



Legislative Report

By Taylor Anderson

Anderson Legislative Consulting, Ltd.

Task Force Draft Report

WHEN SB 1932 WAS SIGNED INTO LAW, creating the Property Tax Relief Task Force, it stipulated “that the Task Force shall submit its final report to the Governor and the General Assembly by December 31, 2019.” At the time of the writing of this article the finalized report has not been submitted. However, a draft report was leaked to the press. It appears that bipartisan bickering is the cause for the delay of the final report. Republicans on the committee have claimed that their input was not heeded for the draft; while Democrats claim that they are waiting for the GOP members to respond to the draft with their suggestions before a finalized report can be prepared. While it is not clear when a final version of the report will be submitted to the General Assembly and the Governor, it is becoming clear that the property tax system and the units of local governments that use

them to fund critical services are likely to continue to be treated like a political football. This is especially true as many in the General Assembly continue to try connecting the Governor’s progress income tax, which will appear as a constitutional amendment in November, to the property tax situation in Illinois.

Political considerations aside, the content from the draft report were somewhat of a mixed bag. On a positive note, the report does a good job laying out many of the systemic problems within the property tax system. From the State’s failure to properly fund schools, forcing them to overly rely on property taxes, to stackable home owners’ exemption shrinking the tax base; the draft highlights many of the current challenges. The report is also remarkably fair in its acknowledgment of the fact that “reform will be difficult to guarantee” to those that will seek “to reform the system primarily to reduce bills



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paid by most or all property owners.” This it claims is due to the complexity of the tax system and regional differences in the State and therefore several reforms will be needed, each targeting “the unique issues” of our large State. A clear indication that a one-sized fits all approach will not lead to a solution.

Where the draft report falls short is in sections where it discusses the contributing factors for high property tax rates. In several places the report references that Illinois has over 6,000 units of local government and leads one to draw the conclusion that this large number of governments is a key factor in high property tax rates. Yet while the study points out that “school funding accounts for the lion’s share of local property taxes,” (even including statistical data showing how much schools take in across regions) the report fails to comment, or break out the proportional effect other units of local governments have on the property tax system. This omission is crucial because it mischaracterizes any potential cost saving via consolidation by implying that there is a 1 to 1 cost between all units of local governments, which we know is not true. In fact TOI provided testimony to one of the several task force committees and explicitly stated this point. Furthermore we explained to members that townships, on average, only receive around 2% of a property tax bill across the state. Far less than many other units of local governments. On top of that townships have the lowest expenditure increase among units of local governments, the lowest average salary and the lowest average wages. Members were even provided data from a study which confirmed those findings. Yet no mention of these key facts made it into the report. Moreover, when referencing potential consolidation and highlighting HB 348 as a new consolidation tool, the report states a belief that “voters should have access to as much information as possible to make an educate decision at the ballot box.” However, TOI has for years introduced and pushed for legislation that would provide voters with information via a study before consolidation. This would ensure that any consolidation would reduce property taxes and so far, we have been met with fierce opposition at every turn.

Another place where the report fails short appears when the report discusses the funding of local governments. The report rightly points out that local governments rely on property taxes to fund the services they provide and in some cases an over reliance on property taxes. However, the only time the report demonstrates a recognition that the State plays a role in increasing the property tax burden is when the report admits the State’s failure to properly fund the school system. The report completely ignores the State’s culpability in increasing the property tax burden through the legislative or administrative processes via unfunded mandates.

Unfunded mandates by their very name are additional mandates placed on local governments without any State backed funding to pay for them. Yet, the entire report makes no mention of this. Such a crucial omission creates heavy faults for nearly all of the findings in this draft report. There is a direct causal relationship between unfunded mandates passed at the state level and taxes at the local level, particularly property taxes. Not acknowledging this fact will ensure that whatever property tax remedies are proposed in the future will never fully address the issue. Unfunded mandates create fiscal burdens that local governments must face, without understanding that fact it will be very difficult for any solutions to properly address the property tax dilemma.

Although it has faults, a few of which are outlined above (and others like a statewide property tax freeze were not), that fail to adequately capture or address the complex property tax system in Illinois; the draft report by the Property Tax Relief Task Force is hopefully a good first step. It provides several insights to help educate members of the General Assembly about how property taxes work and how much work will be needed to reform the system in a way that is fair, equitable and still allows governments to fund the services and duties they are charged with. There is no doubt that this conversation is not over and that legislators on both sides of the aisle will continue to push for changes. Hopefully this report is used as something that can be built on. It is clear from the report itself and from the back and forth between parties that more work needs to be done before workable solutions will be found. That said it is almost a certainty that a rash of bills will be introduced during the spring session that will seek to make some changes. We must be ready to support those that make sense and benefit township constituents and oppose those that will do harm.



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