



Legislation Text

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TO: Mayor Richard C. Irvin

FROM: Christopher A. Minick, Chief Financial Officer/City Treasurer

DATE: November 27, 2023

SUBJECT:

An Ordinance Authorizing and Providing for the Abatement of General Obligation Bond Tax Levies, 2023 Tax Levy Extension.

PURPOSE:

To obtain the City Council's approval of a proposed ordinance that would serve to abate a portion of the city's 2023 property tax levies for general obligation (GO) bond debt service.

BACKGROUND:

The city currently has GO bonds outstanding from seven separate issues (not including library issues). The enabling ordinances related to these bonds provide for the automatic levy of property taxes to satisfy annual debt service requirements. These automatic tax levies are in place notwithstanding our regular annual city property tax levies.

For several years, the city has abated all or a portion of its property tax levies for GO debt service because we have had other revenue sources available to cover required debt service.

DISCUSSION:

For the 2023 tax levy year (taxes payable in 2024), we are again in a position to abate a large portion of the debt service associated with the city's GO bond issues. The total amount of this abatement would be \$12,312,954.82. This amount is higher than in previous years due to the new process for paying the Library Bond Debt Service and the issuance of a 2023 General Obligation Bond. The debt service for the Series 2012A GO Bonds, issued to finance the main library construction project, will be abated. The debt service for the 2012A GO Bonds will be part of the library district of the levy.

Also attached is a copy of the Library Tax Levy for 2023. Each year the City will work with the Library to ensure that the Library adopts their tax levy to include the above bond payments. This process was outlined in the Intergovernmental Agreement regarding the Library conversion to an independent district. Once receiving this levy, the City can then safely proceed with abating the "City" tax on these bonds, replacing that levy with the "Library" tax for those bonds. As long as the City and Library have Co-terminus boundaries, there is absolutely no impact to an Aurora taxpayer for this change.

The sources of funds that permit this abatement are attached to this document. Also shown are the sources of funds that supported our debt service abatements in the prior two years. Per the 2024 Budget, the sources for abatement are currently planned to change in 2024. In Previous Years, the City has used Real Estate Transfer Tax revenues to abate City Bonds. The actual sources of abatement revenues can be changed by the City during 2023, however the abatement amounts are set forth in the attached ordinance and may not be changed after the abatement deadline at each county. The City will provide all four counties with this information in advance of the filing deadlines for levies and abatements to ensure proper calculation.

IMPACT STATEMENT:

Adopting this ordinance provides a reduction in the property taxes levied for debt service purposes per the bond ordinances on file with each respective County.

RECOMMENDATIONS:

That the City Council approve the attached, proposed ordinance providing for the abatement of 2023 property tax levies for general obligation bond debt service.

cc: Finance Committee

CITY OF AURORA, ILLINOIS

ORDINANCE NO. _____

DATE OF PASSAGE _____

..title
An Ordinance Authorizing and Providing For The Abatement of General Obligation Bond Tax Levies. 2023 Tax Levy Extension.

..body

WHEREAS, the City of Aurora has a population of more than 25,000 persons and is, therefore, a home rule unit under subsection (a) of Section 6 of Article VII of the Illinois Constitution of 1970; and

WHEREAS, subject to said Section, a home rule unit may exercise any power and perform any function pertaining to its government and affairs for the protection of the public health, safety, morals, and welfare; and

WHEREAS, the City of Aurora, Illinois, has from time to time adopted ordinances which provide for the issuance of general obligation bonds and annual tax levies to meet the debt service requirements incorporated therein; and

WHEREAS, the bond ordinances have been filed with the offices of the various county clerks; and

WHEREAS, it is the intent of the City of Aurora to abate certain amounts of the tax levies created by the bond ordinances; and

WHEREAS, the City of Aurora does hereby declare that sufficient funds have been designated as available to provide for the abatement of a portion of the debt service tax levies.)

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Aurora, Illinois, as follows: That the City of Aurora does hereby authorize and approve the abatement of the debt service tax levies set forth as in the second attachment.

BE IT FURTHER ORDAINED THAT: The Mayor and City Council of the City of Aurora, Illinois, authorize and direct the City Treasurer and City Clerk of the City of Aurora, Illinois, to file a certified copy of this Ordinance with the offices of the various County Clerks, thereby authorizing the County Clerk to abate the debt service tax levies in the amounts set forth above.

ORDINANCE NO. _____

DATE OF PASSAGE _____