

VILLAGE OF HOMEWOOD



BOARD AGENDA MEMORANDUM

DATE OF MEETING: December 12, 2023

To: Village President and Board of Trustees

Through: Napoleon Haney, Village Manager

From: Amy Zukowski, Director of Finance

Topic: 2023 Final Real Estate Tax Levy

PURPOSE

After the Board of Trustees discusses the 2023 Real Estate Tax Levy during the Truth in Taxation Hearing, the Board is required to approve three (3) ordinances for the final 2023 Real Estate Tax Levy. The ordinances will then be filed with Cook County.

PROCESS

Staff discussed the setting of the 2023 Real Estate Tax Levy with the Board of Trustees at the November 14, 2023 Board meeting. It was requested that the Board approve staff's recommendation to use the State's Consolidated Funds Actuarial Calculation to meet the required statutory minimum for Police and Fire pension funding through the levy and direct staff to publish and hold a Truth in Taxation Hearing prior to the December 12, 2023 regular Board meeting.

A Truth in Taxation hearing is required because the total levy under the Property Tax Extension Limitation Law (PTELL) was over 5.0%. The total change in Consumer Price Index (CPI) is capped at a 5.0% increase. The actual CPI change was 6.45%. There is also a 2.0% increase for new construction equalized assessed valuation (EAV). This gives the Village a 7.0% total increase over the prior year's final tax extension levy. The final 2022 tax extension under the PTELL was \$6,336,995. The recommended 2023 tax levy under the PTELL is \$6,780,585. The 7.0% increase is allocated between the cost of providing municipal services and meeting our pension obligations.

The Village has no debt obligation to include in the 2023 tax levy. The last principal and interest payments for the current 2020 General Obligation Bond issue were captured through the 2022 Real Estate Tax Levy, and no new general obligation debt has been issued. This is a 100.0% decrease over the prior year's debt repayment obligation.

With the decrease in debt payment obligations, the Village's total 2023 Real Estate Tax Levy decreases over the prior year's final extended real estate tax levy by 1.71%.

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OUTCOME

The 2023 Real Estate Tax Levy meets the rules contained in the Property Tax Extension Limitation Law (PTELL). It provides the Village revenue of \$6,791,915, of which \$3,411,832 will be used in the general fund for day-to-day operations and Social Security & Medicare employer costs; and \$3,380,083 will be used for Police & Fire Pension funding obligations. Nothing is allocated to debt payment obligations.

The Village of Homewood's share of the yearly real estate tax bill is approximately 11%. Of every dollar of property tax that a resident pays, only eleven cents goes to the Village for the many services provided (i.e., downtown event series, farmers market, snow de-icing, salting and removal, tree removal/reforestation, police, fire, public works, and other municipal services). The total 2023 Real Estate Tax Levy of \$6,791,915 is an important revenue stream for the Village. It provides approximately 9.0% of General Fund revenue used to fund day-to-day operating expenses and provide high-quality municipal services to our residents.

FINANCIAL IMPACT

The final 2023 tax levy will be used to create and develop Homewood's next fiscal year's (FY 2024-2025) budget amounts.

- **Funding Source:** N/A
- **Budgeted Amount:** N/A
- **Cost:** N/A

LEGAL REVIEW

Completed

RECOMMENDED BOARD ACTION

(1) Pass an ordinance levying taxes for corporate purposes and for special funds for the fiscal year commencing on the first day of May 2024 and ending on the thirtieth day of April 2025 for the Village of Homewood; (2) pass an ordinance increasing the 2023 Street and Bridge tax levy in the Village of Homewood; and (3) pass an ordinance directing the Cook County Clerk to reduce the Village of Homewood's 2023 levy, if necessary, to comply with the property tax extension limitation law.

ATTACHMENT(S)

Ordinances for 2023 Real Estate Tax Levy