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Fwd: Capitol Watch: Property Tax Freeze Put on Hold

1 message

Jason Bauer <jbauer@panaschools.com>
To: Nicole Blodgett <nblodgett@panaschools.com>

Tue, May 28, 2019 at 8:05 AM

June Board Meeting

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From: **IASA** <iasa@iasaedu.org>
Date: Mon, May 27, 2019 at 10:58 AM
Subject: Capitol Watch: Property Tax Freeze Put on Hold
To: <jbauer@panaschools.com>

May 27, 2019

Property Tax Freeze Put on Hold

Many large-ticket items remain for the Illinois General Assembly to sort through, but a House committee took significant action Monday, voting to put a property tax freeze for schools that was passed in the Illinois Senate on hold.

The House Revenue and Finance committee voted down party lines to approve House Amendment 1 to SB 690, which gutted the property tax freeze and turned it into a shell bill.

There was little to no discussion in the committee, but we believe the action was taken because the governor made a commitment to form a working group to discuss property tax relief this summer. The details of what that group will look like and when it will meet will become clearer this week.

In the meantime, we are pleased to see the House not rush into such a complicated issue. We were strongly opposed to the initial measure that passed in the Senate because it would have stripped away local control and severely limited the ability of school districts to raise funds locally, in essence extending the Property Tax Extension Limitation law to every county in Illinois.

More specifically, the Senate bill would have frozen the extension limitation rate at the levels they are at on Jan. 1, 2021, as long as voters approved the constitutional amendment (SJRCA 1) for a graduated income tax in the 2020 election.

The freeze would apply for levy year 2022, but only if the state meets its minimum contribution to the Evidence-Based Funding Formula and to mandated categorical payments. That would mean the state would be required to contribute at least \$350 million annually for EBF and about \$200 million for categoricals.

This action only puts a property tax freeze on hold, and it will undoubtedly surface again in the future, likely in a different form, depending on the outcome of the working group.

In an interview with Chicago Tribune reporter Rick Pearson, Rep. Robert Martwick, D-Chicago, discussed why the House put property tax relief on hold.

"It's really challenging because there is such disparate property taxes in Illinois," Martwick told Pearson. "There could be two towns right next to each other and one has low property taxes and one has exceptionally high taxes. How do you, from a state perspective, spread property tax relief in a way that is fair?"

Martwick continued: "It's so complicated because you have some communities that are forced to have high property taxes and some that have chosen to have high property taxes through a school referendum. We're going to work on it and get it done the right way."

Martwick is also the House Sponsor of the proposed state constitutional amendment carrying J.B. Pritzker's proposal for the graduated rate income tax. He said in the interview with Pearson he has the necessary 71 votes to pass the measure and move it closer to being put to voters in the 2020 election. A vote could come as early as today.

Meanwhile, the Illinois General Assembly has five days left, counting today, to tackle the governor's ambitious agenda. A capital bill, sports betting, legalization of marijuana and, of course, the budget remains on the table. Unlike previous years, the latter might have the easiest road ahead.

Hope everyone is enjoying Memorial Day and is able to take some time to remember and honor the men and women of our armed forces who gave the ultimate sacrifice.

Sincerely,

Diane Hendren
Director of Governmental Relations
Illinois Association of School Administrators

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