



CITY COUNCIL AGENDA ITEMS

To: Mayor and City Council
From: Dean Rich, Director of Finance
Walter Denton, City Administrator
Date: December 1, 2005
Subject: Ordinance Providing for Annual Tax Levy

List of committees that have reviewed: Finance and Administration

Background: The Tax Levy Ordinance is the city's legal request to receive property tax imposed upon properties lying within its corporate boundaries. The Tax Levy Ordinance sets forth the specific type and amount of property taxes the city wants to receive. The Levy must be filed with the county clerk no later than the last Tuesday in December.

Legal Considerations, if any: This levy is an increase of more than 105% and must comply with the Truth in Taxation Act, requiring a public notice and a public hearing. The public notice will be published in the December 8th issue of the O'Fallon Progress, and the Public Hearing will be December 19th.

Budget Impact: The proposed levy estimates an increase in EAV of \$54,753,418 (13%) and is primarily from new home construction. It has been the policy of the city council for a number of years to maintain the property tax rate as low as possible and this levy reflects a .0537 reduction over last year. That equates to a \$33.08 reduction for a homeowner of a \$200,000 home. The levy estimates a reduction in mandated personnel cost (social security, police pension and IMRF), a reduction in the EMS account as we continue to balance operations cost with Shiloh and the rural fire district, and a slight reduction in the general fund. Parks and Library remain the same. The Fire Dept has an increase of .01 to cover the new fire truck, but at a rate of .1100, it remains well within the maximum rate of .1500. The rate for 2004 was .9832 and the 2005 rate is .9295 and continues to be lower than the benchmark year of 1994.

Staff recommendation: Approval of the 2005 Proposed Tax Levy