



# Legislative Report

By Taylor Anderson

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IT CAN BE DIFFICULT TO FOLLOW the numerous bills and bill numbers over the course of a year in Illinois. With the more than 6,000 bills introduced this year, scores of which specifically effected townships, trying to stay atop of all the issues and fulfill your job as an elected official can be tough. We understand, which is why we wanted to call your attention this month to HB 1896.

HB 1896 (or Public Act 100-0474 since it has been signed into law) provides that township funds, excluding the township's capital fund, shall not exceed an amount equal to or greater than 2.5 times the annual average expenditure of the previous 3 fiscal years. This legislation codifies existing case law built from numerous cases on this issue. Because of the short length of the language it has been included below in its entirety.

**Be it enacted by the People of the State of Illinois, represented in the General Assembly:**

Section 5. The Township Code is amended by adding Section 85-65 as follows: (60 ILCS 1/85-65 new) Sec. 85-65. Accumulation of funds. Township funds, excluding the township's capital fund, shall not exceed an amount equal to or greater than 2.5 times the annual average expenditure of the previous 3 fiscal years.

Section 99. Effective date. This Act takes effect upon becoming law.

**Effective Date:** 9/8/2017

As you can see from the language, it sets a very clear threshold for the amount of funds that may be accumulated. Before this law it was unclear what level of

accumulated funds for a township was 'appropriate' and because of this lack of clarity disputes would be left to a judicial decision. With this threshold set in statute, it is now clear that any time after September 8, 2017 if a township has accumulated funds in excess of the stated law then the accumulation is excessive and potentially subject to refund, thus making it clear both to the township and taxpayers. Keep in mind that this applies to balances that have been carried forward or existed prior to the effective date of the law.

So how would this all work? Assuming that a township had saved enough in their funds to exceed the limits set by the law, excluding the amount in the capital fund, a taxpayer could file a tax objection against the township. If the complaint is sustained, meaning the complainant has fulfilled their obligations under the law, the township would then need to issue a refund. However, in the absence of such a complaint or in the case where a complaint has not been sustained then the township would be under no compulsion to issue a refund. Although this might seem like a large change it is worth emphasizing again that this bill simply codifies existing case law and does so in a way that establishes a clear threshold for funds, something that was not clear before this law. So as your townships look to future projects or continue to operate in fiscally responsible manners please keep this new law and the thresholds it sets in mind.



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