

**TO:** Members of the Board of Education  
**FROM:** Dr. Keisha Campbell, Superintendent of Schools  
**DATE:** January 16, 2024  
**SUBJECT:** 2023 Tax Abatement Resolution



**STRATEGIC PLAN ALIGNMENT:** Financial and Operational Effectiveness

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**Background**

An abatement resolution reduces the amount of property taxes for debt service. The debt service amounts were set when the referendum bonds were issued to finance the referendum projects. The abatement is a one-time reduction in the amount of property taxes billed to taxpayers for only this tax levy. The decision to approve an abatement can be done each year by March. The following points were taken into consideration this year:

- Over the past two years, the U.S. economy has experienced high inflation and a labor shortage - resulting in significant increases in expenditures.
- Elmhurst 205 continues to experience significant increases in health insurance claims, the District is self-insured, and premiums increased 36.8% on January 1st.
- The Tax Abatement Resolution will provide a small amount of tax relief to taxpayers.

**Current Situation**

Elizabeth Hennessy, Managing Director of Raymond James, prepared various scenarios to consider regarding the option to abate, including Option 2, which provides an abatement of \$633,825 of the debt service extension. This reduces the debt service extension from \$16,075,981 in the 2023 Levy to \$15,442,156. This option would maintain the debt service extension at the same level as last year, lower the debt service extension amount equal to the 2025 levy - which the debt service extension flattens in all future years thereafter. On a \$500,000 house, this abatement would provide \$39 in tax relief to taxpayers. The financing plan for the 2018 referendum was to maintain flat debt service.

If a decision is made to abate a larger amount, it could result in a bigger property tax increase next year and a negative impact on the district's fund balance. This will be discussed during the presentation.

Based on the discussions at the last meeting, we felt that Option 2 would provide a balance between the escalating increases in expenditures due to the historic high inflation, staffing shortages, and significant health insurance claims; while also providing some tax relief to taxpayers.

**Recommendations or Future Actions**

The 2023 tax abatement is for discussion on January 16th. We will seek Board approval of Resolution abating a portion of the tax heretofore levied for the year 2023 to pay debt

service on the General Obligation Refunding School Bonds, Series 2015 at the February 20th Board meeting.