
I N T E R

O F F I C E

MEMO

To: Randy Recklaus, Village Manager
From: Tom Kuehne, Finance Director/Treasurer
Date: March 1, 2023
Subject: **PROPOSED INCREASE IN COOK COUNTY LOSS FACTOR**

The Cook County Clerk has a standing policy to add a 5% loss factor to the debt service levy, and a 3% loss factor to all other fund tax levies of government agencies in Cook County, unless directed otherwise by the government agency. The purpose of adding a loss factor to an agencies tax levies, is to offset the loss in tax collections due to appeals or other tax actions, thereby providing taxing districts the ability to collect the amount levied.

Sometime in the past, the Village of Arlington Heights reduced the standard loss factor to 1% for all tax levies. However, as shown on page 166 of the 2021 Audit (attached), the Village has only received an average of 98.39% of its tax levy over the past ten years. The tax levy receipt disparity was upended further a few years ago, when the State mandated that Police and Fire Pension Fund levies were required to be funded 100% from a community's tax receipts. That has meant that the Village's other tax levies have been reduced further, to ensure that 100% of the public safety pension fund levies are funded.

Per the attached Northwest Municipal Conference Cook County Property Tax Survey, of the 20 communities responding, 8 follow Cook County's standard loss factor policy of 5% for debt service and 3% for all other levies. Of the remaining responses 4 use 2% for all levies, 3 use 1% for all levies, 1 uses 0%, and 3 use 2-3% just for debt service levies.

To ensure that the Village's tax levy collections match more typically its tax levies, Staff recommends that the loss factor applied by Cook County be revised to 2% for all Village levies. It is further recommended that this be applied to the 2023 tax levy payable in 2024. The Village would be required to send an approved resolution to Cook County authorizing this suggested change.

VILLAGE OF ARLINGTON HEIGHTS, ILLINOIS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Levy Year	Tax Levied	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 29,534,588	\$ 29,031,124	98.30%	\$ 20,219	\$ 29,051,343	98.36%
2012	30,348,788	29,791,964	98.17%	84,649	29,876,613	98.44%
2013	31,463,571	30,820,062	97.95%	-	30,820,062	97.95%
2014	31,778,207	31,203,688	98.19%	-	31,203,688	98.19%
2015	33,248,168	33,087,784	99.52%	-	33,087,784	99.52%
2016	34,236,930	33,676,536	98.36%	-	33,676,536	98.36%
2017	35,851,769	35,067,225	97.81%	-	35,067,225	97.81%
2018	36,923,947	36,039,985	97.61%	-	36,039,985	97.61%
2019	37,535,586	37,163,947	99.01%	-	37,163,947	99.01%
2020	37,908,532	37,533,200	99.01%	-	37,533,200	99.01%

Data Source

Cook County Tax Extension Office

Cook County Property Tax Levy Survey

Municipality	What percentage does your municipality use for Levy Amount Loss and Cost on Cook County Property Taxes?
Barrington	Only for the Debt Service Levy, 2%.
Buffalo Grove	Loss = .8%
Deerfield	3% Corporate 5% Bonds & interest.
Des Plaines	Corporate - 3% Bonds - 5%.
Elk Grove Village	1%
Evanston	2%
Glencoe	3% General Corporate, Police Pension, and Fire Pension PA 93-0689 (actual percent limited by tax caps), 5% for debt service. Glencoe is non-home rule.
Glenview	3% for Levy other than Debt Service, 5% for the Debt Service portion of the Levy.
Hanover Park	3% 5% for Bonds.
Hoffman Estates	2%
Kenilworth	2%
Lincolnwood	2%
Northfield	None but I will be requesting we reinstate some percentage for our bonds.
Palatine	3% - Debt Service 1% - All Others.
Rolling Meadows	3% for Corporate/Other Levies 5% for Debt Service.
Schaumburg	Levy loss amount is +/- 0.5%, we generally collect near 100%. Cook county cost is 1% & 5% on Bonds & Interest levy.
Streamwood	We follow the Cook County extension of 3%.
Wheeling	3% for the corporate and pension levies and 5% for debt service.
Wilmette	0.5% on operating levy and 1% on debt service levy.
Winnetka	Usually about 3-5%