

## ED-RED FINANCE LEGISLATIVE AD HOC COMMITTEE

### 2020 Guiding Principles

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#### Opening Statement

Over the course of three months, the members of ED-RED's Finance Legislative Ad Hoc Committee convened to discuss the work of the State's Property Tax Relief Task Force. In monitoring the work of the legislative task force, and through conversations with individual legislators and the Governor's Office, the following belief statements have been developed. These statements are to be used as guideposts as the General Assembly continues to study the impact of property taxes on communities and schools.

#### Belief Statements

- Any change to the current property tax system will impact every local school district in some way.
- Any type of property tax freeze would permanently impact students and school districts and the longer any such freeze remained in place, the more it would exacerbate the negative impact.
- Any reforms need to be carefully thought through with the involvement of all stakeholders to avoid unintended consequences.
- Restricting local revenue sources will likely result in Tier 1, 2 and 3 districts taking longer to achieve adequacy, as they will receive less in property taxes.
- ED-RED will not support using any component of EBF as guideposts in achieving property tax relief. The Evidence-Based Funding Formula, its tiers and its many variables were not developed for and cannot reasonably be used as a metric to limit property taxes and other local school district resources.

#### Assessments

- Legislation should be filed to require that all school districts are notified that a property tax bill is being appealed through the Circuit Court.

#### PTELL

- Legislation should be filed to allow a district to levy under the Property Tax Extension Limitation Law (PTELL) cap limit without losing the ability to recapture that year's limiting rate for 10+ years.
- PTELL has now been in place for almost 30 years for the initial 6 counties to which PTELL first applied (while many more have since come under PTELL). It is time that the legislature evaluates the effectiveness of PTELL on Illinois' property tax system, including the extent to which it has positively and/or negatively impacted local taxing bodies and the services they provide to local communities.

#### School Funding

- Districts carry and rely on fund balances for numerous reasons. Any reform that restricts a district's ability to carry fund balances cannot impact a district's long-term levy capabilities (i.e. requiring abatement of operating funds or tying fund balances to a property tax freeze).
- It is important to provide guidelines for districts on the calculation of Fund Balances so that districts understand how property taxes received in different fiscal years should be reported.

- Recent changes to the assessment system, specifically in Cook County, have resulted in school districts seeing significant increases in the number of and amount of appeals for commercial and industrial properties. Should this trend continue, districts may need to maintain higher fund balances in preparation of possible refunds to those properties.

#### TIF

- Tighten TIF eligibility factors;
- Mandate that in any year that the TIF generates a surplus, the surplus must be distributed back to each impacted taxing body until the taxing body is made whole;
- Change the reporting date from the county to school districts on property taxes from November to July (to give more time for planning and budgeting for schools);
- Amend the Joint Review Board: The JRB is currently perfunctory in role and limited in scope. We would recommend more transparency through items like a cost-benefit analysis and/or through additional public hearings and even require a unanimous vote by the JRB for the creation or renewal of a TIF.