

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

Meeting Minutes

Friday, October 11, 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. IDOR staff member Sam Salustro called the meeting to order at approximately 2:14pm and welcomed members.
- b. Roll Call was taken. Quorum was not met.

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

**II. Approve Previous Meeting Minutes**

- a. The minutes of the October 4, 2019, Assessments & Exemptions Subcommittee were not adopted due to the lack of a quorum.

### III. Presentation

- a. David Merriman – Stukel President Professor at the Department of Public Administration, University of Illinois at Chicago.
- b. Davis asked, from an academic perspective, has anyone ever looked at the property tax system and provided recommendations to lower property taxes? Merriman said not that he was aware of but thought the most significant thing that has been done is the implementation of PTELL. The way to reduce property taxes is through the voters. If the voters don't want to pay high property taxes they have to tell their elected officials. Voters must be willing to say what services they are willing to give up or tell the officials how they will limit their expenditures. Davis said voters do not often recognize the correlation between lower property taxes may mean reduced services. Merriman said he thought it is difficult for the taxpayer to see the correlation when there are so many taxing districts. Davis asked how much the state should be involved in property taxes, given the previous facts. Merriman said the State should defer to local governments but set regulations requiring them to be straight with their voters. Local governments should be monitoring their finances, so they don't run in debt. Local government should be transparent with voters regarding their finances. Forcing local government to be transparent with their voters is an appropriate role for the State.
- c. Davis asked if school funding should be removed from this conversation. The State is trying to ensure that school districts are funded appropriately and a reduction in property tax will negatively impact school funding. Merriman said school funding is difficult because you want the State to provide the equalized funding. Providing good schools to students is an important State function. We don't want to make it any harder for low property tax school districts to raise revenue.
- d. Davis asked IDOR staffer Sam Salustro about how much data the state has about exemptions. Salustro said in general, IDOR has the total number and types of exemptions, including data on EAV value and exemptions. Merriman claimed Cook County abated roughly \$500 million to exemptions.
- e. Davis said that last week the subcommittee had a presentation from BOMA, regarding the classification system in Cook County. He asked if Merriman had an opportunity to examine the classification system. Merriman said he believed it raised the cost of business and is very significant in the south suburban area. The fundamental question is how has the classification system discouraged business investment in Cook County? At least in the downtown area there is not a lot of evidence that it has discouraged investment. However, it is different in the suburban communities. You have to ask who is actually hurt by the classification system and I believe it is the property owner rather than the business operator.
- f. Davis asked if lowering the tax rate is the key to lowering property taxes. Merriman replied that in Illinois the tax rate is generally backed out of the levy. The property tax levies (Chicago/Cook) have gone up slowly but to compensate for this there have been other tax and fee increases. Putting pressure on the tax levy is a very dangerous endeavor and it might lead to less efficient government

and a less fair tax system. The voters need to understand how the property tax system works and vote accordingly. PTELL caps the levy and slows the growth. Davis asked if eliminating PTELL was a bad idea. Merriman said that if the legislature ends PTELL, it must work to get voters better informed about the process and suggested truth in taxation mechanisms instead.

- g. Davis noted that Merriman often returned to the role of voters lowering their own property taxes. He asked what taxpayers should ask taxing districts. Merriman said that was a challenging question but would look at what other states have done to keep property taxes under control.
- h. Representative Meyers-Martin asked Merriman to expand on the statement of higher incomes and higher property taxes. Merriman said wealthier people generally own larger and higher value homes. If you look across the entire income distribution of the State, you generally find that property taxes rise with income. For renters, they pay property taxes through their buildings and those property taxes tend to be a little higher share of their income. Meyers-Martin then asked if that was true, why 10 of the highest property tax municipalities are in the south suburbs where the income is not high. Merriman explained rates in those neighborhoods are quite high. The reason the rates are high is because there is low property wealth. There are not a lot of business properties and the homes are a lower value and thus the rates are high. The property tax payments are high because homeowners are bearing the brunt of this. As a share of their income they could be paying a high property tax. Certainly, living in an area where there are a lot of business properties means as a homeowner you pay less for the same services. Meyers-Martin noted the high property taxes were preventing businesses from coming to the region. Merriman agreed and said the problem of school funding based on low property wealth leads to a lot of inequities. For those districts I can understand that schools don't want to rely on property taxes. This is the issue that I would be most concerned with.
- i. Davis asked about preventing people from leaving areas with high vacancy rates. Merriman said how you reverse the cycle is the question we struggle with. It is not a one-size fits all answer.

#### **IV. New Business**

- a. Davis said he expected meetings to be held every Friday at 2:00pm throughout the remainder of the year except for Thanksgiving week.

#### **V. Public Comment**

- a. Spencer Staton. He began by noting years ago it was believed that companies were relocating outside of Illinois and the United States due to high taxes. The response was to lower the taxes on businesses. It's not the taxes that are the driving force in the decision to locate outside of Illinois. They locate where the CEO wants to live. It proven to be wrong that tax incentives influence business locations to remain or move to Illinois. Staton also said part of what this subcommittee is to look at is exemptions especially for business and industry

which should be reviewed as well to make them more targeted or eliminate them to ensure tax dollars are used judicially.

- b. Davis asked Staton what role he thought the subcommittee should play in regard to Cook County exemptions. Staton said the general assembly should review the exemptions, including the EDGE tax credit. He believed businesses moved to Cook County for reasons other than property taxes. He thought the state's use of tax credits were taking away the ability of the state to provide services to citizens. Davis asked about a recent presentation about the Cook County classification system. Staton said any revisions to it would lead to a significant shift from businesses to homeowners. Davis asked about making the cook County assessments ratio in line with the rest of the state and using exemptions to balance. He said he was concerned with encouraging people to live in vacant residential properties. Staton replied that properties were vacant for a lot of reasons, including the Rantoul area Air Force Base that just left. The exemptions create a sense of unfairness because people are paying varied taxes on similar properties. Davis said his concern was with finding ways to lower property taxes.

## **VI. Adjourn**

Meeting ended at 3:53pm.