

PROPERTY TAX RELIEF TASK FORCE
Subcommittee: Government Consolidation

Meeting Minutes

Thursday, September 19, 2019

12:00pm

James R. Thompson Center

100 West Randolph Street

IDOR 7th Floor Media Room

Chicago, Illinois 60601

MEETING START

Meeting Scheduled to Start: 12:05pm.

I. Welcome/Roll Call

- a. IDOR staff member Sam Salustro called the meeting to order at 12:05pm and Representative Carroll welcomed members.
- b. Roll Call was taken. Quorum was met.

Name	Present
Representative Carroll – Chair	Yes
Representative Bennett	Yes
Representative Gong-Gershowitz	Yes
Representative Mason	No
Representative Mussman	No
Representative Stava-Murray	Yes
Representative Ugaste	Yes
Representative Welter	Yes
Representative Yednock	Yes
Representative Yingling	Yes
Senator Ellman	Yes
Senator McConchie	Yes
Senator Righter	Yes
Senator Morrison	No

II. Approval of Meeting Minutes

- a. The minutes of the September 12th, 2019 Government Consolidation Subcommittee were presented. Representative Yingling moved the minutes be approved as written; seconded by Representative Gong-Gershowitz.
- b. **VOTE – The measure was approved unanimously on voice vote.**

III. Guest Presentations – Illinois Policy Institute, Taxpayers Federation of Illinois and the Chicago Metropolitan Agency for Planning.

- a. Carroll explained that we would be hosting presentations on each side of the government consolidation debate in groups of three.

- b. Adam Schuster, Director of Budget and Tax Research at Illinois Policy Institute (IPI): Schuster said the IPI was supportive of consolidation in general since it gives local taxpayers the ability to decide how much local government they want in their communities and at what level those services should be rendered. Schuster noted Professor Krupa has conducted notable research supporting the merits of consolidation. Krupa's research was published in the State and Government review in 2016, where he did a statistical analysis of consolidation efforts in Indiana in 2008 where they consolidated 98.7% of their township assessors into their county assessors for just the property tax assessment portion. The findings pointed to a 33% difference in savings between pre- and post-consolidation efforts. Studies have also been conducted in Illinois, specifically from the University of Chicago in a study that looked at the consolidation between Zion, Benton Townships with Lake County of overlapping municipalities can save 217k or 158k, depending on which of the two is being consolidated; those savings are roughly 15%-17% of their combined budget. The savings coming from economies of scale where they are able to lower their fixed cost to provide the same services. The savings were ranked in order of quantity, the largest saving were from personnel reductions, then office space, and then the legal integration of administrative functions. Other successful examples of consolidation include Belleville and Evanston Township each saving approximately \$800,000 and reporting that consolidation improved service delivery, eliminated duplication of services, improved coordination among units of government, better partnerships with community organizations, reduce number of tax levying units of government on property tax bill. IPI also conducted its own research using census data to get population, number of local governments excluding school districts, average effective property tax rate. IPI found that there is a correlation between number of residents served per government and the average property tax rate. The more residents served per unit of government at a state wide average the lower the average state-wide effective property tax rate is. Furthermore, his study demonstrates that when looking at states with a population of over 90 million, of the top ten most populous states, Illinois is the worst, serving only 1,800 people per unit of government, at the other end of the spectrum there have Florida that serves about 12,000 people per unit of government.
- c. Lindsay Hollander, Senior Policy Analyst at Chicago Metropolitan Agency for Planning (CMAP): Chicago Metropolitan Agency for Planning (CMAP) was created in 2005 by the Regional Planning Act and serves as the federally designated Metropolitan Planning Organization for the seven counties of Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will, and 284 of the state's municipalities. CMAP's work is focused on conducting comprehensive regional planning, producing objective policy analysis, providing local planning assistance to communities, and helping to prioritize the region's investments in infrastructure. CMAP, published a report examining how other states support local government partnerships and consolidation. They recommended a state-funded grant program that could more comprehensively support local efforts and best practices, such as feasibility studies or public engagement. It could also

study and report on metrics for tracking outcomes and measuring government performance pre- and post-consolidation, including enhanced services, improved infrastructure, and fiscal impacts. CMAP believes the State could leverage property tax grants to fund the initiative.

- d. Taxpayers' Federation of Illinois, President Carol Portman: TFI are Members of the Transform Illinois (TL), a collaboration that have been looking at government consolidation and other ideas as an option for the state to save monetarily and improve service levels of government. There are two pieces of data that often surface as talking points - high property taxes and the amount of local governments in Illinois. TL has reason to believe these two factors might exist in correlation to each other. TL tries to identify strategies that allow governments to fully fund the services that they must provide with their budgeted amount or even with less if there are opportunities to do so. Consolidation is an option, but she noted there are also other ways to work collaboratively between two jurisdictions if we can remove the roadblocks. As an example, she said a few years ago DuPage County Health Department was asked to assist a neighboring county with a project where DuPage County had developed a level of expertise in the area. The State however had a law that prevented such a collaboration even if both parties were agreeable. Transform IL was able to step in and amend that part of the law to allow for the partnership to take place. She also noted there is a mechanism to create drainage districts but some government entities claim that there isn't any direction for dissolving them. These are the types of roadblocks that TL would like to help tackle. She pointed members to the power point presentation from Professor Norman Walzer and encouraged the panelists to visit the studies that have been conducted already on the subject. Portman pointed out that the integrity of data collected in Illinois is poor given that the Comptroller requires units of government to self-disclose their own data, and the data sets are not uniform across the board and makes for messy comparisons. TL is working with the Comptroller on this issue to data cleansing to streamline information for research. She noted DuPage County projects savings of \$100 million over the course of 20 years, so while the savings may be small, accumulative efforts will yield impactful results. There is not a one size fit all solution she concluded.

IV. Questions for Witnesses: Illinois Policy Institute, Taxpayers Federation of Illinois and The Chicago Metropolitan Agency for Planning.

- a. Carroll asked Schuster to clarify the 1,841 people per unit of government in IL figured he mentioned in his presentation Schuster responded that the figure was 1,841.7. He said it was the population of the state divided by the number units of government. – there is a negative inverse relationship between number of residents per government and the property taxes. For context, Pennsylvania is 2,651 and Ohio is 2,999.6 people per unit of government.
- b. Representative Yingling asked everyone if they had conducted a study of comparing states with strong county governments to ones without. No one had.
- c. Yingling asked Hollander to expand on the lack of capacity she describes in her experience working with local governmental bodies. Hollander said it could mean many different things. The bodies may not have the fiscal resources or

staffing resources to accomplish the goal or have the tax base to achieve their goals. Yingling said that so many units of government, he found it interesting that there should be a lack of capacity to achieve an objective. Many times, obstacles put in place due to egos and turf wars, where the township should be acting in the best interest of constituents. He asked if there were incentives that the General Assembly can enact to entice cooperate with each other. Hollander said that state incentives could be an option to help communities that want to explore consolidation or cooperation. Portman pointed to the success of Oswego and said it may entice other towns to consider similar efforts or could result in constituents putting more pressure on elected officials. In general, Portman argued to avoid forceful approaches and instead give them the tools to pursue collaborating/consolidation.

- d. Representative Bennett wanted to talk about rural areas, since townships operate lots of miles, many functions are done by volunteers, and the county governments are not set up to take care of the entire area. Portman pointed to research done by Professor Michael Walzer who runs a whole program at Northern University dedicated to the issues between rural communities and local governments. Carroll said a power point had been sent around to members.
- e. Representative Gong-Gershowitz asked if there are any research or best practices of what services that the different levels of government should provide. Hollander said that her organization does not have anything that concrete yet but continues studying how several communities are collaborating on services and the different variations across the state. Gong-Gershowitz asked how grant dollars would be distributed and what would a cost for this be. Schuster advised leaving it to local experts and local voters in their communities do decide. He said cost studies could be useful tool for persuasion but did not think they should be mandated. Hollander noted the four states spend between \$4 million to \$36 million on local consolidation grant programs.
- f. Carroll asked a question on behalf of Senator Ellman, who wanted to know factors in successful government consolidations and unsuccessful ones. Portman previously provided examples of successful ones. Hollander noted a failed referendum to consolidate Lisle and Naperville townships road districts. Naperville proposed and then passed a referendum to consolidate with its own road district. She noted it came down to the interest of local official and possible the difference in property tax base may have an impact as well.
- g. Representative Ugaste asked if there was a list of road blocks to consolidation the guests could provide. Portman noted the Transform Illinois people had a legislative wish list, but often ideas come from legislators. Ugaste asked about other consolidation studies on savings in Illinois and pointed to Highland Park and Highwood school districts merging. Carroll said people were not thrilled with the school district consolidation.

V. Guest Presentations – Illinois Association of Drainage Districts, Northfield Township Highway Commissioner, Township Officials of Illinois.

- a. Richard Lyons, Illinois Association of Drainage Districts. Lyons was unable to attend, but Carroll read a statement on his behalf. Lyons, expressed his issue with

SB90, in that he believes that the bill has many flaws and unintended consequences. Lyons has spoken to Lake County drainage district commissioners, their engineers, their attorneys and municipal storm water managers and public safety commissioners as well as the IL Farm Bureau Lake County manager. He stated that the consensus of this group is that this legislation fell short of addressing rainfall and intensity of rain events in the counties north and west of the City of Chicago and their effect on storm water. He believes that SB 90 could negatively impact our changing climate. He provided an example that in Skokie IL drainage districts maintain over 12 miles of ditch. Under SB 90, these municipalities would take over the administration of this outlet. The current structure has two sets of commissioners made up of 3 individuals each administering the maintenance of this outlet versus every municipality or the county carrying out this function. The Drainage Code provides a maximum of \$30/day for a commissioner. For example, East Skokie meets 11 times a year at \$30/day for 3 individuals or \$990/year for administration. It is hard to imagine individual units of government on the city level could achieve this function of administration for less. Lyons' concern is that SB 90 will diminish the authority of the drainage commissioners and while one or two units of government could be cut there could be a greater monetary expense. His full statement is included at the end of the minutes.

- i. Senator McConchie responded to Lyon's statement. He said the bill only applies to Cook and Collar Counties and only applies if 70% of a drainage district is covered by a municipality. It requires in the law eventually lower and eliminate taxes levied on people by transferring responsibility from drainage district to other another unit of government. McConchie said there was a way to eliminate drainage districts, but the current law transfers responsibility from the drainage district back to the original property owner. He reiterated SB 90 was a voluntary program.
- b. Tim Rueckert, Northfield Township Highway Commissioner: Rueckert said eliminating road districts would reduce services for his town's residents. Rueckert said that the road district taxes are capped and are a small amount of the overall tax budget. He said the road district enacted aggressive policies to control drainage and prevent flooding in conjunction with Cook County zoning. He also noted the district operates lights, signs, street markings, and some landscaping, essentially working as a public works department for unincorporated areas. They also run a recycling center for Northfield residents including household chemicals which are hard to dispose, and a document shredding service. Rueckert said the road district often rebates funding back to incorporated residents. Rueckert warned against consolidation with local governments already stretched thin. Rueckert pointed to a study done by CMAP of a Maine and Northfield unincorporated area consolidation and found the costs would be prohibitive for the Glenview.
- c. Illinois Township Officials of Illinois, Taylor Anderson, Lobbyist and Jerry Crabtree, Assistant Director: Anderson said he was looking forward to working with legislators. Anderson noted the real issue is property tax assessments, and not just looking at the number of local governments. He noted townships only

receive approximately 2% of property taxes statewide, and consolidation efforts would not really save that much money overall. He said that while Illinois has 1,800 individuals per government body, that stat does not reflect what people are paying for those different levels of government. Anderson said the main cost drivers are personnel, pensions, and unfunded mandates; 80% of a municipalities cost went to personnel. He pointed to consolidation efforts in DuPage County and noted that consolidating governments still had to absorb outstanding contracts for employees, which meant they were not driving efficiencies. Anderson also talked about narrowing functions of townships, which he noted it was really three which were statutorily mandated, and some townships have focused on other things, like during the financial crisis the state pulled back on many services, like mental health, and townships stepped in without additional resources. Anderson said that his organization was not against consolidation, but just warned that it was not a silver bullet to solve the property tax problem. He called for more data for legislators and voters to make the best decision. TOI did a study in 2013 on data from 1992 to 2012. It found townships had the lowest property tax increase for districts, lowest average wage and lowest average salary of any districts, which suggests consolidation may not be economical. Anderson finally noted that the idea that a bigger level of government can provide more efficient service seemed to not be true with Cook County and Lake County. Crabtree said the TOI was not anti-consolidation. He said his organization did question legislation for cost effectiveness and whether it was left up consolidation to the voters. Crabtree said many local governments are turning to inter-governmental agreements to save money. He noted that 81% of governments in Illinois served populations of less than 5,000 people.

VI. Questions for Guest Presenters – Illinois Association of Drainage Districts, Northfield Township Highway Commissioner, Township Officials of Illinois.

- a. Yingling asked about Crabtree's statement that TOI never has been opposed to consolidation as Yingling said they have opposed every recent consolidation bill in the General Assembly. Crabtree clarified his statement that he meant they never opposed consolidation efforts without looking at the rationale behind it. Yingling asked what the problem was with allowing a referendum to decide whether to consolidate, like the McHenry County recent bill. Anderson said the original bill passed, which was vetoed by Governor Rauner, but the bill signed by Governor Pritzker was better. Anderson said there should be some cost-saving analysis so that voters have impartial information available to them. Such an analysis will also allow voters to see if consolidation worked or not. Anderson said there should be accountability measures. Finally, Anderson said he opposed the road district bill because there was no voter input. Yingling said that highway commissioners have too much power and the overall lack of checks and balances leads to fiscal mismanagement and lawsuits. Yingling said the road district legislation might not save money up front, but would result in more checks and balances. Rueckert said the final levy decisions are made by the county, and he must provide rationale before the township board, and thus there is checks and balances. Rueckert said all levels of government sue each other, and it is not

exclusive of road districts. Anderson said he wanted to make the law less ambiguous and should lead to less legal battles and thus will save money. Anderson said the TOI worked on PA 100-474 with representative Halbrook which capped how much funding townships can accumulate.

- b. Gong-Gershowitz agreed that more data would be better for voters to make consolidation decisions. Gong-Gershowitz read a statement by Marilyn Glazer, Supervisor in Niles Township that is included at the end of the minutes.
- c. Bennett asked about the structure of townships. He believed that trustees or supervisors were residents of the town they govern. Crabtree said to be eligible someone had to be a resident for a year and had been a registered voter for one year. Salaries are set 180 days prior to an election and it is locked in for their four-year term. Townships have five members on their boards.
- d. McConchie asked the presenters to make suggestions about how to lower property taxes. Anderson said three things drive property tax cost – personnel, pensions, and unfunded mandates – and any relief that drive down those three costs will reduce property taxes. He said his organization has been looking at the costs local governments incur for the public posting requirements. He said some counties spent \$300,000 on those efforts while posting things on a website are pretty much free. Carroll asked if they had a list of modernization efforts like the one he outlined. Anderson said they have been drafting legislation. McConchie asked with half the state under PTELL incentivizes maximum levies, how savings will get back to voters. Anderson agreed PTELL has built in incentives to have local governments levy the maximum allowed. He said trust needs to be rebuilt between state government and local government after the past few years of cuts and state funding diversions. Anderson said PTELL should be revisited.
- e. Ugaste said he appreciated everything townships do and was not looking to force consolidation. He asked the presenters to share ideas about taxpayer money can be saved, or how their organizations are already saving money so the Task Force did not overlook it.

VII. New Business

- a. There was no new business. He noted the next meeting was at noon at Tuesday.

VIII. Public Comment

- a. Scott Kegarise, Highway Commissioner, Schaumburg Township: Kegarise said the cost of prevailing wage, which was \$65 dollars per hour, was forcing up costs. Yingling asked if there was threshold townships have to spent before prevailing wage kicked in. Kegarise said there was not.

IX. Adjourn

- a. Carroll said the subcommittee stood at recess at 1:44 pm.

**Testimony by Marilyn Glazer of the Niles Township Government
(read by Representative Gong-Gershowitz)**

However, I can say that Niles Township Government is crucial to about 1,000 families who use our food pantry (many coming twice a month). We are the community's safety net.

Our General Assistance and Emergency Assistance programs help people who would be homeless were it not for our help.

Since the Cook County Assessor has no representation in our area, our Township Assessor's Office is a vital part of the community and a place for people to get help with exemption filing, and other tax -related issues.

Without the funds that we are able to grant to local agencies, many would not have survived the four years of the last administration and the budget shortfall. Many in the community, the most vulnerable of our population, would have been without a safety net. We fund mental health agencies, agencies who work with seniors, agencies who work with those who have been raped, and those agencies who work with those with special needs.

Our scholarship programs allow parents to work and place their children into safe day-care and summer park district day camp programs. We also offer scholarships to local high school graduates who wish to attend Oakton Community College. Whatever their course of study, the lifting of the financial burden allows local young people to get the help they need to further their education. The difference this makes in their earning power over their lifetime is immeasurable.

We offer services to the community that are much needed: Passport Services, Handicap placards, Immigration Attorneys, an Attorney especially for senior citizens, Shred Events, CEDA Services, Veteran and Medicare help with Jan Schakowsky's office. We just signed a contract to offer LHEAP programs to those in need of help with their utilities. We also collect books for Bernie's Books in order that poor children might be able to own books.

The Township operates WITHOUT DEBT, and does not duplicate services being offered by the six communities that we serve. We cost little to the taxpayer, about \$44 a year for a \$350,000 home.

We have no pension debt, unlike the communities that we represent and the County and State within which we work. We are not a duplicative service and are unique in the services that we provide to the community.

**Testimony by Richard Lyons of the Illinois Association of Drainage Directors
(read by Representative Carroll)**

It is my belief that SB 90 is a poorly conceived bill that has many flaws and long-term unforeseen consequences for the following reasons:

(1) From my experiences as a drainage district commissioner and in watershed management, I believe that SB 90 and its amendment, will effectively reduce the productivity of the farmland in the above counties, and result in ineffective storm water removal from metropolitan areas and unincorporated residential properties. I have been to Lake County and I have spoken to drainage district commissioners, their engineers, their attorneys and municipal storm water managers and public safety commissioners as well as the IL Farm Bureau Lake County manager either in person or by telephone. The consensus of this group is that this legislation is not the bill to address the ever increasing rainfall and intensity of rain events in the counties north and west of the City of Chicago and their effect on storm water. In fact, SB 90 could very well exasperate the results of these two weather activities as they relate to our changing climate.

(2) Drainage districts by law and as stated in the IL Drainage Code must provide a clean and effective outlet for surface and subsurface waters within the drainage district. Farmers and home owners benefit from this activity of the drainage commissioners to satisfy the laws of the Code. Assessment for the cost of maintenance to farm landowners and home owners is based on the benefit received by the previously mentioned groups. Individuals outside of the boundary lines of the drainage district do not pay any assessment because they do not receive benefit.

(3) In eastern Lake County municipalities along Waukegan Road and east of the Des Plaines River, the Skokie drainage districts maintain over 12 miles of ditch. Under SB 90, these municipalities would take over the administration of this essential outlet. Currently we have two sets of commissioners made up of 3 individuals each administering the maintenance of this important outlet versus every municipality or the county carrying out this function. The Drainage Code provides a maximum of \$30/day for a commissioner. For example, East Skokie meets 11 times a year at \$30/day for 3 individuals or \$990/year for administration. It is hard to imagine individual units of government on the city level could achieve this function of administration for less.

(4) SB 90's Senate sponsor stated that he wished to cut the units of government and reduce taxes for Lake County residents. The above example shows that one or two units of government could be cut but at a much greater monetary expense.

(5) SB 90 will diminish and dismiss the authority of the drainage commissioners and is unnecessary. The Illinois Drainage Code already contains a provision for the dissolution of drainage districts. 70 ILCS 605/10-5 contains language that allows for a drainage district to be dissolved when "not less than three-fourths of the adult landowners who own not less than three-fourths of the land in the district" petition the court.