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Tax Extension 101

The Assessor's office enters all the assessment information they receive from the Township Assessors into the computer. All of the parcels in the district are added together to create the assessed valuation of a district. If the townships do not assess their townships properly (consistent with the other townships in the county), the Supervisor of Assessments (Bob Kahman) will put an equalization factor on the township - raising or lowering it to match the other townships in the county. (Comparable houses in each township should be assessed the same.)

If the county as a whole is not comparable with the rest of the state, the state will put an equalization factor on the County. Before we start our process, we have to wait to find out if the state is going to raise or lower all of our assessments. An equalization factor of 1.0000 means we are good and nothing changes – (1 times anything is the original number.) We then have what we call the Equalized Assessed Value (EAV) of the entities in the county.

The value we use to calculate the rates is the EAV with the exemptions and TIF's removed and the state assessed railroads and pollution control facilities added. This is called the Taxable EAV or the Rate Setting EAV.

The entities have to create their budgets, which they file with us. Then they create their levies. They figure out how much they need (budget) and then ask for the money to cover it (levy). They file their levies with us by the last Tuesday in December.

How much money the entity gets depends on the funds they are requesting.

- Most funds have a maximum rate that is determined by the state.
- The types of funds that don't have maximum rates are bonds, insurance, social security, Illinois IMRF - the kinds of funds that are "payments" that the entity can't control, but must have.
 - Truth in Taxation laws also determine the money
 - If the entity wants more than 105% of what they got the year before (got - not asked for), they have to publish their intent in the paper and then hold a meeting.

- Even if the entity publishes and has their meeting, they can't get more than what the maximum rate is for any fund.

The maximum rates affect schools more than any other entity - they are losing much of their funding, so they need as much money as they can get and are limited in most of their funds. To raise their maximum rates, they need to put a referendum on the ballot and people have to say yes.

To get a rate, we use (the computer uses) a very simple formula:

$$\text{Levy (fund) / Taxable EAV (per 100) = rate}$$

For example, Village X has an EAV of 55,000,000.
They want \$100,000 for their general fund.

$$\$100,000 / 550,000 \text{ (EAV per 100)} = .18181$$

Now, if the maximum rate for the general fund is only .15000, then they will only get \$82,500, even if they jumped through the truth in taxation hoops.

Any bonds for a district do not count when you do the truth in taxation calculations. Statute dictates that we give each entity at least enough money to cover all bond payments.

TIF's are districts that are established for 23 years.

A base EAV is established the first year. Every year after the first year, the difference between the new assessment and the base for each parcel is calculated. This difference is called the increment. The total of all the individual increments is the amount that is removed from the Equalized Assessed Value to calculate the Taxable Value. The taxes collected on the increment are given to the TIF district.

Most schools don't like TIFs because they lower their Taxable EAV (we usually just call it the EAV). When the schools need more money but are limited by a maximum rate, the only way to get more is to raise the EAV (a rate of .25000 times a higher EAV = more money). The higher the increment, the more EAV is taken away from the school district. The presumed reason (justification) for the TIF is that after those 23 years, the area will have been built up so there is more EAV in the districts later.

The last piece of the puzzle is, we send our calculations to the Treasurer's office and they create the tax bills. As the money for the tax bills comes into their office, they make distributions to the entities. They have records of what the entities' extensions are, and eventually (once all the money is received after the tax sale), all of the entities get all of the money we extended.