



REGULAR AGENDA ITEM NO. 7.A.

FOR COUNCIL: November 20, 2023

WARD IMPACTED: City-Wide Impact

SUBJECT: Consideration and Action on Approving the 2023 Tax Levy Estimate for the City of Bloomington and the Bloomington Public Library, as requested by the Finance Department.

RECOMMENDED MOTION: The proposed Property Tax Levy Estimates be approved.

STRATEGIC PLAN LINK:

Goal 1. Financially Sound City Providing Quality Basic Services

STRATEGIC PLAN SIGNIFICANCE:

Objective 1a. Budget with adequate resources to support defined services and level of services

BACKGROUND: The calculation of the property tax rate is produced by taking the tax levy, a fixed amount, and dividing that by the EAV ("Equalized Assessed Value"). The final EAV will not be produced until January 1st, 2024, therefore, the City must adopt its levy based on preliminary estimates.

Tax Formula: Requested Levy / Preliminary EAV = Tax Rate

The City of Bloomington and Bloomington Public Library use the preliminary EAV provided by the McLean County Supervisor of Assessments for the upcoming tax year. This year the preliminary EAV, as of September 30th, was \$2,275,999,416. That is a \$227.1M increase over the prior year final EAV of \$2,048,944,043. The City and Library anticipate some EAV challenges to be successful prior to the final EAV being set, as well as some adjustments to properties exempt from value increases, and therefore propose reducing the EAV to \$2,267,999,416 (a reduction of approximately \$8M) - for purposes of providing these Estimates. That estimate total results in a \$219.1M - 10.7% increase in EAV over the 2022 final.

City Levy Request of \$23,420,384:

The City proposes no increase in rate for this year's Levy. See FIN 1B 2023 Tax Levy Estimate (attached) for historical details. The final EAV will determine the final rate.

An increase in preliminary EAV will enable the City to capture an additional \$1.1M in revenue, which is a 4.93% increase from the prior year's levy, as compared to the overall 10.7% increase in estimated EAV increase. If approved, this will result in a rate reduction. The increase of 4.93% approximately correlates to the September year-over-year inflation rate of 3.7%, plus 1% EAV growth related to new construction.

Levy revenue growth is normally applied in a way that allows the City to keep pace with the

rising costs of maintaining the City's infrastructure - including supporting growth within the community. This year, however, like last, the increase is proposed to be committed evenly to the Police and Fire Public Safety Pensions. The pension contribution for FY2025 is increasing by \$2.4M. The projected shortfall from current restricted revenues is \$3M. The City is committed to adhering to its current funding policy of 100% by 2040 and we are therefore proposing to partially offset this shortfall with an increase in the levy of \$1.1M. Restricting additional revenues demonstrates to the rating agencies and the community that the City is solidly committed to its funding policy. This increase in the levy will reduce the shortfall to \$1.9M. This shortfall will be covered by other General Fund revenues. See FIN 1C COB Public Safety Pension Summary for the Fiscal Year 2025 pension contribution need projections.

Library Levy Request of \$6,580,000:

The Library proposes no increase in rate for this year's Levy. See FIN 1B 2023 Tax Levy Estimate (attached) for historical details. The final EAV will determine the final rate.

An increase in preliminary EAV will enable the Library to capture \$309.4K in revenue which is a 4.93% increase from the prior year levy, as compared to the overall 10.7% increase in estimated EAV increase. If approved, this will result in a rate reduction.

The Library relies primarily on the tax levy as its source of funding. It does not benefit from economically driven revenues such as sales taxes. Therefore, to maintain consistent service, the Library's levy must at a minimum keep pace with inflation. In addition, the Library has been operating at staffing levels below the minimum standards established by the 'Serving Our Public 4.0: Standards for Illinois Public Libraries'. Additional levy dollars will assist in addressing this shortfall and help ensure the level of service the community deserves.

2023 Proposed Tax Levy Rate Calculations:

City of Bloomington:

Levy Request of \$23,420,384 / EAV of \$2,267,999,000 = 1.0326% (prior year = 1.0894%)
(Rate reduction of .0567%)

Bloomington Public Library:

Levy Request of \$6,580,000 / EAV of \$2,267,999,000 = 0.29012% (prior year = 0.30604%)
(Rate reduction of .0159%)

Combined:

Levy Request of \$30,000,384 / EAV of \$2,267,999,000 = 1.3228% (prior year = 1.3954%)
(Rate reduction of .0726%)

Tax Levy Procedure:

According to the Illinois Property Tax Code Division 2 Truth in Taxation (35ILCS 200/18-60), the City must formally adopt an estimated tax levy not less than 20 days prior to the adoption of the final tax levy. 35ILCS 200/18-85 requires said estimate to be compared to the prior year's aggregate levy (excluding amounts for bond debt service) and if a 5% increase exists then a public hearing in addition to a public notice must occur. A public notice related to this hearing must be published not more than 14 days, nor less than 7 days prior to the date of the hearing.

The final tax levy ordinance must be passed by a vote of the Council and a certified copy, thereof, filed with the County Clerk on or before the last working Tuesday in December which is December 26th. Therefore, the adoption of the 2023 Tax Levy Ordinance is recommended to be placed on the Council's December 11th, 2023 meeting agenda. In addition, the abatement of taxes related to bond covenants will occur at this same meeting. The City can abate debt service payments needed to keep the bond and interest portion of the levy flat which has been done historically. By bond covenant any debt service payments abated are guaranteed from other revenue sources.

The final EAV will be completed by January 1st, 2024. The tax rate generated is later applied to individual property owner's tax bills on April 1st, 2024 and bills are sent out on May 1st due by June 1st and September 1st.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: N/A

FINANCIAL IMPACT:

Finance recommends the Council adopt the tax levy *estimate* of:

- \$23,420,384 for the City of Bloomington
- \$6,580,000 for the Bloomington Public Library

AMERICAN RESCUE PLAN FUNDING IMPACT: N/A

COMMUNITY DEVELOPMENT IMPACT: This request meets the following goals and objectives of the Bloomington Comprehensive Plan 2035: N/A

Respectfully submitted for consideration.

Prepared by: Scott Rathbun, Finance Director

ATTACHMENTS:

[FIN 1B 2023 COB-BPL Tax Levy Estimate](#)

[FIN 1C COB Public Safety Pension Summary](#)