
**VILLAGE OF SUGAR GROVE
BOARD REPORT**

TO: VILLAGE PRESIDENT & BOARD OF TRUSTEES
FROM: MATT ANASTASIA, FINANCE DIRECTOR
SUBJECT: 2023 PROPOSED PROPERTY TAX LEVY ANNOUNCEMENT
AGENDA: NOVEMBER 7, 2023 REGULAR BOARD MEETING
DATE: OCTOBER 31, 2023

ISSUE

Should the Village announce and approve the estimated and proposed 2023 property tax levy.

Property Tax Levy Process

The Village must pass the Tax Levy Ordinance and file the Ordinance with the County Clerk's office no later than Tuesday, December 19, 2023. During the beginning of the following calendar year, the County Clerk's office calculates the limiting extension and, if the Village's request has exceeded the tax extension limitation, the levy amount will be reduced accordingly. The Village will then receive tax collections from Kane County in various installments from May 2024 through December 2024.

There are two State Statute provisions that affect the Village's tax levy process. The first provision is what is commonly known as the "Tax Cap". In the early 1990's, State legislators approved the Property Tax Limitation Act, which provides that operating levy increases cannot exceed the Consumer Price Index increase for the prior calendar year, plus new growth. New growth consists of annexations of property and new building activity. For the 2023 tax levy, the CPI is 5.0%, even though actual CPI was 6.5%. Kane County Clerk released an estimated Tax Year EAV generally in September of each year showing the change in the Village's EAV, as well as estimated New Construction numbers.

The second State Statute provision that affects the levy process is what is known as the Truth in Taxation Act. The Act provides that if the proposed property tax levy, excluding the debt portion, exceeds the prior year's property tax extension (excluding debt) by more than 5%, then the Village must meet certain public hearing and notice/publication requirements outlined in the Act. In addition, the amount of the proposed property tax levy, regardless of size, must be announced at least 20 days prior to passage of the Tax Levy Ordinance.

State statute requires that the Village announce and approve its estimated and proposed 2023 property tax levy at least 20 days prior to the passage of the tax levy ordinance. The tax levy

ordinance is scheduled for approval on December 5, 2023, in advance of the December 26, 2023, filing deadline.

The schedule for passage of the tax levy is as follows:

Date	Action
November 7, 2023 Board Meeting	Announcement and presentation to the Village Board of the proposed tax levy in the amount of \$1,973,246.
December 5, 2023 Board Meeting	Pass Tax Levy and related Ordinances
December 7, 2023	File ordinances with County Clerk's Office

Analysis

The Tax Year 2023 Staff Recommended Levy request is **\$1,973,246**, an increase of 2% over the last year's adjusted extension of \$1,934,545. The Staff recommendation is a **0% increase** on the existing EAV of the Village, with the 2% increase to only capture the increased property taxes from estimated New Construction for the tax year. With the current estimates from Kane County on New Construction, it is anticipated the Village would receive 1.39% increase in Property Taxes for Tax Year 2023 from New Construction, roughly \$26,815. Early in 2024, Kane County will finalize EAV's and new construction, at which point, if there is no change to the New Construction EAV's, the amount of \$1,961,360 will be approved for the Village's Tax Year 2023 Extension (*\$1,934,545 Tax Year 2022 Aggregate Extension + \$26,815 Tax Year 2023 New Construction*).

Also, be advised that for levy purposes, the Village has two General Obligation Alternate Revenue Bonds outstanding dated 2013A and 2017. These bond issues use revenue sources other than property taxes to fund debt service payments; however, the bond issues have an ultimate funding backup of property taxes. State Law provides that each year the Village must pass abatement ordinances, so property taxes are not extended on the bond issues. Staff will place the Abatement Ordinances before the Board for consideration at the December 5, 2023, Board Meeting.

In addition, the Village passed a special assessment ordinance in 2012 to assess a tax levy to cover the costs of improvements in the Mallard Point/Rolling Oaks Area. These taxes are required to pay down the principal and interest on the debt assumed by the Village to cover the cost of the improvements. The Special Assessment (SBA No. 17) for the Mallard Point/Rolling Oaks Area project will continue in the amount of \$75,218.92.

There currently is an SSA No. 10 on the properties that comprise the Sugar Grove Center. The detention basin at the southeast corner of Capitol Drive and Park Avenue have not been maintained for more than a year. There are 17 property owners that are currently in this SSA.

The SSA No. 10, which consists of the Sugar Grove Center, will NOT have a tax levy for tax year 2023, collectible in 2024.

COST

There is no cost associated to this discussion.

RECOMMENDATION

That the Board announce the estimated and proposed 2023 property tax levy in the amount of \$1,973,246. The Board also announce the Special Assessment (SBA No. 17) for the Mallard Point/Rolling Oaks levy in the amount of \$75,218.92.



Sample Property Tax Bill

	Tax Year 2021	Tax Year 2022	Annual Change
<i>Market Value</i>	\$292,418	\$307,273	\$6,237
<i>Assessed Valuation</i>	97,463	102,414	2,079
<i>Less: Homestead Exemption</i>	6,000	6,000	-
<i>Net Assessed Valuation</i>	91,463	96,414	2,079
<i>Extended Village Tax Rate</i>	0.5402	0.5269	(0.0035)
<i>Village Portion of Tax Bill</i>	\$492.27	\$508.03	\$15.76

Village Tax Levy Increase between years – 2.01%

Tax Year 2021 Levy Aggregate - \$1,868,907

Tax Year 2022 Levy Aggregate - \$1,934,545

Village Tax Year 2023 Levy Estimated Increase – 2% or \$38,691

****THIS EXAMPLE IS SPECIFIC TO ONE RESIDENTIAL HOME. THERE ARE NO ASSUMPTIONS MADE FOR MARKET VALUE AND EAV FOR TAX YEAR 2023****

