

MEMORANDUM

TO: Mayor Prussing and Members of the Urbana City Council

FROM: Rich Hentschel, Comptroller

RE: Property Tax Levy Abatement

DATE: March 10, 2014

Attached for your consideration is an ordinance intended to abate a certain amount of the General Corporate portion of the Property Tax Levy for the current fiscal year as passed last November. The ordinance that was passed then approved a total levy of \$7,346,938 of which the Corporate portion was \$923,680. The attached ordinance is intended to set the total property tax rate for the City of Urbana at \$1.3550. As there are three factors that affect the total levy, (i.e., assessed value, tax rate and total levy) establishing the tax rate in advance will leave the final total levy amount to be determined by the final total assessed value of taxable property. The intent of this ordinance is to provide the Comptroller the authority to direct the County Clerk to levy an amount necessary to achieve the desired total rate.

Here is a summary of the EAV, tax rate, and total levy for the past several years.

<u>Fiscal Year</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2013-14</u>
		<u>Levied</u>	<u>Final</u>	<u>Levied</u>	<u>Est. Final</u>
EAV	584,585,359	569,042,169	n/a	524,000,000	522,000,000
Rate	1.319	1.355	1.355	1.402	1.355
Levy	7,710,681	7,710,521	6,843,066	7,346,938	7,073,100
Change from 2011-12			-867,615		-637,581
				-1,505,196	

As seen in the table above the tax levy has declined since 2012-13 due to the tax exemption awarded to Carle Hospital and Presence Hospital. As mentioned previously these factors will have significant impacts on the levy this year and future years. Conversely, included in the anticipated EAV for this year is the assessed value added to the EAV due to the expiration of Tax Increment Financing District 3.

All of three of those factors have been incorporated into the current, estimated EAV for FY2013-14 of \$522 million. If all these factors remain unchanged, and with a rate of \$1.355 the City of Urbana will realize a decline in property tax income of approximately \$1.5 million over 2 years.

Some additional important points concerning the property tax levy are:

- Continuing the tax levy rate from the prior year would mean a homeowner would pay on average the same amount to the City of Urbana as paid last year. On a home worth \$150,000 this is \$596.
- For an EAV of \$522 million a 0.01 change in the levy rate (e.g., from 1.355 to 1.365) equals \$52,200 in the property tax levy, or \$4.40 on a home valued at \$150,000.

To implement this Ordinance the Comptroller is directed to determine, based on total assessed valuation, tax rates and extension amounts received by notice from the Champaign County Clerk on or about April 1st, the exact dollar amount which, when extended, will produce a total tax rate of \$1.3550 for the total City of Urbana tax levy for the year beginning July 1, 2013 and ending June 30, 2014. Additionally, the Comptroller is authorized to direct the Champaign County Clerk to abate the General Corporate purpose levy of \$923,680 in Ordinance No. 2013-11-104, in an amount necessary to produce a levy necessary to generate a total tax rate of \$1.3550.

Fiscal Impact: Setting the total property tax rate at a fixed amount will generate in excess of \$273,000 less property tax receipts this year due to the rate being lower than levied and the rate being applied to a lower than expected EAV.

Recommendation: Approve the Ordinance as presented.

ORDINANCE NO. 2014-03-025

AN ORDINANCE DIRECTING THE CHAMPAIGN COUNTY CLERK TO ABATE THE
TAX LEVY FOR THE GENERAL CORPORATE PURPOSE FOR THE YEAR
BEGINNING JULY 1, 2013 AND ENDING JUNE 30, 2014

WHEREAS, the City of Urbana("City") is a home rule unit of local government pursuant to the provisions of Article VII, Section 6, of the Illinois Constitution, 1970, and may exercise any power and perform any function pertaining to its government and affairs, including the power to tax; and

WHEREAS, the Corporate Authorities of the City did approve Ordinance No. 2013-11-104 on November 18, 2013, determining that the total tax levy for the City for the year beginning July 1, 2013 and ending June 30, 2014 is in the amount of \$7,346,938; and

WHEREAS, the Corporate Authorities have now determined that an appropriate total tax levy rate for the City for the year beginning July 1, 2013 and ending June 30, 2014, is \$1.3550.

NOW, THEREFORE, BE IT ORDAINED by the Corporate Authorities of the City of Urbana, Champaign County, Illinois, as follows:

Section 1. The Champaign County Clerk is hereby requested and directed to abate the General Corporate purpose levy established pursuant to Ordinance No. 2013-11-104 in an amount necessary to produce a total tax levy rate of \$1.3550 for the City of Urbana for the year beginning July 1, 2013 and ending June 30, 2014.

Section 2. The City Comptroller, or his designee, be and hereby is authorized to perform all acts necessary on behalf of the City of Urbana to implement this Ordinance.

Section 3. The City Clerk is hereby directed to file a certified copy of this Ordinance with the County Clerk of Champaign County.

PASSED by the Corporate Authorities this ____ day of _____, 2014.

AYES:

NAYS:

ABSENT:

ABSTAINED:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this ____ day of _____, 2014.

Laurel Lunt Prussing, Mayor