

**AGENDA ITEM EXECUTIVE SUMMARY**

Agenda Item number: IA

Title:

Recommendation to Approve the Preliminary Estimate of 2019 Property Tax Levy in the amount of \$22,856,667

Presenter:

Chris Minick, Finance Director

Meeting: City Council

Date: November 4, 2019

Proposed Cost: \$-0-

Budgeted Amount: \$ N/A

Not Budgeted: **Executive Summary** *(if not budgeted please explain):*

The City needs to prepare a preliminary estimate of property tax revenue each year. The estimate should be announced at a public meeting and passed by the Corporate Authorities. State statutes further require a public hearing regarding the property tax levy. Staff will make a complete presentation of the proposed property tax levy at the public hearing in December. After the required public hearing a formal Tax Levy Ordinance will be presented for City Council approval.

Tonight's requested action merely sets the amounts to be used in the notice of publication (the week of November 18, 2019) of the public hearing and does not obligate the City to a specific tax levy amount. The amount of the levy can be changed until finalized in the spring of 2020. The value on which the tax rate is figured (EAV) of the City is estimated to increase by approximately 5% for the 2019 tax levy. We will not know the actual EAV of the City for the 2019 levy until the spring 2020 time frame.

The levy amount presented represents an approximate 9.5% increase from the prior year, due to a proposed increase in the operating as well as the debt service portion of the levy. Although the debt service levy must be included in this estimate, the City has traditionally abated this amount and paid for bond debt service from non-property tax revenue streams. Staff anticipates a similar process for the 2019 levy. If this occurs, the \$10.081 million amount reflected as debt service will be removed from the final 2019 levy to be collected in calendar year 2019. This would result in a proposed 1.9% actual increase to the City's tax levy as detailed in the "After Debt Abatement" section of the attached levy summary.

The dollar amount of the estimated 2019 operations levy (\$12,775,382) has been increased by \$238,206 (1.9%) which is equivalent to the increase in CPI for the 2019 levy. Although the City as a home rule community is not subject to the tax cap limitation in its levy, the 2019 operating levy has been prepared in compliance with tax cap legislation. The tax cap limits the increase in the levy to an increase in the amount of CPI or 5%, whichever is lower.

The 2019 levy estimate as presented (after debt abatement) would result in a 1.9% increase to the City portion of the tax bill for the average resident assuming a corresponding 5% increase to EAV. This would equate to an increase of approximately \$15 annually for the owner of a property with a market value of \$300,000 or \$1.25 per month. The owner of a \$400,000 property would experience an increase of approximately \$20.45 for the year or approximately \$1.70 per month

Attachments *(please list):***Summary Comparison of 2018 and Estimated 2019 Levies****Recommendation/Suggested Action** *(briefly explain):***Seeking a Motion to Approve the Preliminary Estimate of 2019 Property Tax Levy in the amount of \$22,856,667**

**City of St Charles
2019 Property Tax Levy
Comparison of Estimated 2019 and 2018 Tax Levies
October, 2019**

	<u>As Proposed 2019</u>	<u>Actual 2018</u>	
Equalized Assessed Valuation	<u>\$ 1,557,499,318</u>	<u>\$ 1,483,332,684</u>	(1)
Change in EAV	<u>5.00%</u>		
Proposed property tax levy consists of:			
Operations:	\$ 12,775,382	\$ 12,537,176	
Debt Service:	<u>\$ 10,081,285</u>	<u>\$ 8,322,432</u>	(2)
 Total Proposed Tax Levy	 <u>\$ 22,856,667</u>	 <u>\$ 20,859,608</u>	
Change In Levy Amounts	<u>9.57%</u>		
Operations Rate based on EAV	<u>\$ 0.82025</u>	<u>\$ 0.84520</u>	

(1) 2019 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 2018 tax levy but are included for comparison purposes. It is anticipated that these amounts will be abated as part of the 2019 levy process.

After Debt Abatement:

	<u>As Proposed 2019</u>	<u>Actual 2018</u>
Equalized Assessed Valuation	<u>\$ 1,557,499,318</u>	<u>\$ 1,483,332,684</u>
Change in EAV	<u>5.00%</u>	
Proposed Operating Levy	<u>\$ 12,775,382</u>	<u>\$ 12,537,176</u>
Change In Levy Amounts	<u>1.90%</u>	
City Property Tax Rate	<u>\$ 0.82025</u>	<u>\$ 0.84520</u>
Change in Operating Levy	<u>\$ 238,206</u>	