



PROPOSED STATUTORILY PERMISSIBLE
2020 TAX LEVY DISCUSSION
NOVEMBER 5, 2020

TRUSTEE REID FOLTYNIEWICZ, FINANCE & ADMINISTRATION COMMITTEE CHAIR

SCOTT NIEHAUS, VILLAGE MANAGER

TIM SEXTON, DIRECTOR OF FINANCE

OVERVIEW

- The Village is able to raise property taxes each year by the lesser of 5% or Consumer Price Index plus new growth without a referendum.
- The annual increase funds public services from police, fire, community development, public works, finance and governance.
 - The Village's overall tax levy has increased since 2011 by \$2,017,067, in actual dollars or 24.02% in ten years. The combined levies for the Police and Firefighters' Pension Funds alone have increased by \$2,097,663 or 57.99% in the same period. This means that all of annual statutorily permissible property tax levy increase during this period went to fund Police and Firefighters' Pension Funds.
 - It is a common misconception that the majority of property taxes go to the Village. The Village of Lombard currently receives 7.57% percent of property tax dollars, or 7.57 cents of each property tax dollar paid.
- The Village proposes a 3.52% increase for the 2020 property tax levy, which translates to an increase of approximately \$6.73 for the owner of a \$300,000 home.

PROPOSED 2020 Statutorily Permissible Levy

2020 Statutorily Permissible Levy		\$10,415,658	
2019 Levy Extended	-	\$10,061,419	
Total 2020 Permissible Increase		\$354,239	3.52%*
*Breakdown of 2020 Permissible Increase			
CPI		\$231,413	2.30%
Fire Pension (exempt)	-	\$9,308	-0.09%
Total for Existing Properties		\$222,105	2.21%
New Growth/Construction		\$132,134	1.31%
		\$354,239	3.52%

It is estimated that new growth will account for 1.31% of the increase in the levy. If there is no new growth, there will be no levy for this.

COVID-19 IMPACT ON RESIDENTIAL PROPERTY TAX

The Village has been notified by York Township of potential residential property tax implications, resulting from a reduced commercial tax base due to COVID-19 impacts.

- As a result of COVID-19 and prolonged economic impacts, the overall commercial tax base has declined. The York Township Assessor has identified that this may result in higher tax rates for individual homeowners and property owners.
- The York Township Assessor's Office determines the tax burden for most Lombard residential properties (not the Village of Lombard). In response to a negatively impacted tax base, the Assessor's Office has shared that they anticipate the potential of increased property tax impacts upon residential properties.
- Tax bills are based on two factors including:
 1. The equalized assessed value (EAV) of your property, and;
 2. The amount of money your local taxing districts require to operate during the coming year.
- This potential decline in the commercial tax base could mean higher tax amounts for residential property owners.

SCHEDULE/COMMUNICATIONS PLAN

SCHEDULE

- September 14, 2020 -Finance & Administration Committee reviewed and recommended Proposed 2020 Tax Levy
- November 5, 2020-- 1st Reading on Proposed 2020 Tax Levy and Public Hearing/1st Reading on Proposed 2021 Budget
- November 19, 2020 –2nd Reading on Proposed 2020 Tax Levy and 2nd Reading on Proposed Budget
- December 2020 – Village of Lombard files the Board approved 2020 Tax Levy and 2021 Budget ordinances with DuPage County
- DuPage County mails tax bills on or about April 30th of each year

IMPACTS OF COVID-19 AND 2021 BUDGET COMMUNICATIONS PLAN/FAQ

- Objective of this plan is to prepare the public adequately for potential impacts and challenges
 - Village’s past and ongoing expenditure reductions
 - Impact of decreased sales tax base due to COVID-19
 - Potential residential tax implications as detailed by York Township Assessor’s Office
 - Communicate the annual impact of the tax levy to homeowners

Recommendation

The Finance & Administration Committee, at their meeting on September 14, 2020, voted unanimously to recommend the proposed statutorily permissible 2020 tax levy to the President and Board of Trustees.

Ordinance on First Reading is on Separate Action:

A. 200284 – Ordinance Providing for the Levy and Assessment of Taxes for the Fiscal Year beginning January 1, 2020 and ending December 31, 2020 for the Village of Lombard