



# DISTRICT 41 TAX LEVY FAQs

**What proportion of money does the district get from taxes?** Most years, the district gets about 85% of its money directly from property taxes. Most of the rest comes from state and federal sources.

**Why is the burden on property?** Illinois school funding law emphasizes local control—in other words, local dollars fund local schools. The amount of money that school districts receive from the state varies; District 41 receives about 8% of its total revenue from the state.

**How are taxes calculated?** The County Clerk calculates taxes by multiplying value of the property by the tax rate. First, the clerk determines how many dollars the district may ask for under the tax cap. In other words, the dollars determine the rate, not the other way around. Each year, the dollars the district can levy are limited to the last year's tax extension multiplied by the CPI. This total dollar figure is divided by the EAV, less any new construction (new meaning appearing on the tax bills for the first time). This yields the tax rate, or limiting rate. The tax rate is a multiplier that is then applied to all individual property values, now including new construction, to determine each property-owner's share. The dollar figure the district receives is the basis of the Tax Cap calculation for the following year. If the EAV goes up, the tax rate declines; if the EAV should go down, say in a bust market, the tax rate goes up, but only up to the legal limit.

**How is the levy request determined?** The district administration recommends an amount based on projections of future needs, which the BOE then takes action on. Since the tax cap was implemented in 1992, the district has requested an amount in excess of what it expected to be eligible for, knowing that the clerk would

reduce the dollars to comply with the tax cap.

**How can I learn more about district finances?** There is a lot of information on [www.d41.org](http://www.d41.org), including financial documents going back several years. Of particular interest is the Comprehensive Annual Financial Report (CAFR). The Board of Education discusses financial matter throughout the year at open meetings which residents are welcome to attend. Questions about finances can be directed to the administration or the Board any time.

**Why is new construction important?** The way that new construction is factored into the county clerk's calculations results in additional dollars beyond the tax cap amount. This softens the impact of the cap, especially in fast-growing districts where new construction puts a burden on schools and municipal services.

**What happens when property values decline?** Unless the decline is severe, the decline will be offset by an increase in rate, up to the legal limit and in compliance with PTELL. In general, taxes will not decline unless taxing bodies reduce their levy requests.

**How are property values set?** Values are determined by the Assessor's office. You can learn more about that process at [www.milontownshipassessor.com](http://www.milontownshipassessor.com).

**How can I compare District 41's taxes to those in other districts?** Basic comparative data is published in the Illinois School Report Cards which are posted on [www.isbe.net](http://www.isbe.net). It's important to know that these figures are two years in arrears, due to the way the state reports this information.

## Tax Levy Terms & Definitions

**CPI:** Consumer Price Index. A rough measure of inflation.

**EAV:** Equalized Assessed Valuation. This is the basis for property tax values and is one-third of the fair market value established by the assessor. The EAV for a house that was valued at \$300,000 is \$100,000.

**Tax levy request:** A request for dollars by a taxing body for tax revenues.

**Tax levy extension:** The aggregate of dollars due the district as calculated by the county clerk and billed to property tax payers.

**Tax rate:** The percentage per \$100 of EAV that yields the taxes.

**Tax Cap, or PTELL (Property Tax Extension Limitation Law):** 1992 law limiting how many dollars taxing bodies can receive to 5% or the Consumer Price Index, whichever is less. The purpose and effect of the tax cap is to reduce the rate at which taxes grow by driving down the tax rate over time. PTELL does not cap individual tax bills, but limits the aggregate amount a taxing body can receive.

### Property Tax Rate Calculation:

1. Multiply the previous year's extension by CPI or 5%, whichever is less. This equals the New Extension Amount in dollars.
2. Subtract the value of new construction from the EAV. This equals the Adjusted EAV in dollars.
3. Divide the New Extension Amount by the Adjusted EAV. This equals the limiting rate.
4. Multiply the total EAV by the limiting rate to yield the total taxes due to D41.