

PRELIMINARY ESTIMATE 2018 PROPERTY TAX LEVY

City of St Charles

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2018 Tax Levy – Setting of Preliminary Estimate

- City has to estimate and approve preliminary estimate for levy annually
- First step in process
- Does not obligate an amount of the levy
- Acts as a guide for Notice of the Public Hearing published in the newspaper

Steps in the Levy Process:

- Preliminary Estimate (Nov)
- Public Hearing (Dec)
- Levy Ordinance (Dec)
- Debt Abatements (Jan, 2019)
- Levy Finalized (Mar/Apr, 2019)



City has kept tax Operations Levy frozen at \$12,055,117.

- 9 Consecutive Years dating back to 2009
 - If increased by CPI annually over that time, 2018 levy would equate to \$14.137 million.

Recent real estate market conditions allow for consistent tax rate while providing more property tax revenue to the City.

- Recent increases in EAV
 - 2015 1.83%
 - 2016 3.55%
 - 2017 3.94%
 - 2018 (est) 4.00%



City of St Charles
2018 Property Tax Levy
Comparison of Estimated 2018 and 2017 Tax Levies
October, 2018

	<u>As Proposed 2018</u>	<u>Actual 2017</u>	
Equalized Assessed Valuation	<u>\$ 1,481,410,374</u>	<u>\$ 1,424,433,052</u>	(1)
Change in EAV	<u>4.00%</u>		
Proposed property tax levy consists of:			
Operations:	\$ 12,537,176	\$ 12,055,117	
Debt Service:	<u>\$ 8,322,432</u>	<u>\$ 7,443,787</u>	(2)
Total Proposed Tax Levy	<u>\$ 20,859,608</u>	<u>\$ 19,498,904</u>	
Change In Levy Amounts	<u>6.98%</u>		
Operations Rate based on EAV	<u>\$ 0.84630</u>	<u>\$ 0.84631</u>	

(1) 2018 Amounts are estimated. Does not Include TIF Increment Values

(2) - Note that the City traditionally abates all debt service levies for General Obligation Bonds outstanding. These amounts are paid from general City revenue streams. These amounts were abated for the 2017 tax levy but are included for comparison purposes. It is anticipated that these amounts will be abated as part of the 2018 levy.

Estimate as proposed would provide \$482,059 of additional property tax revenue while keeping tax rate the same:

	As Proposed 2018	Actual 2017	Change
Equalized Assessed Valuation	<u>\$1,481,410,374</u>	<u>\$ 1,424,433,052</u>	<u>\$ 56,977,322</u>
Change in EAV	<u>4.00%</u>		
Proposed Operating Levy	<u>\$ 12,537,176</u>	<u>\$ 12,055,117</u>	<u>\$ 482,059</u>
Change In Levy Amounts	<u>4.00%</u>		
City Property Tax Rate	<u>\$ 0.84630</u>	<u>\$ 0.84631</u>	<u>\$ (0.00001)</u>

Amounts based on assumed 4% growth in EAV. If actual EAV growth differs from 4%, amounts will change but the concept is the same. The City Council has the ability to adjust the dollar amount of the levy so that the dollar amount of the levy increase equals the percentage change in EAV. This would produce a consistent tax rate with the 2017 levy.

Change would increase property tax bill for a resident

- City Tax Rate remains the same but amount paid for City portion of bill fluctuates with change in EAV
- Consider this hypothetical property with a market value of \$300,000:

Levy Year	2018	2017	Change	Percentage
City Tax Rate (per \$100 EAV)	\$ 0.8463	\$ 0.8463	\$ (0.00)	0%
City Taxes for property	\$ 880.15	\$ 846.31	\$ 33.84	4.00%
EAV of Property	\$ 104,000	\$ 100,000	\$ 4,000	4.00%

In this example the City Tax Rate remains the same but overall City property tax revenue increases by \$482,059 (4%)

The concept works no matter the actual change in EAV.

Consider this example with a 3.50% increase:

Levy Year	2018	2017	Change	Percentage
City Tax Rate (per \$100 EAV)	\$ 0.8463	\$ 0.8463	\$ (0.00)	0%
City Taxes for property	\$ 875.92	\$ 846.31	\$ 29.61	3.50%
EAV of Property	\$ 103,500	\$ 100,000	\$ 3,500	3.50%

In this example, the City's property tax revenue would increase to \$12,476,901 (\$421,784 or 3.50%) as compared to \$12,537,176 in the 4% increase example.

We would have the ability to adjust the amount of the levy to produce the same City tax rate until the levy is finalized in spring 2019.

Next Steps in Tax Levy Process:

- Public Hearing on Tax Levy
- Consideration of Ordinance
- Debt Abatement
- Finalization of Levy

Summary:

- ◎ Seeking approval of the Preliminary Estimate of the Levy Year 2018 Tax Levy for the City of St Charles \$20,859,608
 - Sets the amount for the publication notice for Public Hearing in December
 - Need to publish week of November 19
 - Does not obligate a specific levy amount
- ◎ Seeking feedback on the concept of keeping a consistent tax rate of \$0.8463 for the 2018 levy.