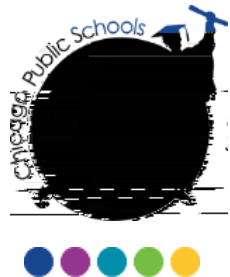


Chicago Board of Education:

Public Hearing Truth-in-Taxation

October 26, 2022



- State statute requires a school district to hold public hearing if the estimated property tax levy for a given year will increase by more than 5% of the previous year's property tax extension (35 ILCS 200/, Property Tax Code).
- Purpose of hearing is for a district to disclose its intention to adopt such a levy, explain background information on the levy, and to allow the public to present testimony.
- The property tax levy that CPS will consider for approval today was included as revenues in the Fiscal Year 2023 Budget that was approved by the Board in June of this year.
- The overall CPS corporate, special purpose and debt service property taxes being requested total \$3.83 billion.
- The proposed levy request is 5.3% higher than the prior year of \$3.64 billion.
- The proposed levy includes an allowance to capture estimates for both new property growth and inflationary growth up to the tax cap, this is why it is slightly more than 5%.



- Property taxes equal approximately half of CPS' annual operating revenue.
- Similar to other Illinois school districts, property taxes are CPS' single largest source of revenue, and there is no current alternative to substituting their use with another revenue.
- Property taxes are used to fund and operate all CPS



Prior Year Property Tax Extension	
Operating Funds Levy	\$3,049.9
Capital Improvement Tax Levy	72.7
Teacher Pension Tax Levy	518.9
Proposed Property Tax Extension	
Operating Funds levy	\$3,148.8
Capital Improvement Tax levy	89.5
Teacher Pension Tax Levy	594.9



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- CPS started levying annually for teacher pensions in 2018 after receiving State approved legislation.
- The levy is capped at a rate not to exceed 0.567 of the CPS EAV tax base.
- The proposed levy aims to maintain the 0.567 tax rate.

- CPS started levying in 2016 and may continue levying annually, increasing at rate of inflation*.
- This levy partially supports the CPS capital budget and projects across the District.
- Capital Improvement Tax is its own levy and it does not reduce Board's ability to levy for operating funds, but it is within the Truth-in-Taxation calculations.

- The Property Tax Extension Limitation Law (PTELL) or "Tax Caps" will limit growth in CPS' operating property tax extensions to lesser of 5% or inflation/CPI (7% for the proposed extension) on existing property.
- Resulting levy rate then applied to all new property.
- CPI has historically been the limiting factor for CPS tax increases, and until 2021, it has been less than 5% over the past 25 years.

*Note: state statute stipulates a different time period for CPI used in PTELL and for CIT



- Property taxes for CPS have increased in recent years primarily due to inflation, and they have been capped by the PTELL calculation using CPI.
- A CPI factor of 1.4% from 2020 is being used in the current tax collection period (still being processed by Cook County).
- The PTELL limiting factor of 5% will be used in the calculation of the proposed CPS levy increase vs. the CPI figure of 7%.
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