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94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

SB1682

Introduced 2/24/2005, by Sen. Don Harmon

SYNOPSIS AS INTRODUCED:

35 ILCS 200/18-190
35 ILCS 200/18-205
35 ILCS 200/18-230

Amends the Property Tax Extension Limitation Law of the Property Tax Code. Sets forth procedures that taxing districts must follow when seeking referendum approval after April 5, 2005 to increase (i) the maximum authorized tax rate for any fund for which the taxing district is authorized by statute to levy taxes and which rate is limited by prior referendum or statutory authorization and which rate is authorized by statute to be increased for a limited or unlimited number of years by direct (and not back door) referendum, except for increases that require an equal corresponding tax rate decrease for another fund or (ii) the maximum extended tax rate applicable only to the next taxes to be either levied or extended for any fund notwithstanding the limiting rate that would otherwise be applicable for such taxing district, which maximum extended tax rate applicable to the next taxes shall not exceed the tax rate for such fund. Sets forth requirements for form of ballot propositions and referendum notices. Sets forth procedures for setting the new tax rates. Provides that a taxing district is limited to an extension limitation (instead of "extension increase") of 5% or the percentage increase in the Consumer Price Index during the 12-month calendar year preceding the levy year, whichever is less.

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FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

A BILL FOR

1   AN ACT concerning taxes.

2   **Be it enacted by the People of the State of Illinois,**

3   **represented in the General Assembly:**

4   Section 1. This Amendatory Act shall be known as the PTELL

5   Required Referendum Procedures Act.

6   Section 3. Findings.

7   (a) Approximately 80% of the State's population lives in a

8   county in which the Property Tax Extension Limitation Law is

9   applicable. This Law has been in effect for over 13 years, and

10   the provisions of the Election Code, the Property Tax Code, and

11   the various local government statutes governing tax rate

12   increase referenda have not been updated to take into account

13   this Law.

14   (b) In many circumstances there is no easily understood

15   proposition that can be presented to a taxing district's voters

16   to authorize a tax rate increase. Both voters and local

17   government officials are confused and frustrated by referendum

18   propositions that do not accurately reflect the way the

19   Property Tax Extension Limitation Law works.

20   (c) This Amendatory Act requires the use of ballots that

21   accurately tell the voter what the result of approving the

22   proposition will be and requires all ballots and notices at tax

23   rate increase elections to contain meaningful and consistent

24   information about the impact of the referendum.

25   (d) This Amendatory Act impacts only elections held after

26   April 5, 2005. It does not change the way prior voted increases

27   were authorized. This Amendatory Act does not authorize any

28   non-referendum tax rate increases. Tax rate increases beyond

29   the limitations of the Property Tax Extension Limitation Law

30   must continue to be approved by referendum, and this Amendatory

31   Act applies only to taxing districts subject to the Property

32   Tax Extension Limitation Law.

1   Section 5. The Property Tax Code is amended by changing

2   Sections 18-190, 18-205, and 18-230 as follows:

3   (35 ILCS 200/18-190)

4   Sec. 18-190. Direct referendum; new rate or increased rate.

5   (a) If a new rate or a rate increase is authorized by

6   statute to be imposed without referendum or is subject to a

7   backdoor referendum, as defined in Section 28-2 of the Election

8   Code, the governing body of the affected taxing district before

9   levying the new rate or rate increase shall submit the new rate

10   or rate increase to direct referendum under the provisions of

11   Article 28 of the Election Code. Notwithstanding the

12   requirements of any other law, all taxing districts subject to

13   this Law shall follow the provisions of this Section whenever

14   seeking referendum approval after April 5, 2005 to increase (i)

15   the maximum authorized tax rate for any fund for which the

16   taxing district is authorized by statute to levy taxes and

17   which rate is limited by prior referendum or statutory

18   authorization and which rate is authorized by statute to be

19   increased for a limited or unlimited number of years by direct

20   (and not back door) referendum, except for increases that

21   require an equal corresponding tax rate decrease for another

22   fund or (ii) the maximum extended tax rate applicable only to

23   the next taxes to be either levied or extended for any fund

24   notwithstanding the limiting rate that would otherwise be

25   applicable for such taxing district, which maximum extended tax

26   rate applicable to the next taxes shall not exceed the tax rate

27   for such fund.

28   The proposition seeking to obtain such referendum approval

29   for the increase described in clause (i) shall be in

30   substantially the following form:

31   Shall the maximum tax rate for the ... fund of ...

32   [insert legal name, number, if any, and county or counties

33   of taxing district], Illinois, be increased for the ...

34   levy year[s] [and all subsequent levy years] to ...% of the

1   equalized assessed value of the taxable property therein

2   instead of ...%, the otherwise applicable maximum tax rate

3   for such fund?

4   The votes must be recorded as "Yes" or "No".

5   The proposition seeking to obtain such referendum approval

6   for the increase described in clause (ii) shall be in

7   substantially the following form:

8   Shall the maximum tax rate for the ... fund of ...

9   [insert legal name, number, if any, and county or counties

10   of taxing district], Illinois, for the ... levy year be

11   equal to ...% of the equalized assessed value of the

12   taxable property therein notwithstanding the otherwise

13   applicable limitations set forth in the Property Tax

14   Extension Limitation Law on such tax rate?

15   The votes must be recorded as "Yes" or "No".

16   The ballot for any proposition submitted pursuant to this

17   Section shall have printed thereon, but not as a part of the

18   proposition submitted, the following information; provided,

19   however, that any error, miscalculation or inaccuracy in

20   computing any amount set forth on the ballot shall not

21   invalidate or affect the validity of any proposition approved:

22   (1) if the taxing district is a school district or a

23   community college district, the geographic or other common

24   name by which the district is known and referred to;

25   (2) the amount, if any, of the proposed increase in the

26   maximum authorized tax rate for the fund referred to in the

27   proposition;

28   (3) the rate at which taxes for the fund was most

29   recently extended (at the time the submission of the

30   proposition is initiated by the taxing district);

31   (4) the amount by which the proposed rate for the fund

32   exceeds the most recently extended rate for the fund;

33   (5) the dollar amount of the last known aggregate

34   extension base of the taxing district (at the time the

35   submission of the proposition is initiated by the taxing

36   district);

1   (6) the estimated dollar amount of the aggregate

2   extension base of the taxing district if the proposition is

3   approved, such amount computed by multiplying the amount of

4   the last known equalized assessed value of the taxing

5   district at the time the submission of the proposition is

6   initiated by the taxing district by the amount from

7   paragraph (4) and adding the product to the amount from

8   paragraph (5); and

9   (7) the percentage increase proposed in the aggregate

10   extension base of the taxing district based on the dollar

11   amount of the last known aggregate extension base of the

12   taxing district and the estimated dollar amount of the

13   aggregate extension base of the taxing district if the

14   proposition is approved.

15   Any notice required to be published in connection with the

16   submission   of   the   proposition   shall   also   contain   this

17   information and shall not be required to contain any other

18   information. Notice of the referendum shall be published and

19   posted as otherwise required by law, and the submission of the

20   proposition shall be initiated as provided by law.

21   If a majority of all ballots cast on the proposition are in

22   favor of the proposition, the following provisions shall be

23   applicable to the extension of taxes for the taxing district:

24   (A) the tax rate approved at the referendum may be

25   effective for the extension of taxes accruing more than 30

26   days after the canvass of the results of the referendum by

27   the taxing district and shall not be effective for the

28   extension of taxes occurring 30 days or less after such

29   canvass;

30   (B) if the proposition provides for an increase in the

31   maximum authorized tax rate, (i) the new maximum authorized

32   tax rate for the fund shall be the rate set forth in the

33   proposition for the levy years set forth therein regardless

34   of whether the proposition is approved before or after the

35   taxing district adopts or files its levy for any levy year

36   set forth in the proposition; and (ii) the aggregate

1   extension base of the taxing district shall be adjusted as

2   a result of the approval of the proposition as set forth in

3   Section 18-230;

4   (C) if the proposition does not provide for an increase

5   in the maximum authorized tax rate, but provides for an

6   increase in the maximum extended tax rate for a single levy

7   year, (A) the maximum authorized tax rate for the fund

8   shall not be affected, but the rate extended for the fund

9   shall be equal to the rate set forth in the proposition for

10   the levy year set forth in the proposition regardless of

11   whether the proposition is approved before or after the

12   taxing district adopts or files its levy for that levy

13   year; and (B) the aggregate extension base of the taxing

14   district shall be adjusted as a result of the approval of

15   the proposition as set forth in Section 18-230.

16   Rates required to extend taxes for a fund ~~on levies subject~~

17   ~~to a backdoor referendum in each year there is a levy~~ are not

18   new rates or rate increases under this Section if a levy has

19   been made for the fund in one or more of the preceding 3 levy

20   years prior to this law becoming applicable to the taxing

21   district. ~~Changes made by this amendatory Act of 1997 to this~~

22   ~~Section in reference to rates required to extend taxes on~~

23   ~~levies subject to a backdoor referendum in each year there is a~~

24   ~~levy are declarative of existing law and not a new enactment.~~

25   (b) Whenever other applicable law authorizes a taxing

26   district subject to the limitation with respect to its

27   aggregate extension provided for in this Law to issue bonds or

28   other obligations either without referendum or subject to

29   backdoor referendum, the taxing district may elect for each

30   separate bond issuance to submit the question of the issuance

31   of the bonds or obligations directly to the voters of the

32   taxing district, and if the referendum passes the taxing

33   district is not required to comply with any backdoor referendum

34   procedures or requirements set forth in the other applicable

35   law. The direct referendum shall be initiated by ordinance or

36   resolution of the governing body of the taxing district, and

1   the question shall be certified to the proper election
2   authorities in accordance with the provisions of the Election
3   Code.
4   (Source: P.A. 88-455; 88-670, eff. 12-2-94; 89-385, eff.
5   8-18-95; 89-718, eff. 3-7-97.)

6   (35 ILCS 200/18-205)
7   Sec. 18-205. Referendum to increase the extension
8   limitation. A taxing district is limited to an extension
9   limitation increase of 5% or the percentage increase in the
10   Consumer Price Index during the 12-month calendar year
11   preceding the levy year, whichever is less. A taxing district
12   may increase its extension limitation for a current levy year
13   if that taxing district holds a referendum before the levy date
14   at which a majority of voters voting on the issue approves
15   adoption of a higher extension limitation. Referenda shall be
16   conducted at a regularly scheduled election in accordance with
17   the Election Code provided that notice of the referendum, if
18   held before July 1, 1999, has been given in accordance with the
19   provisions of Section 12-5 of the Election Code in effect at
20   the time of the bond referendum, at least 10 and not more than
21   45 days before the date of the election, notwithstanding the
22   time for publication otherwise imposed by Section 12-5. Notices
23   required in connection with the submission of public questions
24   on or after July 1, 1999 shall be as set forth in Section 12-5
25   of the Election Code. The question shall be presented in
26   substantially the following manner:
27   --
28   Shall the extension limitation
29   under the Property Tax Extension
30   Limitation Law for ...(taxing   YES
31   district name)... be increased from
32   ...(the lesser of 5% or the increase   ---------------
33   in the Consumer Price Index over the
34   prior levy year)...% to ...(percentage   NO
35   of proposed increase)...% for the

1   ...(levy year)... levy year?

2   --

3   If a majority of voters voting on the issue approves the

4   adoption of the increase, the increase shall be applicable for

5   the levy year specified.

6   (Source: P.A. 90-812, eff. 1-26-99; 91-57, eff. 6-30-99.)

7   (35 ILCS 200/18-230)

8   Sec. 18-230. Rate increase or decrease factor. When a new

9   rate or a rate increase as described in subsection (a) of

10   Section 18-190 or decrease first effective for the current levy

11   year has been approved by referendum, the aggregate extension

12   base, as adjusted in Sections 18-215 and 18-220, shall be

13   multiplied by a rate increase (or decrease) factor. The

14   numerator of the rate increase (or decrease) factor is the

15   total combined rate for the funds that made up the aggregate

16   extension for the taxing district for the prior year plus the

17   difference between the rate set forth in the proposition

18   approved by referendum and the rate extended for the prior year

19   for the fund set forth in the proposition rate increase

20   approved or minus the rate decrease approved. The denominator

21   of the rate increase or decrease factor is the total combined

22   rate for the funds that made up the aggregate extension for the

23   prior year. For those taxing districts for which a new rate or

24   a rate increase has been approved by referendum held after

25   December 31, 1988, and that did not increase their rate to the

26   new maximum rate for that fund, the rate increase factor shall

27   be adjusted for 4 levy years after the year of the referendum

28   by a factor the numerator of which is the portion of the new or

29   increased rate for which taxes were not extended plus the

30   aggregate rate in effect for the levy year prior to the levy

31   year in which the referendum was passed and the denominator of

32   which is the aggregate rate in effect for the levy year prior

33   to the levy year in which the referendum was passed.

34   (Source: P.A. 87-17; 88-455.)