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3/11/22

CHRONOLOGY FOR ANNUAL FINANCIAL ORDINANCES

2022-2023 FISCAL YEAR

I. District Libraries

The chronology in this outline is intended to assist District Libraries follow the steps preliminary to the filing of the annual Levy Ordinance.

Applicable Statutes include:

- a) The Municipal Budget Law (50 ILCS 330/1 et seq.);
- b) The Public Library District Act (75 ILCS 16/1-1 et seq.);
- c) The Truth in Taxation Law (TITA) (35 ILCS 200/18-55 et seq.);
- d) The Revenue Act (35 ILCS 200/18-10 et seq.);
- e) The Property Tax Extension Limitation Act (PTELL) (the "tax cap") (35 ILCS 200/18-185 et seq.).

II. City/Village Libraries

City Libraries and Village Libraries are reminded to confer with City/Village representatives to confirm the time frame for providing the Library’s levy for incorporation in the City/Village Levy Ordinance.

Reminder: Per the Local Library Act, the Library Board must submit to the City/Village, not less than 60 days prior to the date for the certification of the City/Village tax levy, a “statement of financial requirements of the library.” 75 ILCS 5/4-10

The relevant statute provides as follows:

The board of trustees of a municipal library shall also submit to the city council, board of trustees or board of town trustees, along with the Illinois State Library, a statement of financial requirements of the library for the ensuing fiscal year for inclusion in the appropriation of the corporate authority, and of the amount of money which, in the judgment of the board of library trustees, will be necessary to levy for library purposes in the next annual tax levy ordinance. This statement shall be submitted no less than 60 days prior to when the tax levy must be certified under subsection (b) of Section 18-15 of the Property Tax Code. (75 ILCS 5/4-10)

As stated above, communication with City/Village representatives is important to confirm the time frame for providing to the City/Village the Library’s “financial requirements.”

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**WE RECOMMEND ADOPTING A FINANCIAL ORDINANCE
CALENDAR NOT LATER THAN JUNE, 2022.**

**Adopting a calendar assures compliance with deadlines
and coordinates required Board action with Board meeting dates.**

For your assistance, a Budget and Levy Calendar is attached.

SUGGESTED SEQUENCE OF EVENTS

STATUTORY DEADLINE

- A. Adopt Ordinance for “Building and Maintenance Tax” (.02% special tax). July - November (see Note on p.7)

NOTE: THIS ORDINANCE AND A PUBLIC NOTICE MUST BE PUBLISHED WITHIN 15 DAYS AFTER THE ORDINANCE IS ADOPTED.

This tax is subject to a backdoor referendum – see Note on page 7.

We recommend adoption after July 1, 2022 and before November 1, 2022 per backdoor referendum regulations.

- B. Adopt a tentative Budget and Appropriation Ordinance.¹ August 27, 2022
- C. Set a date for a public hearing to discuss the tentative Budget and Appropriation Ordinance. August 27, 2022

The hearing may not coincide with any hearing required under TITA.
- D. Publish notice of the public hearing on the tentative Budget and Appropriation Ordinance at least 30 days prior to the hearing.² August 27, 2022
- E. Conduct the public hearing concerning the tentative Budget and Appropriation Ordinance. September 27, 2022
- F. After the public hearing on the tentative Budget and Appropriation Ordinance, adopt the Budget and Appropriation Ordinance in final form.³ September 27, 2022
- G. Publish the Budget and Appropriation Ordinance. October 27, 2022

1 The tentative Budget and Appropriation Ordinance must be posted and available for public inspection. 50 ILCS 330/3

2 50 ILCS 330/3

3 The Public Library District Act provides that the Budget and Appropriation Ordinance shall be adopted no later than the 4th Tuesday in September. 75 ILCS 16/30-85(a)

SUGGESTED SEQUENCE OF EVENTS

STATUTORY DEADLINE

- H. File with the County Clerk a certified copy of the Budget and Appropriation Ordinance (within 30 days after adoption).⁴ October 27, 2022
- I. Adopt a Certified Estimate of Revenues by Source.⁵ October 27, 2022
- J. File with the County Clerk the Certified Estimate of Revenues by Source. October 27, 2022
- K. Adopt a Resolution To Determine Estimate of Funds Needed. This Resolution should be adopted even if further compliance with TITA is not required.⁶ Also, set a date for a TITA public hearing if a hearing is required. The TITA hearing may not coincide with the hearing on the tentative Budget and Appropriation Ordinance.⁷ November 16, 2022

The TITA hearing will not take place until after publication (see the following Paragraph L).

See Note on page 8 about the Truth in Taxation Act.

- L. Publish notice of the TITA hearing not less than seven (7) days no more than fourteen (14) days prior to the hearing.⁸ Publication date depends on hearing date (7 to 14 days)

4 35 ILCS 200/18-50

5 This should be a separate document even if the same information is incorporated in the Budget and Appropriation Ordinance. 35 ILCS 200/18-50

6 This Resolution must be adopted not less than 20 days prior to the adoption of the Levy Ordinance. 35 ILCS 200/18-60. Accordingly, the statutory deadline is 20 days prior to the first Tuesday in December (the last day for adoption of the Levy Ordinance). We recommend adoption of the Resolution much earlier, however, for assistance in determining whether compliance with TITA is necessary.

NOTE: The relevant Statute does not require passage of a written Resolution. The Statute requires that the Board make a “determination” of the funds estimated to be necessary. The Statute does not specify the procedure for making this “determination”, i.e., via Ordinance, Resolution, Motion, etc. Our recommendation is that, given the importance of compliance with TITA and establishing a “paper trail”, the Library’s “determination of funds estimated to be necessary” be done via a written Resolution.

NOTE: The “tax cap” laws (PTELL) did not change the need to comply with TITA and TITA’s public hearing requirements.

7 35 ILCS 200/18-70

SUGGESTED SEQUENCE OF EVENTS

STATUTORY DEADLINE

- | | | |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| M. | Conduct the TITA public hearing. | December 6, 2022 |
| N. | Adopt the Levy Ordinance no sooner than seven (7) days after publication of the Budget and Appropriation Ordinance and no sooner than 20 days after adoption of the Resolution To Determine Estimate of Funds Needed. ⁹ | December 6, 2022 |
| O. | On or before the last Tuesday of December ¹⁰ file with the County Clerk a copy of the Levy Ordinance with the following certifications:

1. Certification of Authenticity (by the District Secretary);

2. Certification of Compliance with TITA or Certificate of Inapplicability of TITA (by the District President). County Clerks request that you attach a copy of the "black border notice" if a TITA publication was made. | December 27, 2022 |

⁸ 35 ILCS 200/18-80

⁹ The Levy Ordinance must be enacted by the first Tuesday in December. (75 ILCS 16/30-85(b))

¹⁰ The Levy Ordinance filing deadline is the last Tuesday of December. (75 ILCS 16/30-85(c))

To avoid any problem with filing and County Clerk holiday schedules, we recommend filing the Levy Ordinance with the County Clerk promptly after the Levy Ordinance is adopted.

NOTES

I. TRUSTEE ELECTION REMINDER

The next election at which Library Trustees will be elected is the Consolidated General Election to be held on Tuesday, April 4, 2023.

II. CALENDAR

When setting up your financial ordinance calendar, be careful about Saturdays, Sundays and holidays for filings, Board meetings, and newspaper publications. We recommend using a non-holiday weekday before the deadline.

III. ORDINANCES

The Public Library District Act provides that:

"Every ordinance shall contain an effective date, which shall be no later than 60 days after the enactment."¹¹

"Every ordinance shall be posted in a public area of the district library building within 3 days after the date of enactment and shall remain posted for 14 days." 75 ILCS 16/1-40

IV. FRONT DOOR REFERENDA

If you anticipate going to referendum (e.g., bond issue, rate increase), there are deadlines established by the Illinois Election Code (10 ILCS 5/1-1 et seq.) concerning certification of a referendum.

Please confirm the applicable deadlines/filing dates if you plan a referendum. Realistically, the next referendum date is November 8, 2022.¹²

¹¹ An Ordinance may recite "This Ordinance is effective immediately."

¹²June 28, 2022 is a possible date.

V. .02% SPECIAL TAX - BUILDING & MAINTENANCE

The period from July-November is the timeframe to adopt the special .02% tax for “Building & Maintenance” and publish notice of the adoption.

Per backdoor referendum regulations, for the 2022-2023 fiscal year we recommend the .02% levy be adopted and published before November 1, 2022.

The date of a prospective referendum to be included in the notice to be published is April 4, 2023.

A. Preliminary Comments

We recommend adopting the .02% Ordinance prior to adoption of the Levy Ordinance. This makes it clear the Board intended to incorporate in the levy its prior action on the .02% tax. The Levy Ordinance should incorporate the .02% tax.

Note the relevant Statute refers to adoption of “an ordinance” and also uses the word “resolution”. An ordinance should be used.

B. Election Dates

For the 2022-2023 fiscal year (Levy Ordinance filed in the Fall, 2022), the date of the prospective referendum is April 4, 2023. For example, if the notice of the .02% Ordinance is published in October, 2022, and a backdoor referendum is sought, the Board will not know until after the April 4, 2023 referendum whether the tax is authorized.

If the voters disapprove the .02% tax at a referendum on April 4, 2023, the Board must abate that portion of the levy applicable to the .02% tax. The County, in turn, will modify the levy (the levy which was filed in the fall of 2022).

In any event, the Board will know within 30 days after publication of the Notice if a referendum on April 4, 2023 is necessary and can plan accordingly.

C. No Backdoor Referendum Petition Filed

As a practical matter, the outcome of a referendum is moot if no backdoor referendum is sought within 30 days after publication of the Notice.

D. Pay Building/Maintenance Expenses From the General Fund/Corporate Fund

Some Libraries opt to pay expenses for building and maintenance from their General Fund/Corporate/Fund. If so, there is no need to pass an Ordinance and publish a notice relative to a special tax levy for building and maintenance expenses.

VI. TRUTH IN TAXATION LAW

Compliance with the Truth in Taxation Law (formerly Truth in Taxation Act, or TITA) requires newspaper publication of a “black border notice” and a public hearing if the proposed levy amount exceeds the prior year’s tax extension by more than 5%.

Note the comparison is not between the current levy and the previous levy. The comparison is between the current levy and the previous tax extension (the actual revenue as determined by the County Clerk). Typically, the tax extension amount/revenue is less than the amount levied. This reduction in the levy amount is based on limitations in revenue increases from year to year under the Property Tax Extension Limitation Law (PTELL) (“tax cap”).

Increases in revenue from year to year are limited by PTELL to the Consumer Price Index (CPI) or 5%, whichever is less. Historically, the CPI has been less than 5%.

A common strategy to maximize revenue without the need to publish the black border notice and hold a public hearing is to levy an amount slightly less than 5% higher than last year’s tax extension. For example, a levy amount which is 4.5% (or 4.99%) higher than last year’s tax extension should generate the maximum revenue without requiring a black border notice and a public hearing per TITA.

Example:

- a. Total previous year tax extension was \$2,500,000 (per the County Clerk’s spreadsheet/revenue calculations);
- b. Proposed levy for the current year is \$2,622,500, an increase of 4.9%, i.e., $\$2,500,000 \times 1.049 = \$2,622,500$. A black border notice and public hearing are not required.

If the levy is \$2,622,500, is it likely the District will receive \$2,622,500? No. Per PTELL limitations based on the CPI, the County Clerk will apply the CPI to the last tax extension to calculate revenue. If the CPI is 3%, the tax extension based on a levy of \$2,622,500 will be \$2,575,000, i.e., $\$2,500,000 \times 1.03 = \$2,575,000$.*

Caution: In Districts which have annexed territory and/or where there is significant new development, it may be prudent to levy an amount greater than 5% more than the previous tax extension (and comply with TITA) in order to receive the maximum revenue to which the District is entitled.

* Note that changes in the equalized assessed value (EAV) of property in the District are likely to affect the actual revenues/tax extension.

VII. ABATE BOND LEVY

If there is an intention to abate a levy for bond debt, an abatement ordinance should be passed and filed with the County Clerk before December 31, 2022.

VIII. VENDOR INFORMATION

If the tax levy amount is more than \$5,000,000, the Library shall make a good faith effort to collect and publish data about vendors.

Public Act 102-0265 provides in relevant part as follows:

Beginning in levy year 2022, each taxing district that has an aggregate property tax levy of more than \$5,000,000 for the applicable levy year shall make a good faith effort to collect and electronically publish data from all vendors and subcontractors doing business with the taxing district as to: (1) whether the vendor or subcontractor is a minority-owned, women-owned, or veteran-owned business, as defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act; and (2) whether the vendor or subcontractor holds any certifications for those categories or if they are self-certifying; if the vendor self-certifies, then the taxing district shall publish whether the vendor qualifies as a small business under federal Small Business Administration standards.

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BUDGET AND LEVY CALENDAR

2022-2023 FISCAL YEAR

<u>Action</u>	<u>Dates</u>
A. Adopt Building and Maintenance Tax Ordinance (.02%) Ordinance 2022/2023-1 July 19, 2022	_____, 2022 (after 7/1/22 and before 11/1/22)
B. Publish backdoor referendum notice for Building and Maintenance Tax (.02%) (within 15 days of adoption)	_____, 2022 (before 11/1/22)
C. Prepare a tentative Budget and Appropriation Ordinance Ordinance 2022/2023-2 July 19, 2022	_____, 2022 (before 8/27/22)
D. Set a date for a public hearing on the tentative Budget and Appropriation Ordinance	_____, 2022 (before 8/27/22)
E. Publish notice of the public hearing on the tentative Budget and Appropriation Ordinance	_____, 2022 (before 8/27/22)
F. Conduct the public hearing on the tentative Budget and Appropriation Ordinance and adopt the Budget and Appropriation Ordinance in final form Ordinance 2022/2023-4 September 20, 2022	_____, 2022 (before 9/27/22)
G. Publish the Budget and Appropriation Ordinance	_____, 2022 (before 10/27/22)
H. File with the County Clerk a certified copy of the Budget and Appropriation Ordinance	_____, 2022 (before 10/27/22)
I. Adopt a Certified Estimate of Revenues by Source	_____, 2022 (before 10/27/22)
J. File with the County Clerk a Certified Estimate of Revenues by Source	_____, 2022 (before 10/27/22)
K. Adopt a Resolution To Determine Estimate of Funds Needed and, if necessary, set a date for T.I.T.A. hearing Resolution 2022/2023-2 October 18, 2022	_____, 2022 (before 11/16/22)
L. Publish notice of the T.I.T.A. hearing (7-14 days prior to hearing)	_____, 2022

Action

Dates

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|----|--------------------------------------------------------------------------------------------------------------------|----------------------------------|
| M. | Conduct the public hearing pursuant to T.I.T.A. | _____, 2022
(before 12/6/22) |
| N. | Adopt the Levy Ordinance
Resolution 2022/2023-5
November 15, 2022 | _____, 2022
(before 12/6/22) |
| O. | File with the County Clerk a certified copy of the Levy
Ordinance and certification of compliance with T.I.T.A. | _____, 2022
(before 12/27/22) |