



NEW LENOX SCHOOL DISTRICT 122
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YOU ASKED.....WE ANSWERED

WHY DOES THE DISTRICT LEVY TAXES?

Per the Illinois School Funding Formula, property taxes are the largest single source of Illinois public education funding. Currently 79% of the District's operating budget is funded by property taxes, both commercial and residential. The District annually levies for all new property growth. Typically we levy taxes for approximately \$20M of new growth each year. In addition, the District also levies for the consumer price index (CPI) each year. That is basically a levy to cover annual inflation. In addition, there is also a third portion designated for the repayment of the debt to build the last 6 schools.

Individual tax bills due to NLSD122 are expected to increase about 1.2% or about \$37 for the year on an average \$250K home.

In an ideal world, it would be nice not to have to levy taxes to support the schools, but if we did not levy then the District "leaves" money on the table that can never be recouped. Consider this year, **if the District does not levy, the District will lose \$500K this year and a permanent annual revenue loss of \$1M each year.**

Although no one likes to increase taxes, this is the current model for school funding as dictated by State Government. However, at least the money levied by the District stays within the District and does not go to any other communities. So taxpayers' children benefit from their own money and support.

Also, we truly believe, as a District, that good schools are the foundation for a quality community. Research studies compiled by the Knowledge Works Foundation cite the following conclusions regarding public schools and residential property values:

- Real estate values increase \$20 for every additional dollar in educational funding.
- Public schools indisputably influence residential property values.
- Homebuyers are typically willing to pay higher taxes for better schools because the resulting increase in real estate value is even higher than the additional taxes.
- The quality of education is often a factor in determining a community's quality of life.
- Even households without children will benefit from increased school quality in the form of increased property values.

The average residential property tax bill for New Lenox School District 122 has increased about 1% each year over the past three years (levy years 2014, 2015, 2016).

New Lenox School District 122 operating expenditures have increased on average less than 1% each year over the past seven school years. NLSD122 maintains a balanced budget and keeps strict controls on cost.

NLSD122 receives \$5.8M less per year in General State Aid than it did over ten years ago.

NLSD122 spends \$1,319 less per student than the state's elementary school average cost per student.

Finally, we want to always remind everyone that:

Property taxes help to reduce your income taxes each year:

- Illinois Property Tax Credit is a credit on your individual income tax return equal to 5 percent of Illinois Property Tax (real estate tax) you paid on your principal residence. You must own your residence in order to take this credit.
- Homeowners who itemize their federal tax returns can deduct property taxes they pay on their main residence and any other real estate they own.

Senior citizens receive additional exemptions in their property's assessed value which helps to keep their property tax amount lower.