

**Property Tax Relief Taskforce  
PTELL Subcommittee**

Meeting Minutes

Friday, October 4, 2019

10:00 AM

James R. Thompson Center  
100 West Randolph Street  
Suite 9-040 (9th Floor)  
Chicago, IL 60601

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The Property Tax Relief Taskforce – PTELL Subcommittee met on October 4, 2019.

**I. Welcome/Roll Call**

Meeting scheduled to start at 10:00 AM.

- a. IDOR staff called the meeting to order around 10:00 AM and welcomed members.
- b. Roll call was taken. Quorum was met.

<b>Name</b>	<b>Present</b>
Rep. Terra Costa Howard	Yes
Rep. Marcus C. Evans, Jr.	No
Rep. Amy Grant	No
Rep. Bob Morgan	Yes
Rep. Mike Murphy	No
Rep. Diane Pappas	Yes
Rep. Mark L. Walker	Yes
Rep. Sam Yingling	Yes
Sen. Laura Fine	Yes
Sen. Don Harmon	Yes
Sen. Linda Holmes	Yes
Sen. Dan McConchie	Yes
Sen. Craig Wilcox	Yes

**II. Approve Previous Meeting Minutes**

- a. Per motion by Representative Costa Howard and seconded by Representative Pappas, the minutes from September 26<sup>th</sup> subcommittee were taken up.
  - a. **VOTE – unanimous voice vote in support**

**III. New Business**

- a. Representative Walker introduced a list of five recommendations for the PTELL subcommittee to discuss and forward to the Property Tax Relief Task Force for further consideration in concert with recommendations from the other subcommittees.
  - a. Walker called for the subcommittee to consider recommendation A, which would remove the incentive for taxing bodies to levy to the max each year. Would allow recapture in current year of lost opportunities from previous years or remove all limits going forward other than cumulative CPI increases over X number of years or 5% in any given year. Representative Yingling and Senator Holmes expressed agreement with the recapture idea. Senator McConchie expressed agreement with the capture, but also recommended that recapture may not need to have a time limit when looking back at previous years. Representative Costa Howard asked McConchie for clarification. Are you suggesting that there be no time limits? McConchie affirmed that there should be no time limits in the look back period. Believes limiting the look back period only continues to act as an incentive for taxing bodies to levy to the max in the current year. Senator Wilcox inquired how the current look back works. Based on his experience, a county board or other local taxing body would need to have reduced its levy in one of the three prior years in order to be eligible for the look back period. Walker confirmed his understanding of how the look back works. Wilcox inquired if there is any data available, showing how many taxing bodies under PTELL have utilized this look back tool. Walker responded that if either recommendation A or B is passed, then the current look back provision, and any confusion in utilizing it, becomes a moot point. Wilcox expressed concern about recommendation A in that it does not provide for any final approval or disapproval by taxpayers. Walker emphasized that recommendation A could be combined with other recommendations to alleviate this concern, such as recommendation B's provisions allowing voter referendum to decrease or increase taxes. Costa Howard expressed concern that some school districts may be negatively affected by recommendation B's provision allowing PTELL taxing bodies to have a referendum to lower taxes. Senator Fine echoed Costa Howard's concern about school district funding under recommendation B. Everyone would be happy to lower their property taxes, but it would negatively impact funding sources for a district that overly relies on property taxes.
  - b. Walker clarified that the conversation has moved on to recommendation B, which would allow voter referendum to decrease or increase taxes in all PTELL taxing bodies (consistent with non-PTELL taxing bodies). Also indicated that recommendation A would be forwarded the whole commission for consideration. Wilcox asked for clarification regarding school funding problems. Costa Howard answered Wilcox's question. She expressed that Tier 3 and 4 school districts get limited state funding under the evidence-based funding formula, so even with the hold harmless provision, they would continue to overly rely on property taxes. Any reduction in school revenue via a referendum would jeopardize current level of services and programs. Wilcox expressed that such a reduction or limitation in school funding would only occur if the voters approved something via referendum to set such a

limit. Do any school districts exist that have never approved a voter referendum in the past 20 years (in reference to increasing or raising taxes)? Fine answered Chicago Public Schools. Holmes mentioned Aurora East having a referendum, but it was voted down. Wilcox would like to research if any data is available, showing if any school districts exist where they have never approved a voter referendum. Costa Howard asked if such research would be better conducted by the entire task force, referencing Walker's earlier comments about making only recommendations to the task force and advising that additional research, testimony, drafting of bill language, and the like would be needed at that point. Walker indicated that this research request is helpful and would be appropriate for the entire task force to address, not the PTELL subcommittee. Fine asked for clarification about recommendation B's provision of lowering taxes via referendum. Isn't that already incorporated into the evidence-based funding formula? McConchie indicated he got this provision included in the evidence-based funding formula, but it only applies to schools and certain school districts. Going to referendum to lower taxes is allowed for all taxing bodies in non-PTELL counties. Recommendation B would expand that to PTELL counties. Based on his knowledge, going to referendum to lower taxes has occurred only three times in the following scenarios: a school district in a PTELL county; a county budget in a non-PTELL county; and a park district budget in a non-PTELL county. All three attempts to lower taxes via referendum failed. Overall, taxpayers wish to have a voice in these situations, and the signature standards for getting these referenda on the ballot is higher than a constitutional amendment. Walker reminded subcommittee members that their role presently is not to debate the merits but to review and forward the appropriate recommendations to the task force.

- c. Walker called for the subcommittee to consider recommendation C, which would remove, spread out, or limit growth elements in the PTELL formula, such as new construction or TIF expiration, in order to reduce growth and volatility in the tax burden. Wilcox explained the reason for the recommendation. Allows benefits to existing taxpayers who have already helped pay for infrastructure and public safety upgrades. Assessors are already required to put new growth on the tax rolls once residency permits are approved. Walker expressed there appears to be an indirect, instead of direct, impact of new growth on the costs of the taxing body. Harmon inquired as to how the benefits/rebates are calculated and given to the taxpayers. Harmon further expressed that new growth affects districts differently. New construction in rapidly developing/growing areas adds more pressure on existing taxpayers for infrastructure and services and increases overall EAV; whereas, older suburbs with mostly new development on existing plots only impact existing taxpayers indirectly and adds marginally to overall EAV. Walker reminded everyone that PTELL was originally adopted in a time of rapid growth and expansion, but some of the intent may not be as applicable today. Harmon inquired if the new growth component of PTELL could be reconstructed to allow a rebate of some kind to existing taxpayers. Costa

Howard asked if TIFs impact that at all. Harmon indicated that TIFs allow for some rebates in the first year upon ending. Walker reminded everyone that recommendation C should be examined further in relation to what ideas the TIF and school funding subcommittees recommend.

- d. Walker called for the subcommittee to consider recommendation E (skipped D at the moment), which would remove/end PTELL limitations and allow local governments and voters to decide funding and taxing levels. Walker reminded everyone that taxing bodies opted into PTELL. McConchie expressed that this specific proposal was his idea to put on the table. Some people believe that PTELL simply has not worked. Expressed that it has been difficult to make any final determination about this position based on available data from the Department of Revenue and others. Indicated that maybe an academic economist could be recruited to examine the data and provide an answer to this question. McConchie further explained that he has discussed replacing the PTELL system with something different. One example is allowing a local taxing body like a park district or library district to approve an increase but then having that decision be reviewed by a second body, such the county board, for final approval. Walker expressed his desire in keeping the PTELL structure and then making changes within it. Has been updated several times over the years to reflect such changes. Would not wish to remove PTELL without knowing what the other alternative is first. McConchie acknowledged that there is a difference of opinion on PTELL by local officials and others. Some believe PTELL has worked, while others don't. He would not advocate for making any major change in the current environment without researching the existing data and coming to some conclusions that determine PTELL's or an alternative's viability. Walker indicated he would support further research on this recommendation but was uncertain if it should be moved out of the subcommittee. Pappas expressed that removing PTELL altogether does not seem like the best solution for the taxpayers, who had advocated for such a system to help slow down property tax increases in an environment with no PTELL. McConchie explained that removing PTELL would not result in the same environment that existed before the implementation of PTELL. PTELL would be replaced with another system, such as one taxing body's increase being reviewed by the county board for final determination or approval. Costa Howard expressed a concern that replacing PTELL with a two-layered system of review and approval (e.g. park board's decision being reviewed by county board) would remove local control for communities which can determine what is best for their residents. Pappas also expressed concern about taking away local control. A county board may not have the best interest of a particular community in mind and can make decisions contrary to that community's interest. A referendum option seems to allow that second level of review (voters reviewing a board's decision) in a final vote and also maintains local control. Fine expressed concern about having one taxing body telling another taxing body what to do. Does see the merits of having a neutral group review a taxing body's ideas or proposals.

- e. Walker called for the subcommittee to consider recommendation D, which would extend PTELL to all home-rule and non-home-rule taxing districts to establish a 0% growth rate via the PTELL structure and then only allow an increase by voter referendum. Referenced Senate Bill 316 from 2015. Uses the PTELL structure to reach a goal, such as a property tax freeze, but allows voter input via referendum.
- b. Walker asked Yingling for clarification regarding the purpose of the subcommittee making recommendations and asking for further research on them as part of what the overall task force expects. Yingling confirmed such a purpose and expectation by the task force of its subcommittees. Reminded everyone that the task force will review all subcommittee recommendations and provide a preliminary report by October 31, 2019. It will then provide a final report by December 31, 2019. The subcommittee may need to reconvene sometime between October 31 and December 31.

**III. Public Comment**

- a. None

**IV. Adjournment**

- a. Subcommittee recessed to the call of the Chair.

DRAFT