

LEGISLATIVE UPDATE



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Property Tax Task Force Report Only a Beginning

Property tax rates in Illinois have long been a concern of state lawmakers and the constituents they serve. In a spring 2019 legislative session that saw increases in the gasoline tax, and legalization and taxation of sports betting and adult recreational cannabis, it was imperative that legislators take some action on property tax relief to offset the otherwise pro-tax agenda.

That action was passage of a bill to create the Property Tax Relief Task Force. Legislation creating the task force passed both the House and Senate with unanimous support. The task force grew to include eighty-eight members organized into seven separate subcommittees, held over three dozen meetings between August and December of last year, and heard from dozens of presenters on behalf of schools, taxpayer interest groups, think tanks and many organizations who shared information on the state's property tax system.

Members of the task force were charged to use a racial and economic lens to identify the causes of rising property taxes, review best practices and public policy strategies to create property tax relief for homeowners, and make recommendations in the development of short and long-term administrative, electoral and legislative changes to create property tax relief. The resulting recommendations were to be submitted in a final report to the Governor and General Assembly by December 31, 2019.

The timeline for the report proved to be overly ambitious. Rather than

producing a final report, a draft report that was largely the work product of Democrat legislators was circulated shortly before the due date. Like many matters before the General Assembly, the issuance of the report itself has become politicized. Republican lawmakers claim their recommendations were not included in the draft report, while Democrats claim that they are waiting on Republican edits. The leaders of the task force have stated that a final report will be issued in the near future. Whether it includes reforms suggested by Republican lawmakers remains uncertain, but the draft available provides a first look at how the General Assembly may attempt to tackle the behemoth issue of property tax relief.

In their report the task force acknowledges that Illinois has some unique circumstances that have led to excessive growth in property tax rates. Our state relies on property taxes to fund public services more than most other states, and uses a complex set of assessment, levy-setting and tax exemption and appeal procedures that are unique and that have not been adopted by other states. Additionally, Illinois has more units of government than any other state, 6,968 according to the U.S. Census Bureau.

The task force recommends consolidation of units of local government and specifically school districts in the report. In order to facilitate consolidation, the task force recommends that the legislature authorize the state Comptroller to conduct audits of all governmental bodies. While the consolidation

subcommittee cautioned against taking a top-down approach to consolidation, multiple subcommittees recommend that the approximately 400 non-unit high school and elementary school districts be consolidated into unit districts over a ten-year period in order to achieve administrative efficiencies. Other recommendations included identifying new revenue streams to fund elementary and secondary education (the single largest beneficiary of property tax revenues) and allocation of a percentage of all newly-created tax increment financing districts be set aside for school districts. One subcommittee even recommended taking school districts out of the property tax system entirely.

Several recommendations in the report related to the use of tax increment financing districts, or TIFs. Among the recommendations were shortening the time frame for TIF districts from 23 to 10-15 years, tightening the definition of "blighted" to incorporate objective standards, and increasing transparency around the TIF district's impact on other taxing bodies. The report acknowledged that TIFs often attract new residents into the district who in turn increase the need for public services without providing new revenue to pay for the services. IAFPD has argued that consideration of fire service should be part of any TIF redevelopment plan and will be using this finding in promoting our own TIF legislation this session.

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The broad ranging report touched on many areas for improvement, from limiting the number of personal exemptions to reforming the current property tax appeals process, and even eliminating PTELL. Another aspect of the push for property tax relief is Governor JB Pritzker's call for a progressive income tax. Many legislators are reluctant to advocate for a move from the current flat income tax to the progressive model if the initiative does not include some kind of property tax relief.

It remains to be seen how and if any of the findings and recommendations of the Property Tax Relief task force are developed into legislation, but the draft report provides insight into the work of the group and may identify areas where fire protection districts can give input on this important topic. ■

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