

Information Regarding how Property Taxes and the Tax Levy Impact Funding at Illinois Valley Community College*

Funding for Illinois Valley Community College (IVCC) is derived from several factors, including property taxes. How those property taxes and the tax levy itself are determined can be a complex and confusing process. IVCC has developed the following frequently asked questions to help district taxpayers better understand the tax levy and how their property taxes fund IVCC.

1. How is IVCC funded?

When considering all sources of funding, Illinois Valley Community College receives revenues from four main sources: property taxes, tuition and fees, federal funding, and state funding. In the most recent audit (7/1/2023-6/30/2024), sources of funding were: 32 percent from property taxes, 15 percent from tuition and fees, 12 percent from federal funding, and 28 percent from state funding, with the remaining 13 percent coming from other sources. The Operating Funds (unrestricted revenue and expenditures that are used for the core activities of the College) account for 58 percent of the total budget. The operating fund revenues are made up of 43 percent property taxes, 26 percent tuition, and 19 percent state funding, with the remaining 13 percent from other sources.

2. What is a levy?

The amount of money a school district and/or local government (taxing districts) certifies to be raised from property tax.

3. What is equalized assessed value (EAV)?

The Illinois Department of Revenue defines equalized assessed value (EAV), or tax base, as a result of applying the state equalization factor to the assessed value of a parcel of property. Tax bills are calculated by multiplying the EAV (after any deductions for homesteads and tax incentive programs) by the tax rate.

4. How does Illinois Valley Community College determine its levy?

To determine the levy request, each fall IVCC must make assumptions on property tax factors that will not be available until April and prepare the levy using best estimates available. The levy is prepared with the understanding that the district will not receive all that is requested. For example, the amount received in levy year 2023 was 99.1 percent of the requested levy. The district will receive the actual extension from the county clerks in April or May.

5. How is the Illinois Valley Community College district's tax rate calculated?

Levies are made in dollar amounts. To raise the money requested in levies, County Clerks must calculate a tax rate for each fund for which the taxing district levied. The tax rate is a number that, when multiplied by the tax base, will produce the levy amount. A tax rate is calculated using the following formula:

$$\text{Tax rate} = \text{Tax levy} \div \text{tax base}$$

Note: A district's tax base is the total equalized assessed value, minus certain homestead exemptions and tax incentive programs, plus the value of any state-assessed property.

6. What is the effect of the tax base on the tax rate?

The greater the tax base, the lower the rate needed to raise a given levy. An increased base, which may be due to an increased equalization factor, new property, removal of exemptions, or tax incentive programs that have expired, could result in a lower tax rate. A decreased base, which may be due to property demolition or decreasing property values, could result in an increased tax rate.

For a general guide to the Illinois local property tax system, see:

<https://tax.illinois.gov/questionsandanswers/answer.311.html>

7. What is an extension?

The process in which the county clerks calculate the tax rate needed to raise the revenue (levy) allowable by law and certified by each taxing body in the county. The total extension is the product of the taxing body’s equalized assessed valuation (EAV) multiplied by its calculated tax rate and is equal to the total property tax billings on the district’s behalf.

8. Are IVCC’s tax rates limited?

In IVCC’s case, the majority of tax rates have a limit:

Fund	Limited Rate	Fund	Limited Rate
Education	.13	Equity Tax	.1179 (2024 max - set annually by state)
Operations & Maint.	.04	Protection, Heath & Safety	.05
Audit	.005	Bonds & Interest	Unlimited
Tort Liability	Unlimited	Social Security	Unlimited

9. Why did my property taxes increase?

There are several reasons why property taxes may increase year over year. An increase in property taxes within your particular taxing district may increase due to the following:

- a) A decrease in the taxing district’s overall equalized assessed value;
- b) An increase in the assessed value of your property;
- c) A decrease in assessed value that is lower/smaller than the overall decrease in assessed value for the taxing body;
- d) Public voting for bond issues such as new construction, etc.

10. If the assessed value of my property decreased, why did my taxes increase?

The township assessor adjusts the Fair Cash Value of all properties from time to time. Unfortunately, the resulting lowered Assessed Value will not necessarily lower your property tax bill. The Fair Cash Value is only used to determine your property’s portion of the total county tax. Lowering the Fair Cash Values of all properties equally will not change your portion of the total tax needed to operate the local taxing districts.

* These FAQs were developed based on material created by the Village of Huntly and Elgin Community College.