

## Why This Referendum will Create a Permanent Loss of Revenue for Lisle 202

Public Act 100-0465

SB1947 Enrolled

LRB100 09675 MLM 19844 b

plus the extension limitation defined in this Section and the denominator of which is the current year's equalized assessed value of all real property in the territory under the jurisdiction of the taxing district during the prior levy year.

For those taxing districts that reduced their aggregate extension for the last preceding levy year, except for school districts that reduced their extension for educational purposes pursuant to Section 18-206, the highest aggregate extension in any of the last 3 preceding levy years shall be used for the purpose of computing the limiting rate. The

denominator shall not include new property or the recovered tax increment value. If a new rate, a rate decrease, or a limiting rate increase has been approved at an election held after March 21, 2006, then (i) the otherwise applicable limiting rate shall be increased by the amount of the new rate or shall be reduced by the amount of the rate decrease, as the case may be, or (ii) in the case of a limiting rate increase, the limiting rate shall be equal to the rate set forth in the proposition approved by the voters for each of the years specified in the proposition, after which the limiting rate of the taxing district shall be calculated as otherwise provided. In the case of a taxing district that obtained referendum approval for an increased limiting rate on March 20, 2012, the limiting rate for tax year 2012 shall be the rate that generates the approximate total amount of taxes extendable for that tax year, as set forth in the proposition approved by the voters; this

The highlighted section is the critical language that explains why this referendum causes Lisle 202 to see a permanent \$1.2MM per year reduction in property tax revenue

For a taxing body they can set next years tax rate up to a maximum based upon the **Limiting rate** plus an increase for inflation (e.g. CPI)

Typically, **the Limiting Rate** for a school district is determined by looking at the highest rate that existed over the past 3 years.

However, if you are school district that reduced their rate because of section 18-206 (the section of the law that is used for this referendum) then your **Limiting Rate** is the rate AFTER the referendum reduction and you **can not** look back three years for a higher Limiting rate

Therefore, in year 1 Lisle 202 would lose **\$1.2MM** from reducing their rate. Then in year 2 that new lower rate would be **202's Limiting Rate** hence creating **another \$1.2MM loss in year 2.**

Lisle 202 could not return to the higher rate it had in year 0 (before the referendum)

The school district confirmed this understanding with the County Clerk in late 2018. That Clerk lost the election so the District is re-confirming this understand with the new Clerk and the State's Attorney. They expect a letter shortly that finalizes any interpretation.

As soon as that letter is publicly available we will post it on the website.