

**PROPERTY TAX RELIEF TASK FORCE**  
**Subcommittee: Assessments & Exemptions**

Meeting Minutes  
Friday, December 6, 2019  
2:00pm

**James R. Thompson Center**  
100 West Randolph Street  
IDOR 7<sup>th</sup> Floor Media Room  
Chicago, Illinois

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**MEETING START**

Meeting Scheduled to Start: 2:00pm.

**AGENDA**

**I. Welcome/Roll Call**

- a. Representative Davis called the meeting to order.
- b. Roll Call was taken. Quorum was not met.

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

**II. Approve previous Meeting Minutes**

- a. Quorum was not met no vote was taken to approve minutes.

**III. Setting Future Meeting Dates**

- a. The next Assessment meetings will be held December 13 and 20, 2019 with December 20 being the last meeting.

**IV. Presentations**

- a. John Horbas, Illinois Property Assessment Institute. He attended the U of I where he received his BA in Economics and at Poly University where he earned his M.A degree in Economics. He was then hired at the assessors' office where he learned the assessment

process, assessment prevention, conductive production modeling for the evaluation of residential property and the revenue equalization process. He was certified from IPAI as an Illinois Assessing Officials Specialist and Assessment Administration Specialist from the IWAL. He was the Director of Residential Property in Cook County. And the Director of Research at the time when the housing market was going through a large increase in value. It was a time where the state needed to figure out how to get property tax relief, which became known as the 7% Solution. Horbas said if you qualified for a homestead exemption, your taxable EAV could not increase more than 7%. There was a cap of \$20,000 on the exemption. In 2012 he worked for the Department of Revenue as a property tax specialist. He studied how the homestead exemptions effected the different counties. He was also part of a TIF Reform Task Force where he learned policy reform. He retired and is working with the Illinois Property Assessment Institute. With his extensive background with tax issues through the Department of Revenue, Illinois Property Tax Assessment Institute, IWAO and the International Tax Assessment Official all which are vital in making a good assessing official and is an integral part of the Property Tax System. Mr. Horbas continues to be a respectable spokesperson for the Property Tax System and has offered his resources to the committee as needed for this task force.

- b. Representative Yingling asked for more detail on the 7% Solution. Horbas said the program was tied to the General Homestead exemption, which at the time was \$4,500. If your assessment went up 20% the equalized value would go up at the same 20%. However, the taxable EAV could only go up 7%. The next year the taxable EAV would go up another 7% because you have not yet met the 20% actual rise in the EAV. The goal was to take the edge off the large increases that were going on. There were a lot of counties across the nation that were doing caps. Studies showed the 7% cap took up so much exception dollars, the tax rates were stuck, which would unintentionally affect the people that have qualified for other exemptions like the Senior Citizen Assessment Freeze, who saw a drop in their payments because of a drop in the tax rate. Also, the EAV's were going up so fast the tax rates were actually going down. Yingling asked if he thought an approach like this would be relevant in today's residential market? Horbas thinks there is good and bad, depending on how you look at the policy of the property tax. He looks more at the people living inside the house (Seniors) not tax based on the value of the home. The 7% worked because they were able to lower the tax bill on general homestead people. Representative Myers-Martin asked what happened to the 7% Solution. Horbas said there was a three-year sunset in place, at the time the real estate market crashed, and they felt the need was no longer there. He noted an unintended side effect was if a property was bought in a base year, it was assessed to a more current year which lead to a higher tax bill. People did not know this was going to happen some new owners had a large increase.
- c. Myers-Martin asked if the Illinois Property Assessment Institute was where they study practices of other states? Horbas said It is a non-profit education group. They are in statute to certified Illinois Assessment Officials. He helps develop courses.
- d. Myers-Martin asked if the California Proposition 13 which was recommended for Illinois was something that would work for Illinois? Horbas said by being in a resource department he actually looked. Prop 13 was based on sales, so assessments and your tax bill will be higher than maybe your neighbor based on when you moved in, even if the home was exactly the same. Also, California added a tax rate because revenues got so low - they had to look at other means to get the money for local services. California tax bills not only have property tax on them but also schools, square footage of home not just value, but the size of your house.

- e. Representative Davis asked Horbas as an instructor, what do you think Illinois policy moving forward should be? Horbas just going beyond the levy process, you could lower property taxes. Other states will actually fund their exemption programs, creating state funded homestead exemptions. The evidence-based formula is a great step forward because it held harmless the school districts and had a mechanism to add more money so reliance on the property tax for schools are less and less. It also allows us to look at the evidence-based formula and expand on it. Possibly fund it more if moneys are available.
- f. Yingling said regarding a state funded homestead exemption program, do you see that the money would be more effectively used in a state funded homestead exemption system or do used on the school evidence-based funding model? Horbas thought it would be best in evidence-based model.
- g. Yingling asked to explain the “77 Assessor Days”. Horbas – Increased amount could not be more than \$6000 of what your base was in 1977. Some places haven’t been there since 1977, but some haven’t hit that increase yet, so their homestead exemption could be \$5000. Yingling is this mostly in non-PTELL Counties? Horbas no it can be anywhere but probably more common in non-PTELL Counties because of their evaluations.
- h. Myers-Martin asked about practices in other states that have a flat rate for property taxes and they were able to do that because they didn’t have as many units of government as Illinois. Is this a viable strategy to look at? Horbas talked about consolidation. Horbas said here are two things here – putting a flat rate on everyone and to consolidate. Most of your tax bill is through the schools. Townships are always under pressure, and consolidation could be a good idea, but it may not have a big impact on your tax bill. Davis and Horbas reiterated putting more money into the school funding formula would result in better funded schools.
- i. Yingling said his subcommittee is looking at some of the discrepancies between industrial/commercial heavy towns and bedroom residential schools. One idea is to have a shared commercial/industrial AV across the county for school funding. Horbas said that would really help bedroom communities but would result in taxes going up for commercial/industrial heavy communities. You’re always balancing winners and losers when you change the tax code. Yingling asked if you could ignore the winners and loser approach, what do you think of it as a policy decision. Horbas said revenue sharing always seems like a good thing.
- j. Yingling said one more thing that’s come up is the idea of having the market value being the appraisal value, rather than setting it at 33 1/3%. Horbas said he’s had conversations about why we do it at 33 1/3% and I have no idea why we set it at that level. Changing evaluations to market value would be an easy transparency step, and it would be easy to change the exemption and tax rate to accommodate. Taxpayers would be paying an effective tax rate as their real tax rate making it very clear. You’d have to deal with Cook County’s classification system.
- k. Yingling said in townships with EAV over a certain amount, it requires an assessor with more training. Do you think we need to peg education requirements to town EAVs. Horbas agreed with a caveat – assessors are already going through a lot of training. Its costly and makes it hard to fill those offices. Townships should understand how important the assessment process is so they will start paying for it more.
- l. Davis said the subcommittee had the LaSalle County assessor say that her assessors are not doing their job. She also talked about landlords renting multiple properties and getting exemptions on all those properties without sharing the savings with the renters. Horbas agreed the renting problem was real.
- m. Davis and Horbas spoke about the new education funding formula. Davis talked about the need for better coordination between academia and legislators on this issue. He said too often the talk is about school funding rather than sharing research. Horbas said that in his

classes they wrestle with administrative problems dealing with exemptions but understands they just stay in the classroom.

- n. Ramirez asked a clarifying question about the landowners getting an exemption for a rental unit. Davis, Horbas, Ramirez and Meyers-Martin spoke about the issue and how it is also prevalent in the manufactured home subdivisions, too. Ramirez asked about a possible solution. Horbas said that having a renter producing a cancelled check from the renter. Ramirez said her neighborhood has been gentrifying the quickest and some people were seeing their taxes go up at least 40%. She's heard from many tenants worried about their rent increasing at an accelerated pace. She said she worried about putting requirements on the tenant. She's also seeing schools close in her neighborhood or failing to keep up. Horbas said it happened when he was at the County Assessor's office and he saw how renters and owners were pushed out of their home in gentrifying neighborhoods. We did have a long-term resident exemption that was a lot higher. But when we think about consequences, when we the stock market crash in 2008, the only people that were able to stay were long-term residents and we did not have any protections for newer people. Ramirez said there has been talk about having a special valuation system or a special freeze for properties around new public amenities, like the 606 Trail in northwestern Chicago. Horbas said that Kentucky had something like that for different groups like seniors, but it would have to pass the state's uniformity clause.
- o. Yingling asked if there a state that we should be emulating. Horbas said there isn't one. They are all based on value with exemptions. They might fund them different, like New York there are tax rates for different uses. Most states are remarkably similar and are levy driven. Davis asked if there is a state funded exemption programs. Horbas suggested New York had a system. He did not know if it would work in Illinois. He thought Minnesota had a similar system and they had trouble funding it, showing the danger of a such a body.
- p. Senator Tracy asked about funding schools with sales taxes. She noted it would only yield half as much as we have for property taxes. Illinois funds at a very low rate for sales taxes. Horbas said they raised the sales tax in Indiana for schools right during the recession. They did not raise not as much money as they planned, showing the dangers of that. Property taxes are good for local funding because it is stable. Yingling said we should be looking at diversification of school funding. Horbas said that would be a better way. He cited one study by ITEP (Institute of Taxation and Policy) on tax fairness. The ones with a graduated income tax will have a more fair tax system and then you can use that money on property taxes, which is by its nature a regressive tax. Same with sales taxes.
- q. Representatives Mayfield and Davis spoke about the scale of the problem and how other subcommittees were also looking into the issue.

**V. New Business**

- a. There was no new business.

**VI. Public Comment**

- a. There was no public comment.

**VII. Adjournment.**

- a. Meeting ended at 3:40pm.