



Personal Property Replacement Taxes (PPRT) are revenues collected by the State of Illinois and paid to local governments to replace money that was lost by local governments when their powers to impose personal property taxes on corporations, partnerships, and other business entities were abolished. The procedures which taxing districts must follow in allocating the PPRT are found at [30 ILCS 115/12](#). This publication has been prepared to answer the most commonly asked questions about the payments to local governments.

Distribution of Funds to Local Governments

The proceeds from these taxes are placed into the PPRT Fund to be distributed to local taxing districts. The total collections are divided into two portions. One portion (51.65 percent) goes to Cook County. The other portion (48.35 percent) goes to downstate counties.

Downstate taxing units receive a share of the replacement tax, based upon the amount of corporate personal property tax they collected in 1977 in proportion to the total amount of corporate personal property tax collected in the state outside of Cook County. Cook County taxing units receive a share based upon the amount of corporate personal property tax they collected for 1976 in proportion to the total amount collected in Cook County.

The PPRT receipts are distributed to individual governmental units in eight installments throughout the calendar year. Distributions are made in January, March, April, May, July, August, October and December.

Use of Personal Property Replacement Tax

The personal property replacement tax provisions require:

1. Municipalities and townships must pay a portion of each PPRT check received to their respective libraries, if a library tax was levied on or before December 31, 1978. (See Page 2 for calculations.) Libraries that have converted into library districts must continue to receive their allocation from the municipality or township.

Townships must also allocate a portion of the replacement tax to the cemetery fund if a cemetery tax was levied on or before December 31, 1978 under the provisions of [50 ILCS 610/1c](#).

2. Each road district must pay a portion of each PPRT check to the municipalities within the road district boundaries, if the municipalities previously received a portion of the road district road and bridge levy. (See Page 2 for calculation.)

After allocations have been made, the PPRT provisions require two liens:

1. The first lien on PPRT funds each calendar year is for bonded indebtedness incurred on or before December 31, 1978. Payments must be made to the Bond and Interest Fund until the entire lien is satisfied. (See Page 2 for calculation.)

The county clerk has the authority to reduce the tax levy for bonded indebtedness.

2. The second lien on PPRT funds each calendar year is for pension obligations of the local governmental unit (Illinois Municipal Retirement Fund (IMRF) - social security - police pension - firemen's pension). All pension obligations must be satisfied before the funds can be used for other purposes. (See Page 2 for calculation.) The local governmental unit must reduce its own tax levy for pensions.

Any PPRT funds remaining after satisfying the two liens, should be used for the same purpose as real estate taxes.

Levy Process

PPRT funds should be considered when preparing the annual property tax levy. The basic intent of the law is to prevent excessive taxation of real estate. Sound fiscal planning requires that all revenues including PPRT receipts be considered in the levy process. It is recommended that local governments make a determination on the use of the funds at tax levy time.

Calculation of Road District Allocation to Municipalities

1. Multiply the total 1978 personal property equalized assessed valuation of the road district times the levy rate (rate from all road district levies) times the collection rate of personal property.
2. Multiply the personal property equalized assessed valuation of that portion of the municipality that is located in the road district's boundaries times the road and bridge levy rates times the municipal personal property collection rate. Divide this figure by two.
3. Divide the total in Step 2 by the total for Step 1. This will give a percentage to be used as the municipality's portion.
4. Multiply this percentage by each PPRT check from the State of Illinois (municipal share).

Note: The county clerk and/or treasurer can provide the above information.

Calculation of Library Allocation

1. Divide the total 1978 library taxes collected (real and personal) by the total 1978 taxes collected (real and personal) for the municipality or township.
2. Multiply this percentage by each PPRT check received from the State of Illinois (library share).

Follow this procedure in allocating PPRT to the Cemetery Fund in township levying a property tax under 50 ILCS 610/1c.

Note: The county clerk and/or treasurer can provide the above information.

Calculation of Bond and Pension Liens

Assume that in the 1978 tax levy year, the county treasurer collected 90 percent of the taxes on real estate and 10 percent on personal property.

	BOND FUND
Current bond needs (principal and interest)	\$80,000
First lien on replacement tax money	X 10%
	\$ 8,000

	PENSIONS
(Social security, IMRF, fire pension, police pension, etc. paid from any levy fund.)	
Current pension needs	\$10,000
Second lien on replacement tax money	X 10%
	\$ 1,000

Contact Information

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