

PROPERTY TAX RELIEF TASK FORCE
Subcommittee: Assessments & Exemptions

Meeting Minutes
Friday, December 20, 2019
2:00pm

James R. Thompson Center
100 West Randolph Street
IDOR 7th Floor Media Room
Chicago, Illinois

MEETING START

Meeting Scheduled to Start: 2:00pm.

AGENDA

I. Welcome/Roll Call

- a. Representative Yingling called the meeting to order. Representative Willis joined soon after to Chair the meeting.
- b. Roll Call was taken. Quorum was not met.

Name	Present
Representative Davis – Chair	Yes
Representative Didech	Yes
Representative Ford	No
Representative Greenwood	No
Representative Mayfield	No
Representative Mazzochi	Yes
Representative Meyers-Martin	Yes
Representative Ramirez	No
Representative Yingling	Yes
Senator Belt	No
Senator Ellman	No
Senator Martwick	Yes
Senator Righter	No
Senator Tracy	No

II. Approve previous Meeting Minutes

- a. Since quorum was not met, meeting minutes were not approved.

III. Setting Future Meeting Dates

- a. Representative Yingling reminded the subcommittee this meeting was the last.

IV. Presentations – Shelly Clover-Hill, Superintendent Shawnee District 84

- a. Clover-Hill said she attended Shawnee High School and started at the school as a teacher aide before becoming Superintendent. She said the district was rural, with 375 students and 59 staff members, covering 400 square miles along the Mississippi River where they have battled flooding. Clover-Hill said the district was in danger of losing half their tax

revenue from one taxpayer – a natural gas power plant called the Grand Tower Energy Center. Historically, the district relied on the plant for half of its revenue. In 2013, Rockland Capital took over ownership of the plant. Clover-Hill said that the district tried negotiating with the new owners over property taxes before the matter was referred to the Property Tax Appeals Board, but the new owners refused to pay taxes. Clover-Hill said the district was forced to take emergency measures. PTAB issued a decision reducing the Grand Tower Energy Center property assessment from \$31,536,849 to \$3,333,000. Now, the school district's estimate refund is \$2,525,363 plus interest to Rockland Capital. Due to the refund, the school district's revenue dropped from \$4.3 million to \$1.8 million. Further, if the appeal is rejected, the plant's other assessments will need to be dropped which will further slash further revenue. Clover-Hill said the state's new education funding formula will only make up \$147,000, which it will result for years. Instead, the compounding effect of the assessment appeal could result in \$4 million the in prior year refund due by the school district. She said her school district has been working with others in similar situations. She suggested providing emergency funding for districts facing catastrophic losses.

- b. Yingling asked clarifying questions about how the district came to rely on one taxpayer for 50% of its revenue. Clover-Hill did not know the history. Yingling asked about merging with other school districts to diversify the funding base. Clover-Hill said the district was already extremely rural (400 square miles). That might make bus rides too long for kids, bordering on 2 hours.
- c. Yingling asked if the plant was just shuttered, rather than reassessed – wouldn't that just devalue the plant too? Scott Ginsberg is the district's lawyer. Ginsberg said yes, it would devalue it to scrap value, but this plant is fully operational. Senator Martwick asked him to expand. Ginsberg said there were two appraisals – the school district valued the property at \$250 million, while the taxpayer had an appraisal at \$20 million. Ginsberg said PTAB went with the taxpayer appraisals. He said the property was part of a fire sale portfolio from the last company who was trying to exit Illinois. Five coal plants sold for no cash (assumption of debt), while three gas plants sold for \$178 million, \$47 million of which was allocated to the Grand Tower plants. PTAB valued the property based on the sale price, while the school district argued there were complicating factors that were no part of the public record. Ginsberg said the value was further lowered by non-taxable equipment.
- d. Yingling asked what tier the school district sat? Clover-Hill explained they were a Tier 2 school but would be moved to Tier 1 if they lost their appeal. She said they would only get \$150,000 by moving from Tier 2 to Tier 1.
- e. Yingling asked if they had any proposals. Clover-Hill said they were looking for either a line-item or language for catastrophic events in the funding formula. She said Vistra Energy's recent closing was impacting other school districts in Illinois, so this would be a problem the state would have to revisit later. Yingling asked if they had any idea at what percentage level she believed the state should cover. Clover-Hill said they had been working with the State Board of Education on the issue but did not have a projection as of now.

V. Presentations – Bob Palmer, Housing Action Illinois

- a. Palmer provided written testimony that is available at the end of this document. Palmer said they would provide real calculations on properties if needed.
- b. Senator Martwick asked if this was a tune-up of the class 9 program or expanding it to the entire state. Palmer said the proposal would introduce it in Cook County with an opt-in option for other counties. The 2020 bill could be an opt-out program instead of an opt-in program. Palmer said the program differed from a class 9 system in that it had a

second level of incentives for properties with more affordable housing. Martwick asked why there was such a drop in the Class 9 program in 2015. Palmer said the program was originally structured when multi-family residential properties were assessed at higher rates than residential properties. In 2011, the county began assessing the properties at the same level, removing the incentive. Palmer said that multi-family properties' tax bill dropped 15% due to the new assessment policy. Martwick and Palmer spoke about how multi-family properties were still being built, however they were not affordable housing units. Palmer said this incentive, since it requires owner-investment, might allow affordable housing units to get loans easier.

- c. Martwick asked what was happening in the northern triad of Cook County for multi-family units. Palmer said he heard rental owners were seeing big increases in assessments and some affordable housing organizations were struggling.
- d. Representative Davis asked how much of the problem was a result of the district levy. Palmer said that many of the organizations he works with were in favor of the proposed progressive tax to help alleviate the levy. Davis and Palmer talked about how putting more money into the school funding formula would also help keep levies down.
- e. Representative Meyers-Martin asked for more clarification on the Class 9 program's decline. Palmer said it was created in the 1980's when rental properties were in its own classification. Recently, all of those properties were grouped together, and the program became outdated. Palmer said the state constitution put restrictions on the ratio between the highest-class property and the lowest class properties, so it needs to be fixed on the state level. Meyers-Martin asked if this result was foreseen when they made the change. Palmer said the Class 9 program was such a small portion of the program. And the change was such a positive for the entire rental market since tax bills went down immediately about 15%. Since then, however, values are rising which is renewing rent pressures. Davis clarified that the change has led to fewer new applications. Martwick explained that the application process was burdensome and since the incentive was essentially erased, few people wanted to participate in the program now. Martwick said there was a lot of unintended shifts from the countywide reclassification initiative that was passed in 2009 and started in 2011.
- f. Martwick asked if Palmer's bill passed, would high tax, low income communities see too high of a burden shift from multi-family units to single-family residential units and businesses, further hurting the community. Palmer said the program requires a substantial investment in the property to qualify. Martwick and Palmer talked about whether the investment threshold was considered high or low, and how bringing more people and money into a community would lower the overall tax rate.
- g. Palmer concluded the bill would come before the legislature next year.

VI. New Business. Davis said there was no new business since it was the last meeting. Davis said he believed that many other areas of the Task Force impacted by, and were impacted by, the assessment process. He talked about the number of presenters before the subcommittee.

VII. Public Comment.

- a. Spencer Staton addressed the subcommittee. He suggested looking at seeing how much of property tax breaks were passed onto renters to help inform policy decisions. On a different note, Staton said that the village of Schaumburg did not have to levy a property tax rate until very recently because the village had a mall to draw revenue from. Staton said that other states let local governments raise revenues in a number of ways, but confined Illinois communities to largely only having access to property taxes. Staton said other states were either contributing much higher funding to schools and/or finding other

revenue streams. Davis and Staton talked about how other states have access to natural resources to tax, also.

- b. Staton also pointed to a study that came out today that looked into the tradeoff required to lower property tax rates. Staton said the study did not look into tax circuit breakers and suggested the subcommittee look to a Tax Federation of Illinois publication that suggested implementing circuit breakers, which was also proposed by a 2009 Property Tax Task Force.

VIII. Adjournment.

DRAFT