

Village of Lombard's Proposed 2019 Statutorily Permissible Property Tax Levy

PUBLIC HEARING OCTOBER 17, 2019



2019 PROPOSED PROPERTY TAX LEVY

- The proposed Village of Lombard 2019 property tax levy increase is \$577,803 or 6.10%. Below is the general overall summary of the proposed tax levy:

CPI		\$180,017	1.90%
Fire Pension (exempt)	+	\$226,121	2.39%
Total for Existing Properties		\$406,138	4.29%
New Growth/Construction	+	\$171,665	1.81%
2019 Statutorily Permissible Levy		\$10,052,376	6.10%
2018 Levy Extended	-	(\$9,474,573)	
Total 2019 Permissible Increase		\$577,803	

- The Consumer Price Index that is allowed for the 2019 levy is 1.9%.
- The exempt portion of the required Fire Pension levy, increased \$226,121 based on calculation from new actuary firm that the Village contracted with in 2018.
- Village is allowed to capture new growth (new construction and annexations). It is estimated that new growth will account for 1.81% of the increase in the levy. If there is no new growth, there will be no levy for this.
- Property taxes represent 17.9% of the projected General Fund revenues. The remaining General Fund revenues come from other sources, with sales tax representing the largest portion at 28.6%.



Consumer Price Index (CPI)/Inflation

- In the State of Illinois, non-home rule units of government located in counties subject to the Property Tax Extension Limitation Law (PTELL) are limited in the size of their annual property tax extension to 5% or the increase in the Consumer Price Index (CPI), whichever is less.
- The CPI was measured from December 2017 to December 2018. The U.S. City Average CPI increase from December 2017 to December 2018 was 1.9% CPI.



Non-Capped Portion of Fire Pension Levy

- PA 93-0689--State legislation granted a firefighter survivor pension benefit increase beginning January 1, 2004. The costs associated with the benefit increase are exempt from property tax caps.
 - House Bill 599 amended the Property Tax Code and Article 4 of the Illinois Pension Code to increase pension benefits. The benefits are as follows: Surviving spouse annuity of 100% of the deceased fire fighter's pension, effective January 1, 2004. The provision also applies to the surviving spouses of all retirees, regardless of the date of retirement or death. This provision is retroactive to include every surviving spouse.



New Growth

- A taxing district can receive additional taxes in proportion to the value of property annexed, new property construction, and the TIF increment the year that the TIF expires. If property is disconnected from the district, the extension is reduced proportionally.
- Zero impact on existing properties.



How Will the Village's Proposed Increase Affect Homeowners?

What does this mean for residential property owners?

- The average increase for a \$300,000 home will be approximately \$14.21. This varies for each property depending on the value assigned by the assessor's office.
- A home valued at \$300,000 will pay approximately \$562 in property taxes that will go to the Village of Lombard.
- These taxes pay for core services that include public safety provided by Police and Fire Departments; building and code enforcement from Community Development; responsible administrative oversight; and roads, forestry and infrastructure maintenance from Public Works.



Why is the Increase Needed?

- Costs continue to increase faster than revenues, due to a challenging retail sales environment, decreases in State funding, and State mandates beyond the Village's control.
 - In 2015, the Village was on the path to having a budget deficit of more than \$3 million by 2019.
 - Due to the Village's ongoing focus on fiscal responsibility, the Village's 2019 budget is balanced.
 - Moving forward, the Village will continue to face budget challenges head on and will remain focused on providing residents with a balanced budget while maintaining excellent core services.



What is the Village Doing to Reduce Spending?

Since 2017, the Village has made cumulative budget reductions of over \$3.8 million.

- The Village eliminated 9 full time and 12 part-time positions which represented \$1.2 million in reduced personnel costs and eliminated or reduced funding of various enhanced services and programs (examples below).

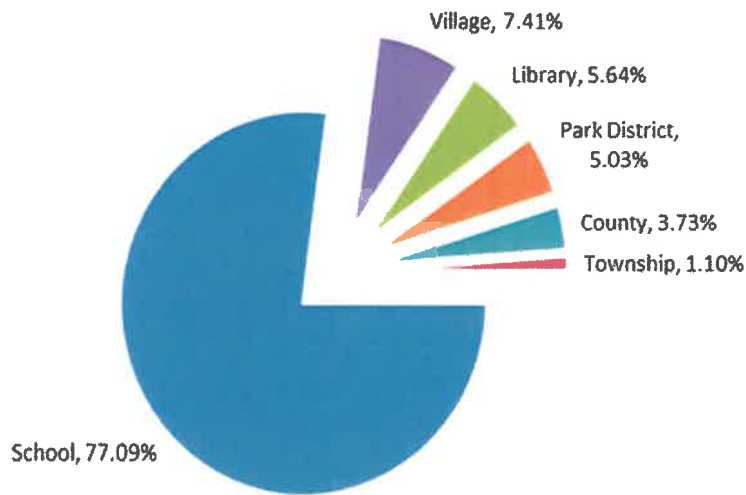
Eliminated Positions	Full Time	Part Time
(3) Records Clerk	1	2
Accounting Assistant	1	
Civil Engineer	1	
Civil Engineering Technician	1	
Investigative Aide	1	
Police Accreditation Manager	1	
Police Staff Sergeant	1	
(2) Police Officer	2	
(3) Community Service Officers		3
Code Enforcement Officer		1
Customer Service Representative		1
Human Resources Clerk		1
PD Records Clerk		1
Police Administrative Secretary		1
Special Events Coordinator		1
Towing Coordinator		1
Total Positions Eliminated	9	12

Eliminated/Reduced Funding of Enhanced Services, Programs, Equipment
2017
Eliminated Taxi Subsidy Program
Reduced lobbyist contract by half
Reduced janitorial services at Village facilities
Reduced Pride newsletters from bi-monthly to quarterly
Extended lives of Starcom radios for Police and Fire
2018
Eliminated Code Red emergency notification system
Reduced Meals on Wheels contribution
Closed Police Department lobby overnight
2019
Eliminated 2 police vehicles
Eliminated one Battalion Chief vehicle
Eliminated lobbyist contract
Eliminated Free Curbside Brush Collection
Stopped waiving Building Permit fees for other governmental entities
Reduced Fire Public Education by eliminating the preschool program
Reduced the number of pages in the Pride newsletter from 12 to 8 and publish only 3 newsletters annually instead of 4



2018 Property Tax Allocation

2018 Property Tax Allocation*



As shown in the pie chart, the majority of the Village's property taxes go toward educational services, which includes Districts 87, 44, and COD 502. The remainder goes toward the Village, the Library, the Lombard Park District, DuPage County (which includes DuPage County, DuPage County Health Department, DuPage County Forest Preserve District, and DuPage Airport Authority), and York Township (which includes York Township and York Township Road).

*Chart is based on tax code 6011. There are 30 tax codes in Lombard and each receives a different property tax bill depending on whether the area is included within a given taxing district's boundaries. This tax code was selected as an example only.



Communications Plan

- Communications Plan
 - The Truth in Taxation Notice details regarding the public hearing was published in the Lombardian on Thursday, October 3, 2019.
 - The final Board approved levy will be communicated to residents in the PRIDE, on the Village website, social media, and news release.
- Additional information regarding the proposed increase can be found on the Village's website by searching the word, Property Tax. This information includes:
 - Village Board 2019 Tax Levy Hearing Notice
 - Frequently Asked Questions (FAQs)
 - 2019 Proposed Permissible Tax Levy Memo to Finance & Administration Committee



Schedule/Next Steps

- October 17, 2019 -- Public Hearing and 1st Reading on Proposed 2019 Tax Levy
- November 7, 2019 – Public Hearing and 1st Reading on Proposed 2020 Budget and 2nd Reading on Proposed 2019 Tax Levy
- November 21, 2019 – 2nd Reading on Proposed Budget
- December 2019 – Village of Lombard files the Board approved 2019 Tax Levy and 2020 Budget ordinances with DuPage County
- DuPage County mails tax bills on or about April 30th of each year



QUESTIONS & COMMENTS

