



BOARD REPORT

TO: VILLAGE PRESIDENT & BOARD OF TRUSTEES

FROM: SCOTT KOEPPPEL, VILLAGE ADMINISTRATOR
MATT ANASTASIA, FINANCIAL CONSULTANT

SUBJECT: PROPOSED 2025 TAX YEAR LEVY DISCUSSION CONTINUED

AGENDA: 12/2/2025

DATE: 11/21/2025

ISSUE

The Village must adopt a property tax levy ordinance before the end of December.

DISCUSSION

Previous Discussions

At the November 18, 2025, Village Board meeting the Board continued their discussion and the majority of members noted their preference to only take the CPI. Staff is preparing the necessary documents that only includes a 2.21% increase to capture new construction. The property tax levy ordinances will be included on the December 16, 2025, Village Board meeting agenda.

At the November 4, 2025, Village Board meeting the Board discussed the various options for the proposed 2025 tax levy. Some members preferred to only take the new construction amount because of a budget surplus in previous years. Staff recommended taking the 2.69% increase based on increased reoccurring costs. The Village Board decided to continue the discussion at future meetings.

The last regularly scheduled meeting to approve the levy is December 16, 2025. In addition, the Village President has traditionally announced the property tax levies for the official record at meeting. Staff is recommending that the Village President read the amounts listed at the bottom of this memo during the November 16, 2025, meeting. The schedule for passage of the levy was updated in this memo.

Abating Property Taxes

During the November 4, 2025, meeting President Stillwell brought up the idea of capturing the CPI (**2.69% increase** on the existing EAV of the Village) and then abating the property taxes so residents would not have an increase bill. The reason to potentially do this is to capture the CPI increase but still provide relief to the taxpayers in 2026. Staff reached out County Clerk's office to discuss the potential for an abatement. The tax extension office explained that this has not been done, at least in recent years, but could be done. If the Village did decide to abate the taxes it would not have the intended effect because the County Clerk's Office uses the Final Extension when determining the previous years extension as part of the next extension process. Essentially, the Village would increase

our extension by the 2.69% and then abate roughly the same amount so our Final Extension would be the same as not taking the 2.69%.

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 30, 2025**. 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 2026 through December 2027.

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 2025 tax levy, the CPI is 2.9%. 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 2025 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 2, 2025, in advance of the December 30, 2025, deadline.

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

Date	Action
December 2, 2025, Board Meeting	Continued Discussion
December 16, 2025, Board Meeting	Approval of Ordinances
December 19, 2025	File ordinances with County Clerk's Office

Analysis

For Tax Year 2024 Staff Recommended Levy request is **\$2,105,691**, an increase of 4.9% over the last year's adjusted extension of \$2,007,380. The Staff recommendation is a **2.69% increase** on the existing EAV of the Village, with **2.21% increase** to capture the increased property taxes from estimated New Construction and the termination of TIF #1 EAV coming into the tax rolls for all taxing

districts for the tax year. With the current estimates from Kane County on New Construction, it is anticipated the Village would receive 2.21% increase in Property Taxes for Tax Year 2025 from New Construction, roughly \$44,313 and 2.69% increase from CPI, roughly \$53,999. Early in 2026, 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 \$2,105,691 will be approved for the Village's Tax Year 2025 Extension (*\$2,007,379 Tax Year 2024 Aggregate Extension + \$53,999 Tax Year 2025 CPI Amount + \$44,313 Tax Year 2025 New Construction*).

Also, be advised that for levy purposes, the Village has one remaining General Obligation Alternate Revenue Bonds outstanding dated 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 2, 2025, 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 years. There are 15 PINs that are currently in this SSA. SSA No. 10, which consists of the Sugar Grove Center, will have a tax levy for tax year 2025, collectible in 2026. With the Board discussion during the Mallard Point maintenance, the levy amount has been increased for Tax Year 2025. The Levy is calculated in an amount that does not exceed an annual rate of one-half percent (0.5%, being \$0.50 per \$100) of the equalized assessed valuation thereof. Based on historical costs ranging from \$10,000-\$12,500 annually plus the request for additional maintenance per SSA No. 10, the Tax Year 2025 Levy will be \$0.25 per \$100 EAV, totally an estimated \$18,800 in tax collections in 2026.

COST

There is no cost associated with this announcement.

ATTACHMENTS

RECOMMENDATION

The Village Board continue the discussion and provide staff direction to finalize the related ordinances.