

Introductions

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Legal Updates on the Tax Levy and Procurement

May 3, 2023, Peoria



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Agenda

1. Tax Levy Updates
2. Procurement Updates



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Tax Levy Updates

Update on Property Tax Relief Grant

- 2nd year abatement must be in addition to any 1st year abatement
- Remember to add abatements to prior year's extension when calculating levy each year



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Tax Levy Updates



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Tax Levy Updates

New Section 17-1.3 of the School Code

- District must publicly disclose the cash reserve balance of all funds related to its operational levy.
- District also must disclose any obligations secured by such funds.
- Disclosures must occur “at the public hearing at which the district certifies its budget and levy for the taxable year.” 105 ILCS 5/17-1.3.
 - BUT any public hearing on the tax levy required under the Truth in Taxation Law “shall not coincide with the hearing on the budget.” 35 ILCS 200/18-70.



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Tax Levy Updates

New Section 17-1.3 of the School Code (cont'd)

- Questions:
 - Which hearing(s) must the disclosure occur at?
 - Cash reserve balances as of when?
 - **ASK YOUR LAWYER**



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Tax Levy Updates

SB1994 (not yet law)



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Tax Levy Updates

SB1994 (not yet law) (cont'd)

- Would create new Section 17-1.10 of the School Code
- Would require in the 2024-2025 school year and thereafter each school board to calculate the combined, annual average expenditures of its operational funds (ED, OM, Trans) for the previous 3 fiscal years, as reported in audited AFRs.
- Annual written report at board meeting
- If combined reserve exceeds 2.5 times the average annual expenditures, must adopt and file with ISBE a written reserve reduction plan

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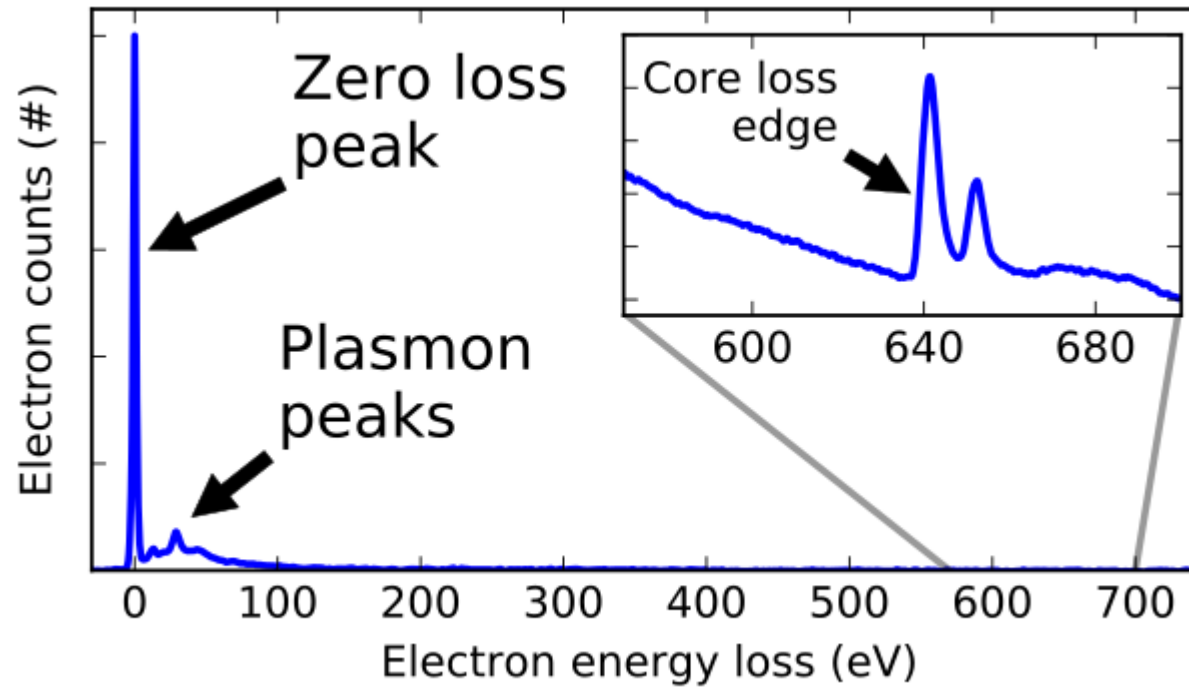
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Tax Levy Updates

New Recapture Provisions



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Tax Levy Updates

Recapture Levy for Property Tax Refunds (eff. 2021 levy)

- New Section 18-233 of Property Tax Code
- County clerk now adds an automatic levy adjustment for district's property tax refunds for the twelve months prior to November 15 of each year.
- Only applies in PTELL counties (so far)
- Does recapture levy get included in “aggregate levy” for Truth in Taxation purposes?



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Tax Levy Updates

Recapture Levy for Property Tax Refunds (eff. 2021 levy) (cont'd)

- HYPO: a PTELL district's 2022 tax extension included \$10,000,000 for Ed, \$3,000,000 for OM, \$2,000,000 for Trans, \$1,000,000 for IMRF/SS, \$2,000,000 for Debt Service, and a recapture levy of \$1,000,000.
- For the 2023 tax year, the estimated levy is \$10,500,000 for Ed, \$3,500,000 for OM, \$2,300,000 for Trans, \$1,000,000 for IMRF/SS and \$2,000,000 for Debt Service and a zero recapture levy
- Do we need a Truth in Taxation hearing?



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Tax Levy Updates

Recapture Levy for Property Tax Refunds (eff. 2021 levy) (cont'd)

- HYPO (cont'd)
- Ask your lawyer if recapture levy is excluded from aggregate levy for Truth in Taxation purposes. If excluded:
 - 2022 aggregate extension: \$10,000,000 Ed + \$3,000,000 OM + \$2,000,000 Trans + \$1,000,000 IMRF/SS = **\$16,000,000**
 - 2023 aggregate levy: \$10,500,000 Ed + \$3,500,000 OM + \$2,300,000 Trans + \$1,000,000 IMRF/SS = **\$17,300,000**
 - % increase = $17.3\text{M}/16\text{M} = 1.08125$
 - **Hearing required.**



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Tax Levy Updates



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Tax Levy Updates

Truth in Taxation Hearing Notice
Must Be Posted on Website in
Addition to Newspaper (eff. 2016
levy)

But Failure to Do So Will Not
Invalidate Notice or Action Taken
on Levy



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Tax Levy Updates

Another Recapture Provision: New Section 18-190.7 of the Property Tax Code
(eff. 2022 levy)

- Allows recapture of levy amounts that otherwise would be unavailable due to not extending the maximum amount permitted under PTELL in a prior levy year.
- Increased extension cannot exceed the immediately prior extension by more than 5% (unless approved by referendum)
- Extension can be increased up to 3 years in order to complete the recapture.



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Tax Levy Updates

New Section 18-190.7 of the Property Tax Code (cont'd)

- School districts eligible must have designations of recognition or review according to ISBE's School District Financial Profile System as of the first day of the levy year for which the school district seeks to increase its aggregate extension.
- District also must certify to the county clerk that it did not extend the maximum amount permitted under PTELL within 60 days after filing its reduced tax levy.

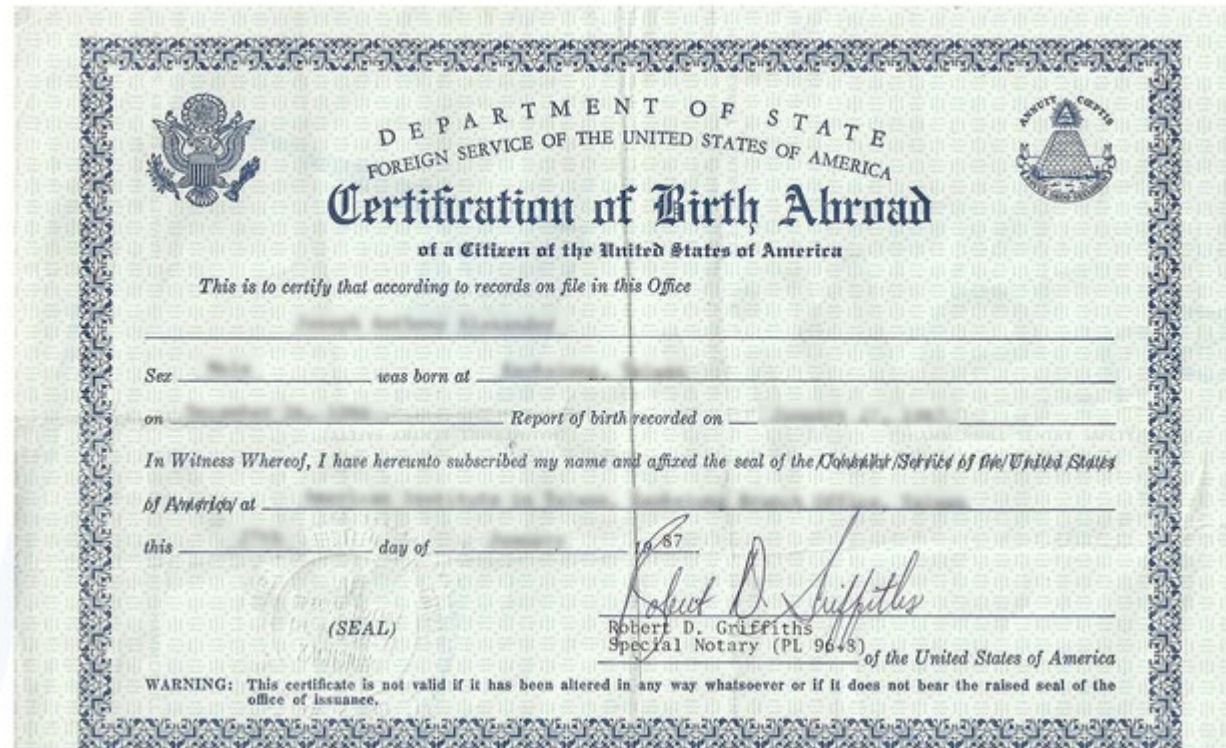


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Tax Levy Updates

New Section 18-190.7 of the Property Tax Code (cont'd)



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Procurement Updates

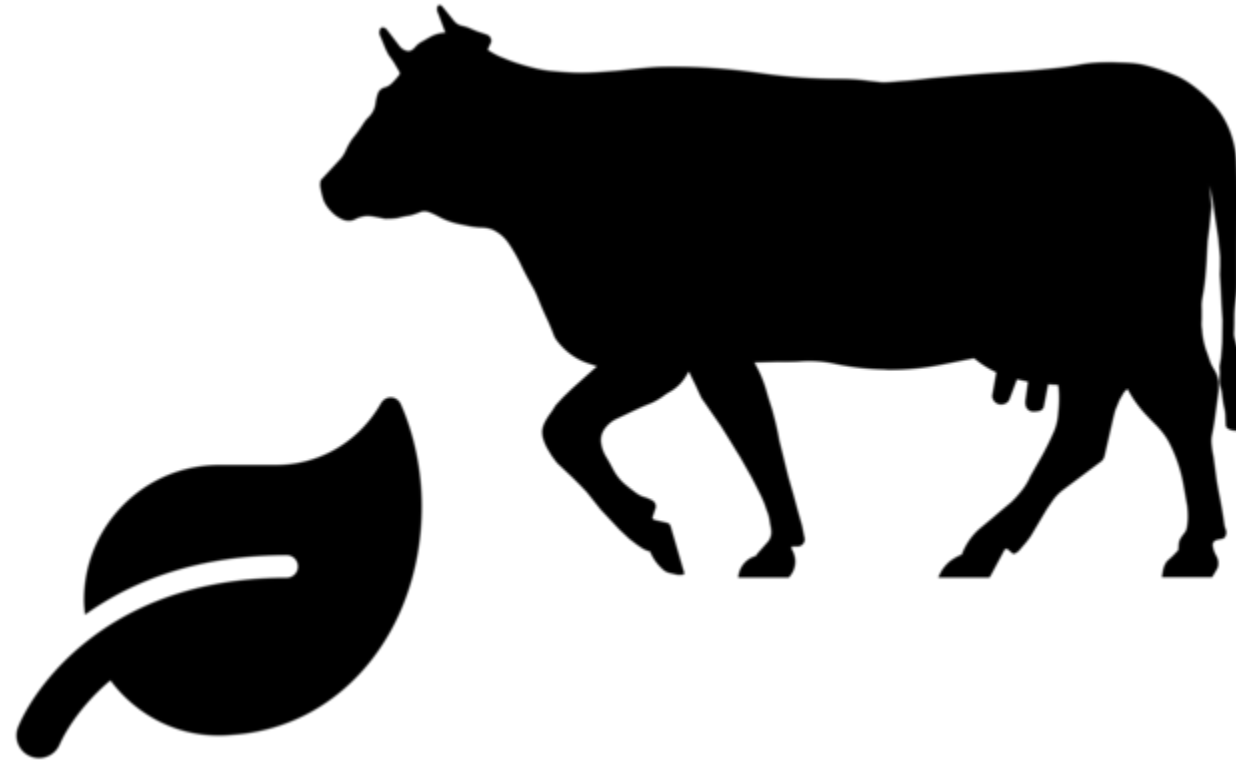


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Procurement Updates

New Procurement Method Available for Food Service Contracts



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Procurement Updates

New Procurement Method Available for Food Service Contracts

- PA 102-1101, adds new bidding exemption
- Allows RFP process for food service, can award to a contractor who is not the lowest responsible bidder, if a good faith effort to give preference to contracts that:
 - (1) procure food that promotes the health and well-being of students and scratch-made, minimally processed foods;
 - (2) give a preference to State or regional suppliers that source local food products;



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Procurement Updates

New Procurement Method Available for Food Service Contracts (cont'd)

- (3) give a preference to food suppliers that utilize producers that adopt hormone and pest-management practices recommended by the USDA;
- (4) give a preference to food suppliers that value animal welfare; and
- (5) increase opportunities for businesses owned and operated by minorities, women, or persons with disabilities.

- Documents are available from ISBE



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Procurement Updates

Grant Procurement (General)

- ISBE is auditing these requirements for certain districts
- See PRESS 4:60 AP-5
- Districts will need to become for fluent in these requirements in the future



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Procurement Updates



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Procurement Updates

New Requirement for Sexual Misconduct Employment Check for Contractors (eff. 7/1/23)

- Contractors who will have direct contact with children or students must conduct an employment history review of applicants
- See PRESS 4:60AP-4
- Contains language for insertion into contracts



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Procurement Updates

New Requirement for Sexual Misconduct Employment Check for Contractors (eff. 7/1/23)

- Consider reaching out to the District's existing contractors to alert them to this new law and ask them to confirm that they have performed or will perform the necessary employment history reviews.
- After they conduct the reviews, contractors must provide the District with access to records of the reviews.
- Upon receipt, you should review the records to evaluate the contractor employee's fitness to be assigned to work in the District.



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Procurement Updates

New Requirement for Contractor Pay During School Closures

- Requires school districts to make full payment to contractors who provide educational support services (e.g., custodial, building maintenance, transportation, food service providers, classroom assistants, and administrative staff) for their daily, regular rate of pay and benefits rendered for any school closures or e-learning days.
- Payment is not required, however, if the school closure day is rescheduled and the employee will be paid their daily, regular rate of pay and benefits for the rescheduled day when services are rendered.



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Procurement Updates

New Requirement for Contractor Pay During School Closures

- Contact attorney for sample contract language.



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Procurement Updates

HB2233 (not yet law)

- Increases the contract value subject to competitive bid provisions to \$35,000 (instead of \$25,000).
- If it's enacted, update PRESS Board Policy 4:60 to implement.



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THIS IS INTENDED SOLELY TO PROVIDE GENERAL INFORMATION. IT IS NOT LEGAL ADVICE OR A SUBSTITUTE FOR LEGAL COUNSEL. PLEASE CONSULT WITH LEGAL COUNSEL CONCERNING SPECIFIC QUESTIONS ABOUT THE LEVY AND PROCUREMENT.

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Questions and Answers

We thank you for your time!



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