

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

Meeting Minutes

Friday, September 20, 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 2:06pm and welcomed members.
- b. Roll Call was taken. Quorum was not met and therefore no action may be taken.

<b>Name</b>	<b>Present</b>
Representative Davis – Chair	Yes
Representative Didech	Yes
Representative Ford	Yes
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	No
Senator Righter	No
Senator Tracy	No

**II. Approval of Meeting Minutes**

- a. Due to the lack of a quorum the minutes of the September 13, 2019, Assessments & Exemptions Subcommittee were not adopted.

### **III. Presentations:**

- a. Representative Daniel Didech presented his proposal, “Connecting property tax relief to the property tax bill”. The proposal would be used to pay rebates to residential property taxpayers in the State. Didech’s presentation can be found at the end of the meeting minutes.

Didech began by noting, under current law the State will spend about \$600 million annually providing property tax relieve to some homeowners in the form of a property tax credit applied on their income taxes. One of the six recommendations made by the 2009 Property Tax Task Force was connecting property tax relief to the property tax bill in an effort to assist the taxpayer in making the correlation between the property tax bill and the property tax credit provided on the income tax return.

Didech said there are several reasons the current system is unfair. First, many senior citizens are unable to benefit from the property tax relief because they are below the income threshold that is required for an income tax filing and the property tax credit is a non-refundable credit applied on the income tax return. Providing this benefit on income tax returns results in the benefit not being taken into account by many home buyers having a marginally negative impact on the real estate market as this benefit is not easily factored into the decisions made by home buyers. Some homeowners who do not prepare their own income taxes are also not aware they receive this property tax relief. Other homeowners who do prepare their own income taxes may inadvertently fail to claim a credit they are entitled to receive.

When the 2009 Property Tax Task Force made this recommendation to connect the property tax relief to the property tax bill there was no mechanism in state law to effectuate this reform. That has changed, as earlier this year Governor Pritzker signed P.A. 101-0077 creating the Property Tax Relief Fund (Fund). Didech proposed that this fund is designed to be used as a mechanism for the State of Illinois to directly lower the property tax bill of every taxpayer claiming a General Homestead Exemption by automatically providing them with a rebate that will show on their property tax bill. Money in this fund will be distributed to county treasurers throughout the State in accordance with the number of General Homestead Exemptions claimed in each county. Under current law, county treasurers would lower each property tax bill by the same amount dependent on the amount of money appropriated from the Fund by the General Assembly to be used for property tax relief.

Representative Didech closed by asking the subcommittee to consider his proposal to require the the General Assembly to redirect funds currently used to provide income tax credits to some homeowners into the Fund. This reform, would ensure that all homeowners, including seniors, can benefit from the State’s property tax relief program, create a marginally positive affect on the State’s

residential real estate market, and make the state's tax system more fair and transparent.

- b. The floor was opened to members for questions.
  - i. Representative Mazzochi asked if this credit was part of AGI or an actual state tax credit applied on the state income taxes? Didech replied that it was applied to the state income taxes. This year the credit equaled 5% of the homeowner's property tax bill and was applied as a 5% credit deducted from their state income taxes. With the tax reform passed in the General Assembly's 101<sup>st</sup> spring session the credit was increased to a 6% credit.
  - ii. Mazzochi asked where would that tax credit count? Didech replied the credits should be put directly on the property tax bill. Now it reduces homeowner's incomes taxes in proportion to the amount of the credit. It makes more sense to shift the credit directly to the property tax bill. This way it will lower the homeowner's property tax bill.
  - iii. Mazzochi asked if the credits were dollar-for-dollar or were they a percentage? Didech noted that when a homeowner files their income taxes they are required to list the total amount of the property taxes they paid and then 5% of that amount is deducted from the income tax liability.
  - iv. Mazzochi asked how would the federal State and Local Tax (SALT) caps impact property tax credits? Didech believed it would be overall minimal effects.
  - v. Mazzochi ask if seniors were going to see a benefit because of an increasing the amount of the tax refund or would it be better recognized because it will be seen on the property tax bill as opposed to the income tax bill? Didech noted that currently the credit is non-refundable tax credit. If a senior citizen isn't required to file income taxes, they don't receive the property tax benefit. With this reform the benefit would not be dependent on the filing of income taxes.
  - vi. Mazzochi noted that charitable deductions will not be capped by federal law and suggested the subcommittee may want to consider, in connection with SALT caps, ways in which charitable organizations can provide property tax relief.
  - vii. Representative Yingling ask if the proposal was a direct percentage deduction on property taxes or would all that money (\$600 M) go into pool and be evenly divided? Didech said the way the proposal is currently written the \$600 M (an estimate) would go into a pool and be evenly divided among all property tax homeowners.
  - viii. Yingling asked if there were any numbers on seniors who pay property taxes but don't qualify for the property tax income tax credit, and how much more this program would cost.
  - ix. Didech said there were about three million households that claim a Homestead Exemption. With the \$600 M distributed it would average out to about a \$200 benefit for a homeowner. He did not know how many seniors

would be in the category of being eligible to receive the credit but don't because they don't file income taxes.

- x. Representative Davis asked if this would be an actual rebate? Didech said the way the proposal works is the credit will show up directly on the property tax bill. The money starts in the State Fund, from there it will be distributed to county treasurers in proportion to the number of Homestead Exemptions claimed in each county. Then the money will go to the local taxing bodies. The extra money from the State will be an offset lowering property tax bills to homeowners.
- xi. Davis asked if homeowner just pays less under Didech's proposal and the taxing bodies get the benefit of the actual dollars? Didech replied that the local taxing bodies will not see any financial change. Taxing bodies will still receive their money from the county treasurer. The pot of money the county treasurer has will include money from the local property tax payers and the additional state money from the Fund.
- xii. Davis asked if the number of homeowners who claim the Homestead Exemption a finite number or if it fluctuated, and wondered if the state could afford the program. Didech the \$600 M is a year-over-year estimate. If the state didn't make any changes, it would still be spending \$600 M per year to provide income tax credit relief to property owners.
- xiii. Yingling noted that it was important to have the recognition that high property taxes are suppressing evaluation within peoples' residence, which in many cases is their largest capital asset. By restructuring the way these income tax credits work it will actually push down the amount people are paying in property taxes and push up the value of their homes.
- xiv. Davis asked how the bill would impact the assessment side. Didech replied it would not impact the assessment side. This is an extension of the Homestead Exemption.
- xv. Davis asked if his proposal lowers the tax burden on local residents? Didech said yes, especially for seniors, many who currently don't pay income taxes but do pay property taxes. Under the current system they are not able to benefit from the homestead exemption. Under this reform it would lower the property tax bill for many seniors in Illinois.
- xvi. Representative Ford asked for seniors if there be a specific assessed amount they will qualify for?
- xvii. Didech replied the way the proposal was currently written that amount is dependent on two variables: 1) the amount of money appropriated by the General Assembly, which is about \$600 M and, 2) the number of homestead exemptions available in Illinois. Divide those two numbers and that would be the benefit every homeowner would receive.

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

- a. No new business.

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

- a. Andrea Raila, President, Training, Research, Advocacy & Education Network testified. She supported Rep. Didech's recommendation and believes what could be added to his proposal is additional money (\$1 billion) from a graduated income tax. The \$1 billion could be given directly as a refund to all homeowners who hold an exemption. That would increase the refund from the proposed \$200 to \$600 and this would have a greater impact. Raila said the subcommittee should consider capping of tri-annual and quadrennial re-assessments tied to the Consumer Price Index and inflation rate. She noted property taxes are the most regressive tax based on a fixed asset, not a liquid asset, and it is driving people out of their homes. Raila brought attention to a story in Cook County that found Certificates of Corrections have been issued in New Trier allowing for a reassessment using FEMA maps, lowering the property tax bill for wealthier residents of Cook County. She said the Certificate of Correction process should be used in areas that are suffering from significant foreclosures to provide property tax relief in the black and brown communities.
  - i. Davis noted the focus of the story and reassessment focused on very wealth areas, but flood plain properties exist in some of these black and brown communities He asked Raila if this same type of action was taken in the black and brown communities that were impacted by a flood plain and resulted in reduced taxes, would she have the same issues? Raila noted her objection was that the reassessment was performed through the Certificate of Correction process and said the entire system must be fair and transparent.
  - ii. Ford said he wrote to the Cook County assessor stating black and brown communities have been over assessed. He thought the first thing the assessor would have done was to take care of those communities. Now that there is a model (Certificate of Correction), he said it was time to use it.
  - iii. Raila noted the 2009 General Assembly passed one of the most important laws in property tax code in her mind that allowed assessors to take into account heavily foreclosed on areas with short sales, foreclosures, and auctions. In those areas, they can move away the national standards of assessment practice and take the hedonic effect into account to lower the community's assessments. This can be done now, and appeals have been put in to make that request but are routinely rejected even though it's a law on the books. She noted it was wrong that in one county the tax rates among communities have a variance greater than 200% and that the tax rates should be even, why are the rates so much higher in the black and brown communities? It is said that there is not enough of an industry base there.
- b. Anthony Travis, Homeowner in the Village of Riverdale testified next. Travis suggested the sub-committee study Proposition 13 from California. Proposition 13 takes the assessor out the assessment process. Travis shared his personal experience in that he owned an approximately 1,000 square-foot home that had a market value of \$100,000. He became ill and could not pay his property tax bill. He appealed and it was denied. His house went up for auction and was sold for \$24,000. He borrowed the money to buy his house back. He went through the

appeal process again and the value was only lowered to \$61,000. Travis continued that over the years the assessor(s) in Cook County have taken \$2.5 billion out of the black community. He further noted that in Coles County, their commercial and industrial property had not been re-assessed for 16 years. All 102 counties have issues that need to be corrected.

- i. Representative Meyers-Martin thanked Travis for sharing his personal story. There are people who are not aware of the history of the property taxes in the Southland and said the committee needed to take action on the problem.

## **VI. Adjourn**

- a. Chairman Davis announced that the next meeting will take place on Friday, October 4, 2019, at 2:00pm - meeting room to be determined.
- b. Davis called recess to the call of the Chair.

## **MEETING END**

Meeting ended at 2:58pm.

## Representative Didech Proposal and Testimony

### Proposal: “Connecting property tax relief to the property tax bill”

- Under current law, the state will spend about \$600 million per year providing property tax relief to some homeowners in the form of a credit on their income tax returns.
- One of the six recommendations made by the 2009 Property Tax Relief Tax Force was “Connecting property tax relief to the property tax bill”. Specifically:
  - Several Task Force members noted that a property taxpayer often does not see the correlation between his or her tax bill and property tax relief provided ... on the income tax return ...<sup>1</sup>
- There are additional reasons why the status quo is unfair:
  1. Seniors who do not pay income taxes do not benefit from this property tax relief that can only be claimed as an income tax credit.
  2. Providing this benefit on income tax returns results in this benefit not being taken into account by potential home buyers, negatively impacting the real estate market as this benefit is not easily factored into the decisions made by home buyers.
  3. Some homeowners who do not prepare their own income taxes are not aware that they receive this property tax relief, and other homeowners who do prepare their own income taxes may inadvertently fail to claim a credit that they are entitled to receive.
- When the 2009 task force made its recommendation to connect this property tax relief to the property tax bill, there was no mechanism in state law to effectuate this reform.
- On July 12, 2019, Governor Pritzker signed into law Public Act 101-0077 creating the Property Tax Relief Fund. This fund is designed to be used as a mechanism for the state of Illinois to directly lower the property tax bill of every taxpayer who claims a general homestead exemption by automatically providing them with a rebate that shows up on their property tax bill.
- Money in this fund is distributed to County Treasurers throughout the state in accordance with the number of general homestead exemptions claimed in each county. Under current law, County Treasurers lower each property tax bill by the same amount, dependent on the amount of money appropriated from the fund by the General Assembly to be used for property tax relief.

**The General Assembly should redirect funds we currently use to provide income tax credits to some homeowners into the Property Tax Relief Fund.** With this reform, we will ensure that all homeowners including seniors can benefit from the state’s property tax relief program, create a marginally positive effect on the state’s residential real estate market, and make our tax system more fair and transparent.

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<sup>1</sup> <http://www.revenue.state.il.us/LocalGovernment/PropertyTax/TaskForceReport.pdf> (page 45).