

Upcoming Referendums and Your Property Taxes **By Ali ElSaffar, Oak Park Township Assessor**

In the next six months, Oak Park voters will face two separate referendums that could impact their property taxes. The first referendum is for Oak Park and River Forest High School, which will be seeking authority in November 2016 to borrow \$25 million to pay for part of the costs of a new swimming pool, as well as other improvements. The second referendum will take place in April 2017, when Oak Park's elementary school district will seek an as yet undetermined sum to help fund its operations.

My office does not take a position on the merits of referendums, but does try to help voters determine what their overall tax bills would look like in the event of a successful referendum. To do this, I will start with what tax bills would look like without any referendums.

If both referendums failed, I estimate that next year's tax increases for most local taxpayers would be between 1.5% and 2.5%. The primary reason for this estimated increase is that state law allows most local taxing districts to increase their annual tax levies by an amount that roughly matches the rate of inflation. But many other factors also impact taxes, including tax appeals and exemptions. Unfortunately, neither levies nor appeals nor exemptions have yet been determined, making precise estimates impossible. Nonetheless, this year's inflation rate, coupled with past experience with the other factors, make the estimated tax increase of 1.5% to 2.5% reasonable.

High School Referendum. To understand the tax impact of the high school's proposed \$25 million referendum, it can be helpful to think of the payments on a home mortgage. The amount of your mortgage payment depends on how much you borrow, what the interest rate is, and how long it will take to pay off the loan. The same is true for school bonds.

After much discussion, the school board decided to borrow \$25 million, and plans to repay the money over twenty years. The school anticipates an interest rate of a little over 3%, which means that Oak Park and River Forest taxpayers would pay about \$1.8 million per year to repay the loan.

A successful pool referendum would increase Oak Park tax levies by about \$1.34 million per year, with the rest being paid by River Forest. Since Oak Park's total tax levy this year was \$180 million, an additional \$1.34 million corresponds to a tax increase of about three-quarters of 1% in Oak Park (0.75%). For a tax bill of \$10,000, this is an increase of \$75. The increase in River Forest is a little higher, at 0.85%, or \$85 on a \$10,000 bill. These figures closely match the increases projected by the high school.

If the high school referendum impacted bills next year, the choice for Oak Park taxpayers would be between, say, a 2% tax increase without the pool referendum, and a 2.75% increase with the referendum. In fact, however, the impact of a successful referendum will not appear on tax bills until 2018. It is not possible to estimate the range of possible tax increases so far in advance, but it is fair to say that tax levies go up virtually every year. The impact of a successful referendum would be on top of the normal levy increases.

District 97 Referendum. In April of 2017, Oak Park's elementary school district plans to put a referendum on the ballot that would increase funding for its educational operations. If successful, the impact of this referendum would appear on tax bills next summer, before the impact of the high school referendum.

The District 97 school board has not yet determined the size of the referendum, so it is impossible to determine the exact impact of a referendum on tax bills. What can be said, however, is that District 97 receives more tax dollars than any other Oak Park taxing district. This year it levied a total of \$61.3 million, representing 34% of all property taxes paid in Oak Park. If the largest taxing district receives additional tax revenue through a referendum, the impact is usually noticeable for taxpayers, even if the precise amount cannot yet be ascertained.

Conclusion. The public schools in Oak Park and River Forest provide an excellent education for their students. But the cost of providing this education leads to tax bills that some residents have difficulty coping with. I hope the information in this article helps residents make informed decisions as they go to the polls.