



CITY OF WASHINGTON, ILLINOIS
City Council Agenda Communication

Meeting Date: December 16, 2024

Prepared By: Joanie Baxter, CPA – Finance Director *JAB*

Agenda Item: Ordinance Levying the Annual 2024 Municipal Property Tax

Explanation: A Resolution setting the Tentative Tax Levy for 2024 was approved on November 18, 2024 in the amount of \$2,297,352. This represents an 8.56% increase over the 2023 extended levy and as such, a public hearing is required and was held on December 9, 2024.

The proposed tax levy funds the special levies as required, including the Police Pension Fund while keeping the General Corp levy unchanged. The overall increase in the tax levy is generated as follows:

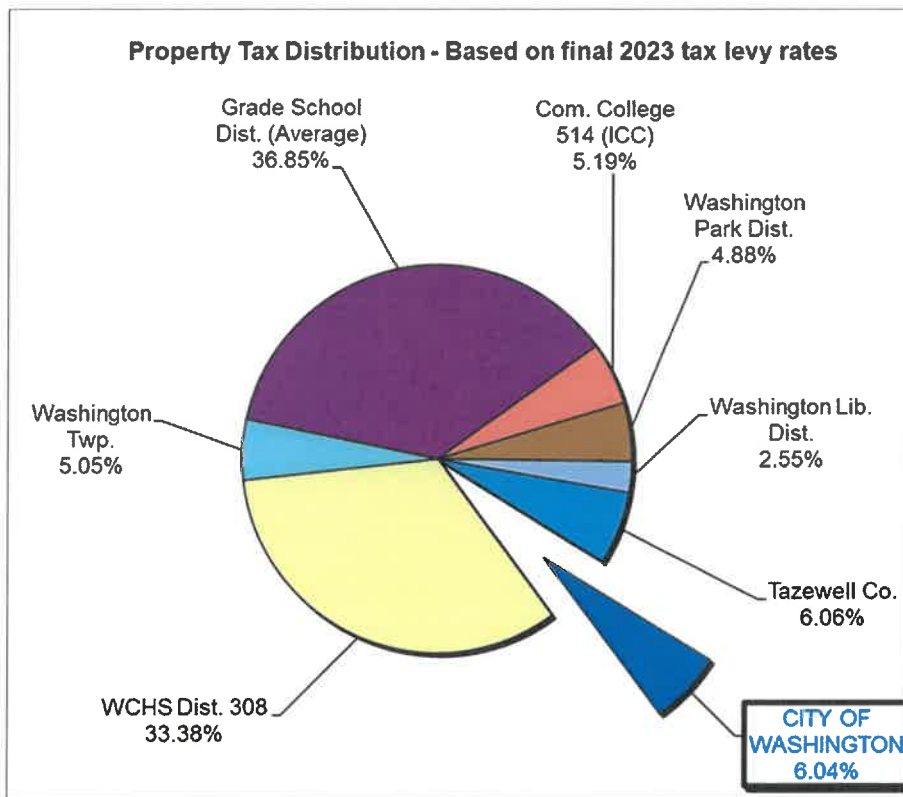
- Special fund levy net increases 70,921
 - Police Pension Fund add'l contribution (100,000)
 - Increase in fire and ambulance levy 210,132
- Increase in overall levy 181,053

2023 RATE SETTING EAV		\$ 394,272,725	Actual	
2024 PROJECTED Rate Setting EAV		\$ 428,000,000	Tentative	per Tazewell Co. as adjusted due to potential BOR reductions (reported at 429,922,277)
	8.55% Increase in EAV		181,053	additional revenue due to increase in EAV
			Tax rate remains unchanged <i>(Total levy amount increase is equal to the increase in the special levies less the \$100,000 PPF extra contr. from prior year plus \$210,132 add'l in Fire/Amb levy)</i>	
LEVY	2023	2024	Proposed	
	Extension	Tax Levy	Change 23 to 24	
Retirement/Pension Levies				
Police Pension	830,523	867,300	26,777	
Police Pension - extra	100,000	-	(100,000)	
IMRF	348,026	358,000	9,975	
SSI/Medicare	335,014	355,000	19,986	
	1,613,562	1,570,300	(43,262)	
Other				
Tort Judgments/Liability	115,009	128,000	12,991	
Audit	30,004	31,200	1,196	
Civil Defense	4,022	4,018	(4)	
Fire	86,070	164,816	78,746	
Ambulance	174,702	306,088	131,386	
General Corporate Fund	92,930	92,930	-	
	502,737	727,052	224,315	
GRAND TOTAL LEVY	\$ 2,116,299	\$ 2,297,352	\$ 181,053	
TAX RATE	\$0.53676	\$0.53676	(Est.)	

Keep in mind that the increase to the fire and ambulance contract as approved by the City Council assuming **annual funding for the ladder truck and ambulance exceeds \$300,000 per year** for the first three years. This increase was not budgeted for the current year when funding will begin and thus this additional \$300,000 will have to be paid out of the General Fund for FY24-25 and a budget amendment may be necessary at year-end if expenses exceed budget for the fund as a whole. **The proposed property tax levy increase would pay for \$210,132 of the \$307,354 increase, still necessitating finding other General Fund sources for the remaining almost \$100,000 along with the portion of the contract already funded by non-property tax revenues of over \$800,000.**

Also note that the Police Pension Fund is only 57% funded and has a \$7.7M unfunded liability. It may be advisable to provide additional funding in the future either from the tax levy or from other General Fund sources, but in either case, it is important to take full advantage of the assessed valuation increase.

The City's portion is 6% of the overall tax bill based on 2023 final rates as depicted below:



Fiscal Impact: Funds received as needed for FY25-26 for the special levies, no change in the General Corp levy and increase of \$210,132 for the fire and ambulance levies to help defray the contract increase exceeding \$300,000 per year.

Recommendation/Committee Discussion Summary: Committee of the Whole concurred with Staff recommendation and City Council approved the Truth-In-Taxation Resolution. **See the following page for additional information concerning the increase in assessed valuation.**

Action Requested: Approval during Second Reading on December 16, 2024. Tax Levy must be certified to the County by December 24th.

Because of the second consecutive year of increases in excess of 7% in the Equalized Assessed Valuation (EAV) and due to the confusion regarding the quadrennial reassessment – Staff reached out for further clarification. Following is the result of that discussion which has been shared with Council several times:

Due to the questions last Monday evening regarding the increase in Equalized Assessed Valuation (EAV) that is being used for the development of the 2024 proposed tax levy – I wanted to provide some additional clarification. Jon and I reached out again to the Township Assessor, April Morgan as well as the Tazewell County Supervisor of Assessments, Nicole Jones to further discuss this issue and make sure we understand this very complex process.

Through our discussion with Nicole, we found that the process starts with the State of Illinois EVERY YEAR in which the state is considered as a whole and an average property value increase determined based on a 3-year lookback. As you might imagine, this average may not be representative of smaller communities when larger cities like Chicago are included. As evidence of this – the factor that the State returned for 2024 was 30.92%. This rate is given to the counties and they along with the townships go through a process to further refine the rate based on the local real estate sales and other factors affecting values. Based on a resulting modified factor (called an equalization factor) as set by the county – the townships and county as a whole must fall within an acceptable range of the 33 1/3 of market value. If this isn't done, the State will step in and set the equalization factor.

Following the work done by both Washington Township and Tazewell County – the state factor of 30.92% was modified to 7.79% for 2024 and this was applied to all properties except farmland and farm buildings in the Washington Township. The exception to this increase is for those with an eligible senior citizen/low income exemption of which application must be made on an annual basis.

Interesting to note is Nicole said during Gary Twist's 14-year tenure as Tazewell County Supervisor of Assessments – a factor was applied only a few times. This is because houses were being sold much closer to their assessed value and thus no adjustments were needed. During this same time, our overall EAV was still increasing because of the boom in housing development. Nicole indicated that the final equalization factors set by the county were 2.5% for 2022, 7.03% for 2023, and 7.79% for 2024.

In summary, the 7.79% increase was made across the board in Washington for 2024 taxes payable in 2025. This increase is due to the need to adjust values to closer to what the market is bearing.

The quadrennial reassessment in contrast, is more of a review of individual properties and adjustments due to specific circumstances and although required every four years is done on an ongoing basis because of the size of the township. Those increases are not made across the board to all properties.

Below is the impact of the 7.79% increase on property tax bills in which the City of Washington represents 6.04% of the overall bill (based on the 2023 rates). The remainder of the increase up to the proposed 8.56% is due to new development which will not increase the property taxes due.

2024 Property Tax Bill	City of Washington portion of property tax bill (6.04%)	7.79% equalization factor increase	Estimated increase of City of Washington portion
\$1,000.00	\$60.40	\$65.11	\$4.71
\$2,000.00	\$120.80	\$130.21	\$9.41
\$3,000.00	\$181.20	\$195.32	\$14.12
\$4,000.00	\$241.60	\$260.42	\$18.82
\$5,000.00	\$302.00	\$325.53	\$23.53
\$7,500.00	\$453.00	\$488.29	\$35.29
\$10,000.00	\$604.00	\$651.05	\$47.05

ORDINANCE NO. _____

**AN ORDINANCE LEVYING THE ANNUAL 2024 MUNICIPAL PROPERTY TAX FOR
THE CITY OF WASHINGTON,
COUNTY OF TAZEWELL, STATE OF ILLINOIS
(Taxes paid in 2025)**

WHEREAS, the City of Washington, Tazewell County, Illinois, an Illinois home rule unit of government (the “City”) has adopted the municipal budgeting process as set forth in Sections 8-2-9.1 through 8-2-9.9 of the Illinois Municipal Code (65 Illinois Compiled Statutes 5/8-2-9.1 through 5/8-2-2.9) and

WHEREAS, the City has determined that the total amount to be levied and collected for tax year 2024 is the sum of Two Million, Two Hundred Ninety-Seven Thousand, Three Hundred Fifty-Two Dollars (\$2,297,352) (the “Levied Amount”), said sum to be levied upon all real property subject to taxation within the City, and

WHEREAS, the City Council of the City (the “Council”) finds that it is necessary that the Levied Amount be levied so that the City can meet its budget and properly provide for its necessary financial obligations, and

WHEREAS, on or about November 18, 2024, the City did determine the amount it proposed to levy for tax year 2024 and did further determine that said tentative levy did require a public hearing in compliance with Section 4 through Section 7 of the Illinois Truth-in-Taxation Act.

NOW THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WASHINGTON, TAZEWELL COUNTY, ILLINOIS, an Illinois home rule unit of government, as follows:

Section 1. Determination of Total Amount to be Levied. The total amount of money legally required for all corporate purposes and to be collected from the 2024 tax levy (taxes paid in 2025) is hereby ascertained to be the Levied Amount.

Section 2. Adoption of Levy for the Fiscal Year. The Levied Amount, being the amount legally required and to be collected from the 2024 tax levy for all corporate purposes of said City, be, and the same is hereby levied upon all of the taxable property within the City subject to taxation for the current year, the specific amounts levied for the various funds hereinafter named and in total being as follows:

General Corporate Fund	\$ 92,930
Fire Fund	\$ 164,816
Ambulance Fund	\$ 306,088
Civil Defense Fund	\$ 4,018
Audit Fund	\$ 31,200
Liability Fund	\$ 128,000
Illinois Municipal Retirement Fund	\$ 358,000
Social Security/Medicare Tax Fund	\$ 355,000
Police Pension Fund	\$ <u>857,300</u>
 TOTAL	 \$ <u>2,297,352</u>

Section 3. Authorization for Levy and Assessment of Tax. The Levied Amount ascertained as aforesaid, be, and the same is hereby levied and assessed upon all property subject to taxation within the City according to the value of said property as the same is assessed and equalized for State and County purposes for the current year.

Section 4. City Clerk to Certify a Copy of Ordinance to County Clerk. The City Clerk of the City is hereby authorized and directed to certify a copy of this ordinance to the County Clerk of Tazewell County, Illinois on or before December 24, 2024. Further there is hereby certified to the County Clerk, the several sums aforesaid, constituting in total the Levied Amount as specified hereinabove, which said Levied Amount the City requires to be raised by taxation.

Section 5. Home Rule Authority. This tax levy ordinance is adopted pursuant to the procedures set forth in the Illinois Municipal Code; provided, however, any tax rate limitation or any other substantive limitation as to tax levies in the Illinois Municipal Code in conflict with this Ordinance shall not be applicable to this ordinance pursuant to Section 6 of Article VII of the Constitution of the State of Illinois of 1970.

Section 6. Effective Date. This ordinance shall be effective immediately upon its passage and approval.

ADOPTED this _____ day of _____, 2024 pursuant to a roll call as follows:

Ayes: _____

Nays: _____

APPROVED this _____ day of _____, 2024.

Mayor

ATTEST:

City Clerk