

# STIFEL

## County School Facilities Sales Tax



*Presentation :*

**St. Clair**

**Counties Schools**

**Illinois**

*January, 2017*

**Illinois County School Facility Tax  
Public Act 97-0542**

# Nontraditional Approach for Illinois Public Schools

- Sales tax vs. Real Estate tax for school capital
  - Allows county voters to approve a sales tax to fund school facility costs
  - **1% maximum** in ¼% increments
- Law went into effect October 2007
- Law was based on similar law that is currently in place in every county in Iowa
- Law was amended in August 2011
  - County Board no longer has to approve the tax



# What is Taxed

- Sales Tax Base:
  - Everything in the municipal and county sales tax base is included in the tax base **except for**:
    - Cars, Trucks, ATVs
    - Boats & RVs
    - Mobile homes
    - Unprepared Food
    - Drugs (including over-the-counter and vitamins)
    - Farm Equipment and Parts
    - Farm Inputs
  
    - Services are not taxed
  - If it is not currently taxed, it will not be taxed

# Uses for Revenue

## Uses of Sales Tax

**New Facilities**

**Additions & Renovations**

**Security, Entrances, Safety, Disabled Access**

**Technology Infrastructure**

**Architectural Planning**

**Durable Equipment (non-moveable items)**

**Fire Prevention and Life Safety**

**Land Acquisition**

**Energy Efficiency**

**Parking Lots**

**Demolition**

**Roof Repairs**

**Refund Bonds or Abate Property  
Taxes Levied to Pay Bonds Issued for  
Capital Purposes**

## Ineligible Uses

**Direct Instructional Costs**

**Text Books**

**Buses**

**Detached Furniture & Fixtures**

**Computers**

**Moveable Equipment**

**Operating Costs**

**Salaries and Overhead**

# How to Use Sales Taxes

- **Pay as you go** capital projects
  - Sales tax can be saved up over time
- **Issue new bonds** for current capital needs
  - Support bonds with sales tax
- **Retire existing debt** issued for capital purposes
  - Abate taxes – annual decision
  - Refund qualifying debt – locks in abatement
- .....Or any combination of the above
- Every district decides for themselves how to spend the funds

## Two Ways to Decrease Property Taxes

- 1. Reduce:** A district can abate or decrease existing property taxes by using sales tax funds to pay off outstanding building bonds.
  - Property taxes reduced on residential, commercial and industrial properties
- 2. Avoid:** A district can avoid levying property taxes by using sales tax funds to pay for facility projects that would have been paid for with property taxes

# CSFT and PTELL / Tax Caps

- CSFT revenues are outside of aggregate extension base or GSA calculations
- Alternate Revenue Bonds and Debt Certificates backed by CSFT revenues do not count against or require a debt service extension base “DSEB”



# Revenue Distribution Logistics

- Revenue is distributed equally for every pupil who lives in the county and attends public school, regardless of the location of that school.
- Real revenue distribution is based on actual enrollment in County as certified to ROE each Fall.

**County School Facility Tax  
Worksheet for St. Clair County Schools  
Debt Capacity and Abatement Impact Per District**

1	2	3	4	5	6	7	8	9	10	11
January 2017 Estimate										
County	District	2015 District Total EAV (1)	% of EAV in the County (1)	2015-16 Housed Enrollment	Estimated 2015-16 Housed Enrollment adjusted for County Resident Students by EAV (1)	Percent of Total	Adjusted Annual CSFT per District (2)	Estimated Debt Issuance with 0% Growth in Sale Tax Annually 1.25x Coverage @ 4% Rate for 20 Years (3)	Final Maturity of Outstanding Debt	Fiscal Year 2017 Debt Service per District from 2015 County Levy Tax Rate Sheet
St. Clair	Lebanon CUSD 9	\$74,891,105	100%	619	619	1.5%	\$333,923	\$3,630,495	12/1/2025	\$1,000,320
St. Clair	Mascoutah CUD 19	\$238,832,507	100%	3,745	3,745	9.0%	\$2,020,260	\$21,964,791	2/1/2030	\$2,569,537
St. Clair	St Libory Cons SD 30	\$12,405,673	99%	82	81	0.2%	\$43,839	\$476,629		\$0
St. Clair	Marissa CUSD 40	\$35,385,303	88%	595	522	1.3%	\$281,520	\$3,060,755	12/1/2018	\$222,980
St. Clair	New Athens CUSD 60	\$62,382,567	95%	503	479	1.2%	\$258,498	\$2,810,459	12/1/2021	\$589,828
St. Clair	Freeburg CCSD 70	\$148,401,931	100%	769	769	1.8%	\$414,841	\$4,510,260	2/1/2028	\$354,140
St. Clair	Freeburg CHSD 77	\$253,393,107	100%	634	634	1.5%	\$341,865	\$3,716,841	12/1/2030	\$513,107
St. Clair	Shiloh Village SD 85	\$84,282,518	100%	598	598	1.4%	\$322,594	\$3,507,328	12/1/2021	\$515,135
St. Clair	O Fallon CCSD 90	\$612,827,837	100%	3,483	3,483	8.4%	\$1,878,922	\$20,428,135	12/1/2028	\$3,269,417
St. Clair	Central SD 104	\$154,172,743	100%	607	607	1.5%	\$327,449	\$3,560,114	10/1/2018	\$766,850
St. Clair	Pontiac-W Holliday SD 105	\$239,361,021	100%	755	755	1.8%	\$407,289	\$4,428,149	12/1/2019	\$756,855
St. Clair	Grant CCSD 110	\$104,348,878	100%	569	569	1.4%	\$306,950	\$3,337,241	9/1/2018	\$780,010
St. Clair	Wolf Branch SD 113	\$177,779,184	100%	800	800	1.9%	\$431,564	\$4,692,078	12/1/2018	\$1,702,500
St. Clair	Whiteside SD 115	\$227,851,477	100%	1,313	1,313	3.2%	\$708,305	\$7,700,873	12/1/2019	\$816,792
St. Clair	High Mount SD 116	\$44,594,334	100%	464	464	1.1%	\$250,307	\$2,721,405	12/1/2023	\$541,541
St. Clair	Belleville SD 118	\$327,791,249	100%	3,876	3,876	9.3%	\$2,090,928	\$22,733,119	12/1/2023	\$2,190,000
St. Clair	Belle Valley SD 119	\$89,118,688	100%	973	973	2.3%	\$524,890	\$5,706,740	4/1/2039	\$1,746,684
St. Clair	Smithton CCSD 130	\$91,416,603	100%	518	518	1.2%	\$279,438	\$3,038,121	12/1/2020	\$165,252
St. Clair	Millstadt CCSD 160	\$182,305,176	100%	822	822	2.0%	\$443,432	\$4,821,110	2/1/2026	\$735,258
St. Clair	Harmony Emge SD 175	\$125,766,500	100%	828	828	2.0%	\$446,669	\$4,856,301	12/1/2024	\$1,246,989
St. Clair	Signal Hill SD 181	\$37,242,238	100%	372	372	0.9%	\$200,677	\$2,181,816	12/1/2013	\$199,617
St. Clair	Cahokia CUSD 187	\$70,767,284	100%	3,448	3,448	8.3%	\$1,860,042	\$20,222,857	1/1/2023	\$2,434,312
St. Clair	Brooklyn UD 188	\$4,457,230	100%	134	134	0.3%	\$72,287	\$785,923	12/1/2026	\$50,436
St. Clair	East St Louis SD 189	\$97,406,873	100%	5,962	5,962	14.3%	\$3,216,232	\$34,967,713	1/1/2028	\$4,899,062
St. Clair	Dupo CUSD 196	\$60,770,059	100%	1,088	1,088	2.6%	\$586,927	\$6,381,226	12/1/2026	\$736,202
St. Clair	Belleville Twp HSD 201	\$1,525,679,244	100%	4,750	4,750	11.4%	\$2,562,412	\$27,859,214	2/1/2022	\$7,678,436
St. Clair	O Fallon Twp HSD 203	\$880,593,700	100%	2,387	2,387	5.7%	\$1,287,680	\$13,999,988	12/1/2026	\$4,221,025
Clinton	Wesclin CUSD 3	\$133,989,218	0%	1,315	1	0.0%	\$287	\$3,119		\$912,466
Madison	Collinsville CUSD 10	\$700,435,480	13%	6,509	861	2.1%	\$464,562	\$5,050,837		\$3,415,650
Monroe	Columbia CUSD 4	\$302,331,131	7%	2,006	133	0.3%	\$71,576	\$778,188		\$3,083,278
Monroe	Waterloo CUSD 5	\$403,088,088	1%	2,667	30	0.1%	\$16,264	\$176,827		\$2,767,648
Randolph	Red Bud CUSD 132	\$227,613,534	0%	991	0	0.0%	\$112	\$1,219		\$656,568
	<b>Total</b>	<b>\$7,504,068,946</b>			<b>41,621</b>	<b>100%</b>	<b>\$22,452,428</b>	<b>\$244,108,654</b>		
	<b>Value of a Student</b>	<b>\$539</b>								

Prepared by Stifel Nicolaus & Company, Inc. - For additional information please contact Tom Crabtree @ 1-800-230-5151 ext. 8457

February 3, 2017

- (1) Enrollment of County resident students as reported by ISBE Fall Housing Report "Housed" then adjusted by factor of % of EAV in the County
- (2) Based on County Sales Tax "CST" then multiplied by 4 to represent 1%, automotive sales tax estimate and 2% State fee removed
- (3) Stifel does not guarantee to underwrite at these levels. Interest rates shown are based on current interest rate environment for example purposes

The Money Follows  
the Student

Calendar Year	Adjusted Net CSFT at 1% (1)	% Change
2002	\$18,719,309	N/A
2003	\$19,049,148	1.76%
2004	\$19,690,496	3.37%
2005	\$20,437,933	3.80%
2006	\$21,492,401	5.16%
2007	\$22,036,652	2.53%
2008	\$21,022,283	-4.60%
2009	\$20,079,433	-4.49%
2010	\$21,134,715	5.26%
2011	\$21,120,763	-0.07%
2012	\$21,742,460	2.94%
2013	\$21,464,315	-1.28%
2014	\$21,813,425	1.63%
2015	\$22,323,791	2.34%
2016*	\$22,452,428	0.58%

\*2016 Qtr 4 uses 2015 as estimate

# How to Place Before Voters?

- School boards pass a resolution
- When School Boards representing more than 50% of the resident student enrollment in the county adopt resolutions, the Regional Superintendent **must** certify the question to the County clerk
- County Clerk will place on the ballot at the next regularly scheduled election

# Required Language on the Ballot

Ballot Language (cannot change):

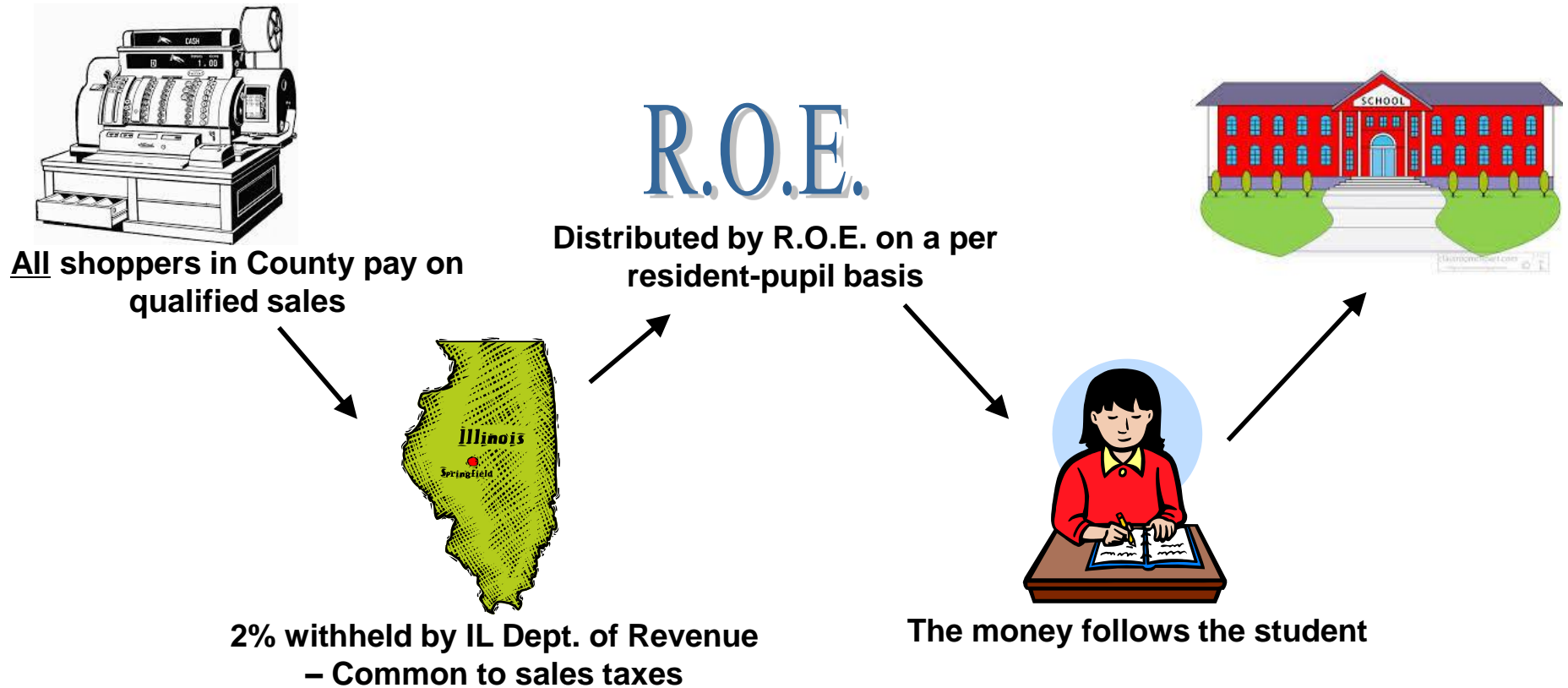
*Shall a retailer's occupation tax and a service occupation tax (commonly referred to as a "Sales Tax") be imposed in (name of county) at a rate of (insert rate) to be used exclusively for school facility purposes?*

# Implementation

- Simple majority of votes cast needed to pass
- After approval by the voters, the tax will be imposed
- The ordinance and the election results must
  - Be certified by the County Clerk
  - Filed with the Illinois Department of Revenue
- Money is received monthly beginning approximately four months after the tax goes into effect
- The money follows the student

# Distribution of Sales Tax

Revenues do not flow through the Illinois General Assembly budget process and are not subject to cuts similar to what districts currently experience relating to State Aid.



# Election Timelines

<b>Election Date</b>	<b>April 4, 2017</b>
Pass Resolution* (School Districts)	Jan. 17, 2017
Certify the Resolution* (County Clerk)	No later than Jan. 26, 2017
Election	April 4, 2017
File with IL Dept. of Rev. to Enact Tax	No later than May 1, 2017 **
Sales Tax Goes into Effect	July 1, 2017
Regional Superintendent Receive Funds from State	Approximately 90 Days after July 1, 2017
<b>District Receives New Sales Tax Revenues</b>	<b>October 2017</b>

SHILOH VILLAGE SCHOOLS #85  
PLANS FOR CSFT\*



# Short-Term Plan

Property Tax Relief  
Debt Abatement



50%

50%



Facility Needs

\*These plans are based on known facility needs and projected EAV growth.

# Shiloh Elementary School

Shiloh Elementary was Built in 1956

## Additions:

1962 - Cafeteria

1966 - Three Classrooms

1970 - Three Classrooms, Offices and  
Workroom/Storage

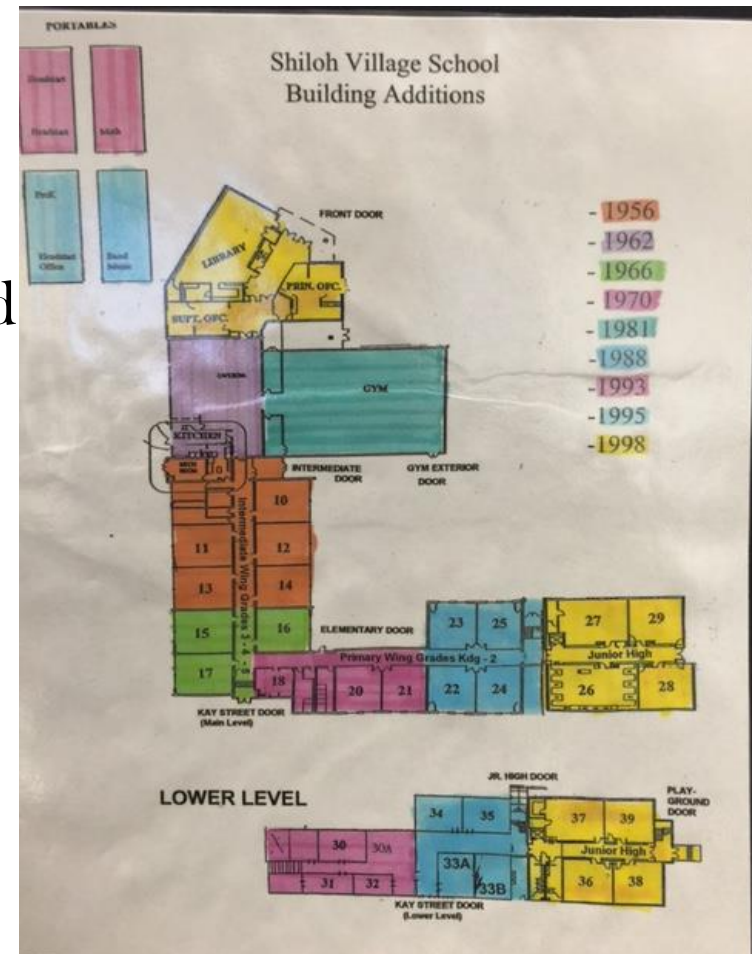
1981 - Gymnasium

1988 - Eight Classrooms

1993 - Four Portable Classrooms

1995 - Four Portable Classrooms

1998 - Eight Classrooms, Library and  
Administrative Offices



## Shiloh Village SD #85 Facility Needs

### Shiloh Elementary School:

- Window Replacement on Oldest Section
- Replace Oldest Roof Section (1987)
- Increase Number and Quality of Security Cameras
- Improvement to Building Entryway for More Secure Foyer Entrance
- Flooring Upgrades for Areas Failing
- HVAC Rooftop Unit Replacements

# Shiloh Village SD #85 Facility Needs

Shiloh Elementary School (Cont.):

- Gym Floor Improvements and Repairs
- PA System Improvements
- Pour and Play Surface for Playground
- Create Secondary Drive and/or Additional Parking Lot
  
- As money is available in any year for maintenance, Shiloh will continue to make general facelift improvements to its elementary school (paint, flooring, lighting, etc.)

# Shiloh Village SD #85 Facility Needs

## Shiloh Middle School:

- Replace Failing Water Heaters
- Kitchen Hood Replacement
- Resurface Failing Synthetic Athletic Track
- Parking Lot Pavement Reseal
- Update HVAC Rooftop Units
- Update Lighting

# Shiloh Village SD #85 Long-Term Plan



Facility Needs  
TBD

## Property Tax Relief

Avoidance:  
Saving for Future  
Additions or  
Leverage Against  
Needed Debt



Debt Abatement

