

The Tax Impact of District 97's Proposed Referendums

By Ali ElSaffar, Oak Park Township Assessor

On April 4, Oak Park voters will go to the polls to decide whether to approve two tax-related referendums put forth by District 97, Oak Park's elementary school district. In this article, I will refer to these ballot measures as the 'Operations Referendum' and the 'Facilities Referendum.' The purpose of this article is not to support or oppose either referendum, but rather to help residents understand the impact each referendum would have on Oak Park property taxes.

District 97, as measured by its tax levy, is the largest taxing district in Oak Park. Last year, the tax levies on Oak Park properties from all local taxing districts totaled \$180 million, and District 97 received \$61 million, or 34% of the total. The district's \$61 million levy is divided into two main components: educational operations and debt repayment.

Operations Referendum. The operations portion of District 97's tax levy, currently \$53 million, pays for the salaries of teachers and other employees, as well as the cost of operating and maintaining the district's buildings. This portion of the levy is subject to the state's 'tax cap' law, which is designed to limit property tax increases to the rate of inflation. Under the law, if inflation is 2%, tax increases are generally limited to 2%.

But the tax cap law allows a school district to increase its operations levy by more than the rate of inflation, with the approval of voters. When a tax referendum is approved, the tax cap is reset; in subsequent years, tax levy increases are again limited to the rate of inflation, but the starting point for these future increases is the new, higher tax levy approved by voters.

District 97's Operations Referendum seeks to increase its operations levy by about \$13 million, from \$53 million to \$66 million. Statistics from District 97 indicate that student enrollment has grown by 10% since its last successful referendum in 2011, and this higher enrollment, coupled with uncertainty over the future of state education funding, are the primary reasons the District has cited in seeking the additional money.

If the Operations Referendum is approved, the impact would first be seen this year. With a successful Operations Referendum, I estimate that Oak Park property tax levies from all local taxing districts would rise from \$180 million to about \$196 million, and that most property owners would see tax increases of roughly 9% over last year. If the referendum is rejected, tax levies would be about \$183 million, and the estimated tax increase would be about 2%. Thus a house that paid \$10,000 in taxes last year would pay about \$10,900 this year if the Operations Referendum passes. Without the referendum, the tax bill would be about \$10,200.

Facilities Referendum. District 97 levied \$8.2 million to repay debts last year. Of this total, \$4.7 million is for repayment of loans that were primarily used to build Brooks and Julian Middle Schools. Oak Park voted to borrow this money in 1999, and the last loan payment will occur in 2018.

Under the Facilities Referendum, District 97 would be able to borrow up to \$57.5 million for a variety of upgrades to its aging buildings, including expansion of three existing schools, making all school buildings accessible and equipping all buildings with air conditioning. The school district plans to start repaying these loans in 2019.

Under the district's plan, there would be very little impact on total tax levies if the Facilities Referendum is approved. The annual \$4.7 million being paid for the old debt would end in 2018, and payment on the new debt would start in 2019. The annual payment on the new debt has not yet been determined, but payments currently under consideration are very similar to the \$4.7 million now paid for middle school debt.

If the Facilities Referendum is rejected, however, tax levies would fall by \$4.7 million in 2019, as the old middle school debt would be completely paid off and there would be no new debt to take its place. I cannot yet provide the exact percentage by which Oak Park taxes would fall in 2019 if the Facilities Referendum is rejected. I can say, however, that if there had been a \$4.7 million reduction in tax levies last year, every Oak Park property owner would have paid 2.6% less in property taxes.

Reassessment. At the beginning of March, the Cook County Assessor sent out reassessment notices to all Oak Park taxpayers, and the median increase for residential properties was 24%. Many people assume that taxes will increase by 24% as a result, but this is not the case.

A reassessment neither increases nor decreases tax levies in the community, but instead determines how much of the community tax levies each property will pay. Some property owners will pay a higher share of the community's tax levies after a reassessment, and others will pay a smaller share.

But when the impact of the reassessment hits tax bills in the summer of 2018, the success or failure of the Operations Referendum will be an important factor in determining how much everyone will pay. If the Operations Referendum passes, the reassessment would determine each property's share of a total community tax levy that would exceed \$196 million. If the reassessment fails, however, the reassessment would determine each property's share of a tax levy closer to \$183 million.

Conclusion. This election season, Oak Park voters will be considering two tax referendums while contending with a triennial reassessment. The tax situation is complicated and confusing, but I hope this article helps to clarify matters so that voters can make informed decisions when they go to the polls.

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