



Property Tax Relief Grant Program

New Provisions for FY 19 of Evidence-Based Funding

PA 100 – 0465

and

PA 100 – 0582



Property Tax Relief Grants

- Provides school districts with high tax rates relative to other school districts with an opportunity to lower the property tax burden on local taxpayers with the state replacing a portion of foregone tax revenue with state funds.
- Established by Public Act 100-0465 and revised by Public Act 100-0582. Exempt from the Grant Accountability and Transparency Act.
- \$50 million is reserved for this purpose in FY 19.



Property Tax Relief Grants

- Grant applications available online at <https://www.isbe.net/proptaxrelief> and are due by 4:00 p.m. on January 7, 2019. Late submissions will not be considered.
- Districts eligible for the grant will be notified by January 31st.
- Districts must then submit an abatement resolution to all county clerks for counties in which they have property by March 30th. Please contact your clerks to verify abatement filing requirements.
- County clerks provide ISBE with a certification of abatement by April 15th.
- Grant amounts could be paid out on May 20, 2019.



Calculation of Property Tax Relief Grants

Calculate the Unit Equivalent Tax Rate (UETR) for each district

UETR = Adjusted Operating Tax Rate X 1 for a Unit District

X 13/9 for an Elementary District

X 13/4 for a High School District

- All districts may apply. The threshold UETR is determined once applications are received. Grants are distributed to applicant districts beginning with the district with the highest tax rate, followed by the next highest, until \$50 million in funding for FY 19 is distributed.
- If the full \$50 million is not used for these grants, any remaining funds will be distributed through the tiers.



Calculation of Property Tax Relief Grants

- Districts may participate in the grant program if their Unit Equivalent Tax Rate or UETR exceeds a threshold UETR.
- Per statute, the threshold UETR is a value that is determined based on the applicants for the grant program. The value will not be known until all applications have been received.
- ISBE has prepared a file listing districts in descending order of UETR that is available at our website, <https://www.isbe.net/proptaxrelief>.



Calculation of Property Tax Relief Grants Begin by Defining Tax Relief – Amount to Be Abated

Tax relief allowable for partial redemption from the grant is capped at the lesser of:

A

1% of EAV for a
Unit District

0.69% of EAV for
an Elementary
District

0.31% of EAV for
a High School
District

OR

B

$(\text{District UETR} - \text{Threshold UETR}) \times \text{EAV}$

If option **B** is the lesser value and the difference is less than 1%, the result is further altered by multiplying it by 1 for a Unit, .69 for an Elementary and .31 for a High School



Calculation of Property Tax Relief Grants Amount Paid to Districts is a % of Local Tax Relief Provided

Grant amounts are determined based on the amount of tax relief provided and the Local Capacity Percentage in Evidence-Based Funding calculations.

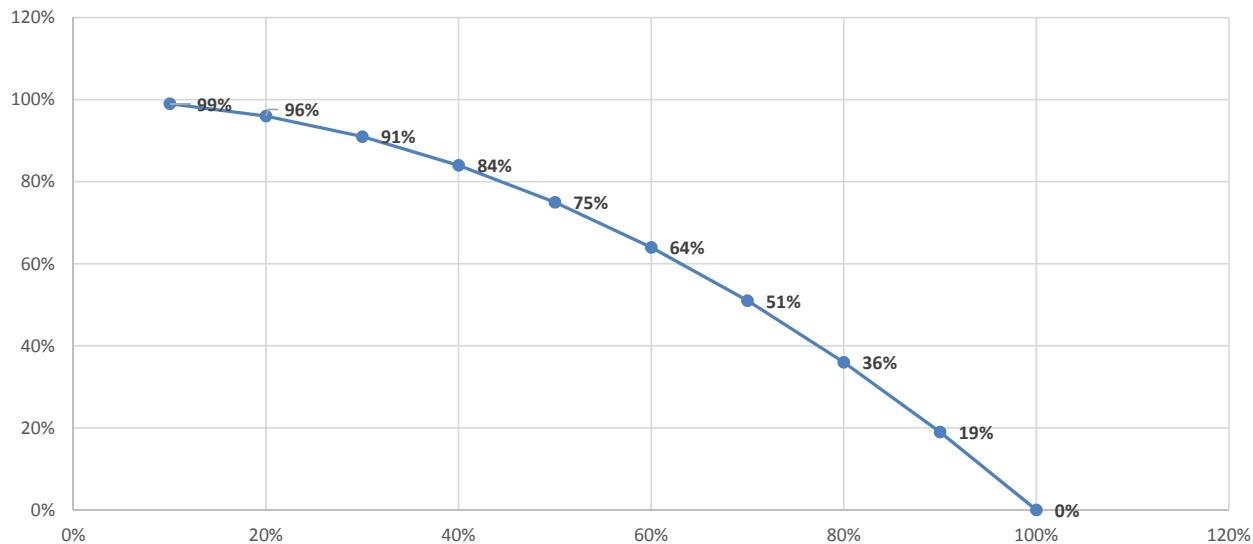
$$\text{Property Tax Relief Grant} = \text{Tax Relief Provided} \times (1 - \text{Local Capacity Percentage}^2)$$

Grant amounts decline as Local Capacity Percentage increases.



Grants Equal the Amount of Tax Relief Provided, Multiplied by $(1 - \text{Local Capacity Percentage Squared})$

Grant Amount as a Percentage of Tax Relief



LCP	Grant Amount
10%	99%
20%	96%
30%	91%
40%	84%
50%	75%
60%	64%
70%	51%
80%	36%
90%	19%
100%	0%



Calculation of Property Tax Relief Grants District Example

Elementary District with a 9.363% Adjusted Operating Tax Rate (OTR) and 83,734,923 in EAV.

$$\text{District UETR} = 9.363\% \times 13/9 = 13.5243\%$$

Cap on Tax Relief for an Elementary District is 0.69%

$$\text{Maximum Tax Relief}^* = 0.69\% \times 83,734,923 = \$577,770.97$$

$$\text{Proportion of Relief Paid as Grant} = (1 - \text{LCP}^2) = (1 - 8.94\%^2) = 99.2\%$$

$$\text{Maximum Property Tax Relief Grant} = 99.2\% \times \$577,770.97 = \$573,153.21$$

* Final maximum tax relief is cap by organization type or difference between district UETR and threshold UETR



Property Tax Relief Grants Become Part of Future Base Funding Minimum Amounts

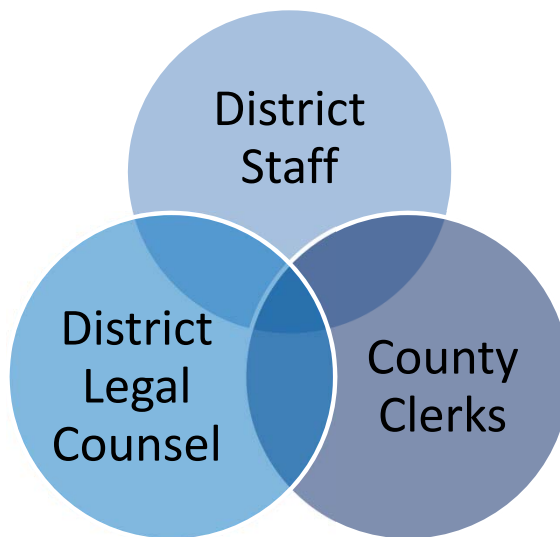
Any grants received by a school district shall be included in future calculations of that school district's Base Funding Minimum under Section 18-8.15 of the School Code. [105 ILCS 5/2-3.170(k)]

For districts subject to the Property Tax Extension Limitation Law, in the tax year following receipt of a Property Tax Relief Grant, the aggregate levy of any school district receiving a grant shall include the tax relief the school district provided in the previous taxable year. [105 ILCS 5/2-3.170(l)]



Districts Should Consult with Legal Counsel and County Clerks to Document Intent to Abate Taxes

- Districts must file a property tax abatement resolution with county clerks
- County clerks must complete a Certificate of Property Tax Abatement (<https://www.isbe.net/proptaxrelief>)





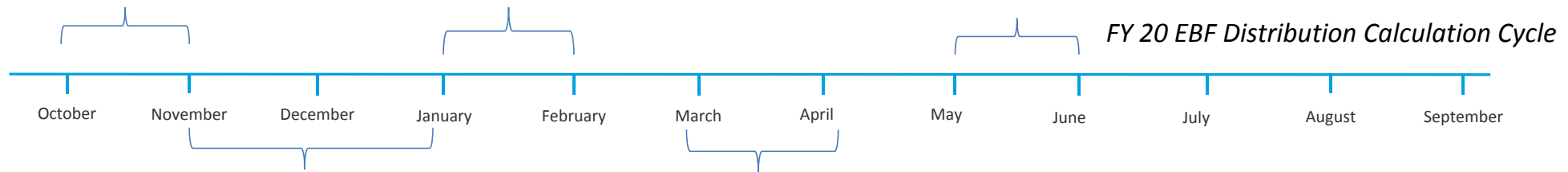
Illinois State Board of Education

Property Tax Relief Grant (PTRG) Process Calendar

Activity	Responsible Party	Date
Post Grant Application - ISBE website	ISBE	10/30/18
Post Accompanying Webinar – ISBE website	ISBE	10/30/18

Activity	Responsible Party	Date
PTRG Grant Applications Due	District Administration	1/7/19
Notify Eligible Grant Recipients	ISBE	1/31/19

Activity	Responsible Party	Date
Finalize Grant Calculation	ISBE	4/15 – 5/31/19
Make Grant Payments	ISBE	5/20/19



Opportunities for Districts to Discuss PTRG at Board Meetings

Activity	Responsible Party	Date
Publish List of Final Grantees	ISBE	3/1/19
District Files Authorized Abatement to County Clerk	District Administration	3/30/19
Provide Abatement Certification with County Seal to ISBE	District Administration	4/15/19



Resources

- Information about the Property Tax Relief Grant, including the application, a webinar and a file defining maximum tax relief possible and the percentage of tax relief each district may receive as a state grant, are available at the ISBE website, <https://www.isbe.net/proptaxrelief>.
- For questions, please contact State Funding and Forecasting at 217-782-0249 or visit the above website for additional contact information.