

# **Madison County School facility sales tax facts explained**

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**Background Information on the County School Facility Sales Tax (CFST)**

Because of the massive debt in Illinois and gridlock in Springfield, schools continue to search for ways to become less reliant on State revenue. Over the last six years alone, Madison County Schools have suffered tens of millions of dollars in lost revenue from the State of Illinois. Many other school districts across the state have suffered similar losses.

The County School Facility Sales Tax is an alternative revenue source that shifts AWAY from relying on property taxes for local school district funding. A 2007 State of Illinois law allowed voters to approve a sales tax to fund school facility needs. The sales tax is 1 percent (or one cent on every dollar) spent on qualifying retail purchases. Forty-nine (49) counties in Illinois have already passed the CSFT to benefit their schools and communities.

Late last fall, the majority of Madison County school districts requested that the Regional Office of Education (ROE) submit the School Facility Sales Tax proposal to the Madison County Clerk for placement on the March 20, 2018, consolidated election ballot.

### **What is the County School Facility Sales Tax?**

The County School Facility Sales Tax is a county-wide 1% sales tax that would generate revenue that could only be used for school facility purposes. The revenue from the sales tax would be distributed among all Madison County School Districts based upon student enrollment. District 7 would receive 19% of the total revenue generated in Madison County, approximately \$4.5 million annually.

### **How can the revenue generated from the sales tax be used?**

Revenue from the new sales tax, which is expected to be approximately \$4.5 million annually for District 7, can only be used for new facilities; energy efficiency; additions & renovations; land acquisition; ongoing facility maintenance; safety and security; roof repairs; parking lots, including repairs listed in the most recent Health Life Safety Survey; and abatement of property taxes levied to pay bonds issued for school building purposes. It can only be used for items payable through the Operations & Maintenance or Health Life Safety Fund.

### **What areas of school district operation cannot be supported with these new sales tax dollars?**

Revenue from the new sales tax cannot be used for salaries, benefits, textbooks, computers, instructional expenditures, moveable equipment, or other direct operating costs.

### **What were the findings of District 7's 2018 Ten-Year Health Life Safety Survey?**

Every ten years, each local school board is required to have its school buildings surveyed by a licensed professional to develop recommendations for repairs/improvements in accordance with the Health Life Safety (HLS) section of the Illinois School Code.

District 7's architect, Woolpert, Inc., has completed the ten-year HLS survey of District 7 school buildings and has identified over \$12 million in repairs/improvements that would meet the necessary requirements to qualify for Health Life Safety funding. While \$12 million is a large amount, it is still less than 5% of the District's total appraised building value of approximately \$245 million. This is a testament to the ability of the District's maintenance staff to perform the necessary maintenance and repairs of the District's fourteen facilities on an annual basis.

The District and Board of Education expected that the results of the ten-year survey would show the need for a significant funding source to address these issues. Due to the financial crisis that District 7 has faced over the past eight years, numerous school building repair/improvement projects have been delayed. Unfortunately, these building projects cannot continue to be deferred indefinitely; they need to be addressed within the next five years.

### **How will these repairs be funded?**

One way District 7 can address the costs of HLS infrastructure repairs is through utilizing funds received from the District's current \$0.05 Health Life Safety tax levy (over \$600,000 annually) in combination with borrowing money through a Health Life Safety bond issue.

The other way would be to utilize funds from the County School Facility Sales Tax if it is approved by Madison County voters on March 20, 2018. District 7's portion is estimated to be \$4.5 million annually.

### **If approved, the County School Facility Sales Tax funds could be used to:**

Complete the over \$12 million in identified Health Life Safety work without issuing bonds.

Assist with the retirement of existing school facility debt, resulting in a potential lowering of the District's debt service tax rate.

Fund construction and/or renovation of new facilities, additions to existing schools, playground improvements, safety and security measures, and other needed non-Health Life Safety maintenance and repairs of all facilities throughout District 7.