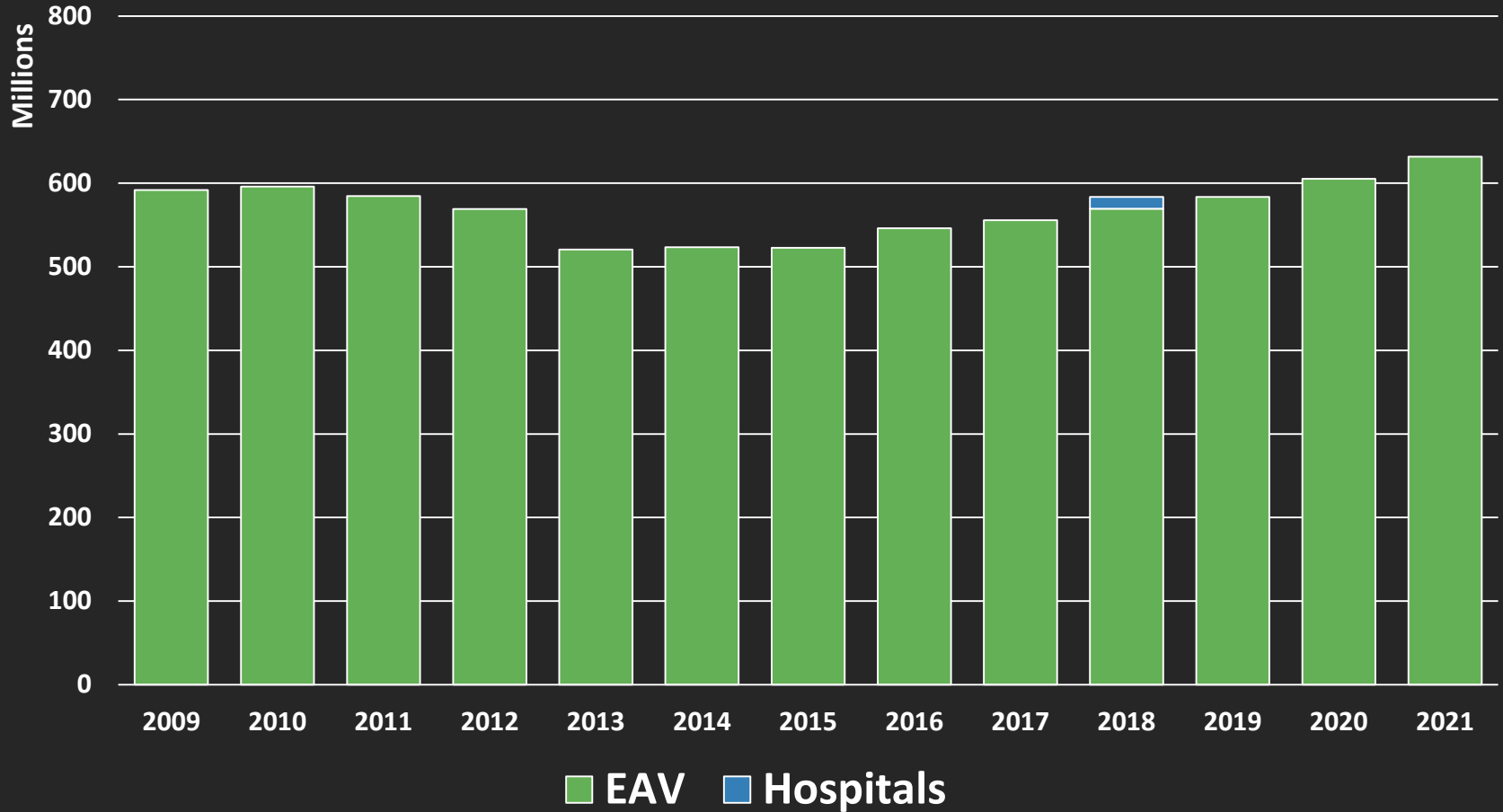


“All Other” includes Forest Preserve, Township, MTD, Public Health

General Fund Major Revenue Sources



Assessed Value



City Taxes Paid by Homeowners

Property Value	City Taxes at \$1.3499 Rate
\$100,000	\$369
\$150,000	\$594
\$200,000	\$819
\$250,000	\$1,044

City of Urbana Tax Levy

- Mayor Marlin recommends maintaining current \$1.3499 tax rate
- The City levies taxes for four purposes –
 - Police Pensions
 - Firefighter Pensions
 - Library Operations
 - “Corporate Purposes” – this is the part that goes to the General Operating Fund to pay for basic City services, such as police protection

Library Tax Levy

- The Library is very dependent on property tax revenue, which makes up the vast majority of their revenue
 - The proposed levy of \$3,704,000 for the Library is based on the budget reviewed by the City Council for FY2022
 - This will provide revenue necessary to support that budget
 - This is an increase of about 5.4% from the current tax levy

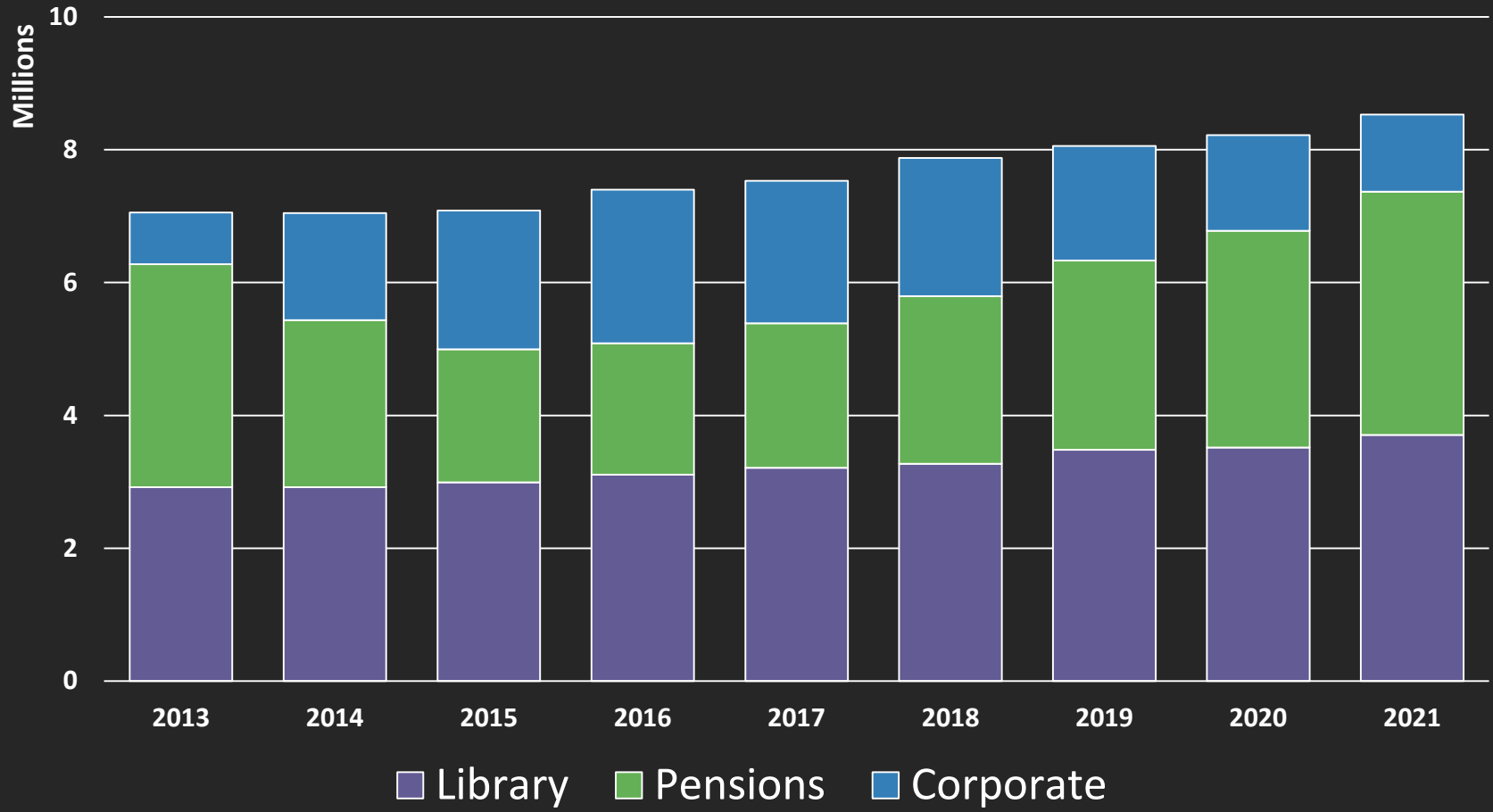
Police & Firefighter Pensions

- Police & Firefighter pensions are the next largest share of the levy at \$3,664,407
- Based on funding policy approved by City Council in May 2018
 - Our goal is 100% funded in 20 years
 - This year is 4th year of a 5-year transition
This is about \$400,000 increase (12.3%) from the 2020 tax levy, which was expected based on the transition plan

“Corporate” Levy

- This portion of the tax levy pays for General Fund expenditures, such as public safety and public works
- This is the portion of the levy that is adjusted to maintain a stable tax rate
- Based on maintaining the same tax rate, this portion will decrease by about \$230 - \$319K
- A decrease was anticipated in light of increased pension funding, and modest growth in property values

City Tax Levy



Completing the Tax Levy Process

- Adopt the Estimated Levy next week
- Public Hearing not required, based on increase of less than 5%
- Final Tax levy to Council on December 13
 - Tax Levy Ordinance
 - Abatement (reduction of levy) for bonds
 - Abatement of corporate levy to achieve targeted tax rate of \$1.3499

