



Legislative Report

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OVER THE PAST TWO YEARS a nearly uncountable number of bills and amendments have been introduced to address property taxes in Illinois. The ideas ranged from a permanent property tax freeze down to a single year freeze and everything in between. We have seen House Bills pass the House and Senate Bills pass the Senate, but as of yet have not seen a single bill gain traction in both chambers.

Of course, there is little doubt that Illinois has a property tax issue. Our property tax rates as a state rank among some of the highest in the nation. We all know we have to fix it, find a solution, but one of the things I have always felt strongly about is to make sure that any fix actually is a solution and not just a political show. Any lasting solution to address property taxes will require a certain degree of input and work from a large number of stakeholders. The latest property tax bill, however, is more of what we have seen before though this time it appears to have some support in both the House and Senate.

SB 851, House Amendment #1 was moved out of the House Revenue committee on November 2nd and will likely see a vote on November 8th or 9th. The amendment seeks to do the following:

- The bill would implement a two-year freeze of the property tax levy by setting the extension limitation at 0% for levy years 2017 and 2018 for Cook, Lake, McHenry, Kane, DuPage and Will Counties, unless a higher extension rate is approved by voters via referendum. Which means those townships and road districts in the above counties for those years would have an extension limitation of 0%.
- In all other counties, outside of Cook and the Collar counties, the bill would allow a county board to place a referendum on the ballot in 2018 for a property tax freeze for all units of government within the county for levy years 2018 and 2019; or whether to have the county subject to the freeze for 2018 and 2019 and then subject to PTELL for levy year 2020 and thereafter.

- The bill would also increase the Senior Citizens Homestead Exemption to \$8,000 (currently \$5,000) and General Homestead Exemption to \$10,000 (currently \$6,000) in all counties outside of Cook County (Cook is currently at the increased levels).

Note: There are specific exemptions in the legislation for pension and debt service levies; however, it appears that the full exemptions only apply to Home Rule communities. Non-Home Rule communities' pension and debt service levies appear to be limited to the lesser of 5% or CPI

The problem with property tax freezes like this, and others like it, is that they unfairly cap revenue for responsible local governments while ignoring the increasing costs for the services they provide. Mandates from Springfield, raising expenses of materials and raising labor cost are the forces that help raise property taxes. A freeze with no help to control the raising cost isn't property tax relief, it's a bill to cut services. Furthermore, a bill like this, which increases exemptions and sets the extension limitation at 0% might not even freeze property taxes, depending on the number of exemptions in a community. The levy would be spread out amongst the folks with no exemptions, who might actually see their property tax increase.

There is a chance that by the time you read this SB 851 has made it through both chambers and is sitting on the Governor's desk. There is also the chance that the bill stalls in the General Assembly like others before it. The only real guarantee is that the property tax issue is not going away any time soon, the question is will work be done to craft a bill that solves the problem or will we get stuck with more of the same. 