



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

HB0158

Introduced 1/11/2005, by Rep. Roger L. Eddy

SYNOPSIS AS INTRODUCED:

35 ILCS 200/18-185
35 ILCS 200/18-205
35 ILCS 200/18-211 new

Amends the Property Tax Extension Limitation Law in the Property Tax Code. Provides that "extension limitation" means (a) the lesser of 5% or the percentage increase in the Employment Cost Index or, upon referendum approval, the Consumer Price Index during the 12-month calendar year preceding the levy year or (b) the rate increase approved by the voters. Defines "Employment Cost Index" as the Employment Cost Index for total compensation for civilian and state and local government workers published by the United States Department of Labor. Sets forth referendum procedures to allow for the calculation of the extension limitation based upon the Consumer Price Index. Effective immediately.

LRB094 04202 BDD 34226 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

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 5. The Property Tax Code is amended by changing
5 Sections 18-185 and 18-205 and by adding Section 18-211 as
6 follows:

7 (35 ILCS 200/18-185)

8 Sec. 18-185. Short title; definitions. This Division 5 may
9 be cited as the Property Tax Extension Limitation Law. As used
10 in this Division 5:

11 "Consumer Price Index" means the Consumer Price Index for
12 All Urban Consumers for all items published by the United
13 States Department of Labor.

14 "Employment Cost Index" means the average between (i) the
15 Employment Cost Index for total compensation for civilian
16 workers and (ii) the Employment Cost Index for total
17 compensation for state and local government workers, both of
18 which are published by the United States Department of Labor.

19 "Extension limitation" means (a) the lesser of 5% or the
20 percentage increase in the Employment Cost Index or, upon
21 approval of a referendum under Section 18-211, the percentage
22 increase in the Consumer Price Index during the 12-month
23 calendar year preceding the levy year or (b) the rate of
24 increase approved by voters under Section 18-205.

25 "Affected county" means a county of 3,000,000 or more
26 inhabitants or a county contiguous to a county of 3,000,000 or
27 more inhabitants.

28 "Taxing district" has the same meaning provided in Section
29 1-150, except as otherwise provided in this Section. For the
30 1991 through 1994 levy years only, "taxing district" includes
31 only each non-home rule taxing district having the majority of
32 its 1990 equalized assessed value within any county or counties

1 contiguous to a county with 3,000,000 or more inhabitants.
2 Beginning with the 1995 levy year, "taxing district" includes
3 only each non-home rule taxing district subject to this Law
4 before the 1995 levy year and each non-home rule taxing
5 district not subject to this Law before the 1995 levy year
6 having the majority of its 1994 equalized assessed value in an
7 affected county or counties. Beginning with the levy year in
8 which this Law becomes applicable to a taxing district as
9 provided in Section 18-213, "taxing district" also includes
10 those taxing districts made subject to this Law as provided in
11 Section 18-213.

12 "Aggregate extension" for taxing districts to which this
13 Law applied before the 1995 levy year means the annual
14 corporate extension for the taxing district and those special
15 purpose extensions that are made annually for the taxing
16 district, excluding special purpose extensions: (a) made for
17 the taxing district to pay interest or principal on general
18 obligation bonds that were approved by referendum; (b) made for
19 any taxing district to pay interest or principal on general
20 obligation bonds issued before October 1, 1991; (c) made for
21 any taxing district to pay interest or principal on bonds
22 issued to refund or continue to refund those bonds issued
23 before October 1, 1991; (d) made for any taxing district to pay
24 interest or principal on bonds issued to refund or continue to
25 refund bonds issued after October 1, 1991 that were approved by
26 referendum; (e) made for any taxing district to pay interest or
27 principal on revenue bonds issued before October 1, 1991 for
28 payment of which a property tax levy or the full faith and
29 credit of the unit of local government is pledged; however, a
30 tax for the payment of interest or principal on those bonds
31 shall be made only after the governing body of the unit of
32 local government finds that all other sources for payment are
33 insufficient to make those payments; (f) made for payments
34 under a building commission lease when the lease payments are
35 for the retirement of bonds issued by the commission before
36 October 1, 1991, to pay for the building project; (g) made for

1 payments due under installment contracts entered into before
2 October 1, 1991; (h) made for payments of principal and
3 interest on bonds issued under the Metropolitan Water
4 Reclamation District Act to finance construction projects
5 initiated before October 1, 1991; (i) made for payments of
6 principal and interest on limited bonds, as defined in Section
7 3 of the Local Government Debt Reform Act, in an amount not to
8 exceed the debt service extension base less the amount in items
9 (b), (c), (e), and (h) of this definition for non-referendum
10 obligations, except obligations initially issued pursuant to
11 referendum; (j) made for payments of principal and interest on
12 bonds issued under Section 15 of the Local Government Debt
13 Reform Act; (k) made by a school district that participates in
14 the Special Education District of Lake County, created by
15 special education joint agreement under Section 10-22.31 of the
16 School Code, for payment of the school district's share of the
17 amounts required to be contributed by the Special Education
18 District of Lake County to the Illinois Municipal Retirement
19 Fund under Article 7 of the Illinois Pension Code; the amount
20 of any extension under this item (k) shall be certified by the
21 school district to the county clerk; and (l) made to fund
22 expenses of providing joint recreational programs for the
23 handicapped under Section 5-8 of the Park District Code or
24 Section 11-95-14 of the Illinois Municipal Code.

25 "Aggregate extension" for the taxing districts to which
26 this Law did not apply before the 1995 levy year (except taxing
27 districts subject to this Law in accordance with Section
28 18-213) means the annual corporate extension for the taxing
29 district and those special purpose extensions that are made
30 annually for the taxing district, excluding special purpose
31 extensions: (a) made for the taxing district to pay interest or
32 principal on general obligation bonds that were approved by
33 referendum; (b) made for any taxing district to pay interest or
34 principal on general obligation bonds issued before March 1,
35 1995; (c) made for any taxing district to pay interest or
36 principal on bonds issued to refund or continue to refund those

1 bonds issued before March 1, 1995; (d) made for any taxing
2 district to pay interest or principal on bonds issued to refund
3 or continue to refund bonds issued after March 1, 1995 that
4 were approved by referendum; (e) made for any taxing district
5 to pay interest or principal on revenue bonds issued before
6 March 1, 1995 for payment of which a property tax levy or the
7 full faith and credit of the unit of local government is
8 pledged; however, a tax for the payment of interest or
9 principal on those bonds shall be made only after the governing
10 body of the unit of local government finds that all other
11 sources for payment are insufficient to make those payments;
12 (f) made for payments under a building commission lease when
13 the lease payments are for the retirement of bonds issued by
14 the commission before March 1, 1995 to pay for the building
15 project; (g) made for payments due under installment contracts
16 entered into before March 1, 1995; (h) made for payments of
17 principal and interest on bonds issued under the Metropolitan
18 Water Reclamation District Act to finance construction
19 projects initiated before October 1, 1991; (i) made for
20 payments of principal and interest on limited bonds, as defined
21 in Section 3 of the Local Government Debt Reform Act, in an
22 amount not to exceed the debt service extension base less the
23 amount in items (b), (c), and (e) of this definition for
24 non-referendum obligations, except obligations initially
25 issued pursuant to referendum and bonds described in subsection
26 (h) of this definition; (j) made for payments of principal and
27 interest on bonds issued under Section 15 of the Local
28 Government Debt Reform Act; (k) made for payments of principal
29 and interest on bonds authorized by Public Act 88-503 and
30 issued under Section 20a of the Chicago Park District Act for
31 aquarium or museum projects; (l) made for payments of principal
32 and interest on bonds authorized by Public Act 87-1191 or
33 93-601 ~~this amendatory Act of the 93rd General Assembly~~ and (i)
34 issued pursuant to Section 21.2 of the Cook County Forest
35 Preserve District Act, (ii) issued under Section 42 of the Cook
36 County Forest Preserve District Act for zoological park

1 projects, or (iii) issued under Section 44.1 of the Cook County
2 Forest Preserve District Act for botanical gardens projects;
3 (m) made pursuant to Section 34-53.5 of the School Code,
4 whether levied annually or not; (n) made to fund expenses of
5 providing joint recreational programs for the handicapped
6 under Section 5-8 of the Park District Code or Section 11-95-14
7 of the Illinois Municipal Code; and (o) made by the Chicago
8 Park District for recreational programs for the handicapped
9 under subsection (c) of Section 7.06 of the Chicago Park
10 District Act.

11 "Aggregate extension" for all taxing districts to which
12 this Law applies in accordance with Section 18-213, except for
13 those taxing districts subject to paragraph (2) of subsection
14 (e) of Section 18-213, means the annual corporate extension for
15 the taxing district and those special purpose extensions that
16 are made annually for the taxing district, excluding special
17 purpose extensions: (a) made for the taxing district to pay
18 interest or principal on general obligation bonds that were
19 approved by referendum; (b) made for any taxing district to pay
20 interest or principal on general obligation bonds issued before
21 the date on which the referendum making this Law applicable to
22 the taxing district is held; (c) made for any taxing district
23 to pay interest or principal on bonds issued to refund or
24 continue to refund those bonds issued before the date on which
25 the referendum making this Law applicable to the taxing
26 district is held; (d) made for any taxing district to pay
27 interest or principal on bonds issued to refund or continue to
28 refund bonds issued after the date on which the referendum
29 making this Law applicable to the taxing district is held if
30 the bonds were approved by referendum after the date on which
31 the referendum making this Law applicable to the taxing
32 district is held; (e) made for any taxing district to pay
33 interest or principal on revenue bonds issued before the date
34 on which the referendum making this Law applicable to the
35 taxing district is held for payment of which a property tax
36 levy or the full faith and credit of the unit of local

1 government is pledged; however, a tax for the payment of
2 interest or principal on those bonds shall be made only after
3 the governing body of the unit of local government finds that
4 all other sources for payment are insufficient to make those
5 payments; (f) made for payments under a building commission
6 lease when the lease payments are for the retirement of bonds
7 issued by the commission before the date on which the
8 referendum making this Law applicable to the taxing district is
9 held to pay for the building project; (g) made for payments due
10 under installment contracts entered into before the date on
11 which the referendum making this Law applicable to the taxing
12 district is held; (h) made for payments of principal and
13 interest on limited bonds, as defined in Section 3 of the Local
14 Government Debt Reform Act, in an amount not to exceed the debt
15 service extension base less the amount in items (b), (c), and
16 (e) of this definition for non-referendum obligations, except
17 obligations initially issued pursuant to referendum; (i) made
18 for payments of principal and interest on bonds issued under
19 Section 15 of the Local Government Debt Reform Act; (j) made
20 for a qualified airport authority to pay interest or principal
21 on general obligation bonds issued for the purpose of paying
22 obligations due under, or financing airport facilities
23 required to be acquired, constructed, installed or equipped
24 pursuant to, contracts entered into before March 1, 1996 (but
25 not including any amendments to such a contract taking effect
26 on or after that date); and (k) made to fund expenses of
27 providing joint recreational programs for the handicapped
28 under Section 5-8 of the Park District Code or Section 11-95-14
29 of the Illinois Municipal Code.

30 "Aggregate extension" for all taxing districts to which
31 this Law applies in accordance with paragraph (2) of subsection
32 (e) of Section 18-213 means the annual corporate extension for
33 the taxing district and those special purpose extensions that
34 are made annually for the taxing district, excluding special
35 purpose extensions: (a) made for the taxing district to pay
36 interest or principal on general obligation bonds that were

1 approved by referendum; (b) made for any taxing district to pay
2 interest or principal on general obligation bonds issued before
3 the effective date of this amendatory Act of 1997; (c) made for
4 any taxing district to pay interest or principal on bonds
5 issued to refund or continue to refund those bonds issued
6 before the effective date of this amendatory Act of 1997; (d)
7 made for any taxing district to pay interest or principal on
8 bonds issued to refund or continue to refund bonds issued after
9 the effective date of this amendatory Act of 1997 if the bonds
10 were approved by referendum after the effective date of this
11 amendatory Act of 1997; (e) made for any taxing district to pay
12 interest or principal on revenue bonds issued before the
13 effective date of this amendatory Act of 1997 for payment of
14 which a property tax levy or the full faith and credit of the
15 unit of local government is pledged; however, a tax for the
16 payment of interest or principal on those bonds shall be made
17 only after the governing body of the unit of local government
18 finds that all other sources for payment are insufficient to
19 make those payments; (f) made for payments under a building
20 commission lease when the lease payments are for the retirement
21 of bonds issued by the commission before the effective date of
22 this amendatory Act of 1997 to pay for the building project;
23 (g) made for payments due under installment contracts entered
24 into before the effective date of this amendatory Act of 1997;
25 (h) made for payments of principal and interest on limited
26 bonds, as defined in Section 3 of the Local Government Debt
27 Reform Act, in an amount not to exceed the debt service
28 extension base less the amount in items (b), (c), and (e) of
29 this definition for non-referendum obligations, except
30 obligations initially issued pursuant to referendum; (i) made
31 for payments of principal and interest on bonds issued under
32 Section 15 of the Local Government Debt Reform Act; (j) made
33 for a qualified airport authority to pay interest or principal
34 on general obligation bonds issued for the purpose of paying
35 obligations due under, or financing airport facilities
36 required to be acquired, constructed, installed or equipped

1 pursuant to, contracts entered into before March 1, 1996 (but
2 not including any amendments to such a contract taking effect
3 on or after that date); and (k) made to fund expenses of
4 providing joint recreational programs for the handicapped
5 under Section 5-8 of the Park District Code or Section 11-95-14
6 of the Illinois Municipal Code.

7 "Debt service extension base" means an amount equal to that
8 portion of the extension for a taxing district for the 1994
9 levy year, or for those taxing districts subject to this Law in
10 accordance with Section 18-213, except for those subject to
11 paragraph (2) of subsection (e) of Section 18-213, for the levy
12 year in which the referendum making this Law applicable to the
13 taxing district is held, or for those taxing districts subject
14 to this Law in accordance with paragraph (2) of subsection (e)
15 of Section 18-213 for the 1996 levy year, constituting an
16 extension for payment of principal and interest on bonds issued
17 by the taxing district without referendum, but not including
18 excluded non-referendum bonds. For park districts (i) that were
19 first subject to this Law in 1991 or 1995 and (ii) whose
20 extension for the 1994 levy year for the payment of principal
21 and interest on bonds issued by the park district without
22 referendum (but not including excluded non-referendum bonds)
23 was less than 51% of the amount for the 1991 levy year
24 constituting an extension for payment of principal and interest
25 on bonds issued by the park district without referendum (but
26 not including excluded non-referendum bonds), "debt service
27 extension base" means an amount equal to that portion of the
28 extension for the 1991 levy year constituting an extension for
29 payment of principal and interest on bonds issued by the park
30 district without referendum (but not including excluded
31 non-referendum bonds). The debt service extension base may be
32 established or increased as provided under Section 18-212.

33 "Excluded non-referendum bonds" means (i) bonds authorized by
34 Public Act 88-503 and issued under Section 20a of the Chicago
35 Park District Act for aquarium and museum projects; (ii) bonds
36 issued under Section 15 of the Local Government Debt Reform

1 Act; or (iii) refunding obligations issued to refund or to
2 continue to refund obligations initially issued pursuant to
3 referendum.

4 "Special purpose extensions" include, but are not limited
5 to, extensions for levies made on an annual basis for
6 unemployment and workers' compensation, self-insurance,
7 contributions to pension plans, and extensions made pursuant to
8 Section 6-601 of the Illinois Highway Code for a road
9 district's permanent road fund whether levied annually or not.
10 The extension for a special service area is not included in the
11 aggregate extension.

12 "Aggregate extension base" means the taxing district's
13 last preceding aggregate extension as adjusted under Sections
14 18-215 through 18-230.

15 "Levy year" has the same meaning as "year" under Section
16 1-155.

17 "New property" means (i) the assessed value, after final
18 board of review or board of appeals action, of new improvements
19 or additions to existing improvements on any parcel of real
20 property that increase the assessed value of that real property
21 during the levy year multiplied by the equalization factor
22 issued by the Department under Section 17-30, (ii) the assessed
23 value, after final board of review or board of appeals action,
24 of real property not exempt from real estate taxation, which
25 real property was exempt from real estate taxation for any
26 portion of the immediately preceding levy year, multiplied by
27 the equalization factor issued by the Department under Section
28 17-30, and (iii) in counties that classify in accordance with
29 Section 4 of Article IX of the Illinois Constitution, an
30 incentive property's additional assessed value resulting from
31 a scheduled increase in the level of assessment as applied to
32 the first year final board of review market value. In addition,
33 the county clerk in a county containing a population of
34 3,000,000 or more shall include in the 1997 recovered tax
35 increment value for any school district, any recovered tax
36 increment value that was applicable to the 1995 tax year

1 calculations.

2 "Qualified airport authority" means an airport authority
3 organized under the Airport Authorities Act and located in a
4 county bordering on the State of Wisconsin and having a
5 population in excess of 200,000 and not greater than 500,000.

6 "Recovered tax increment value" means, except as otherwise
7 provided in this paragraph, the amount of the current year's
8 equalized assessed value, in the first year after a
9 municipality terminates the designation of an area as a
10 redevelopment project area previously established under the
11 Tax Increment Allocation Development Act in the Illinois
12 Municipal Code, previously established under the Industrial
13 Jobs Recovery Law in the Illinois Municipal Code, or previously
14 established under the Economic Development Area Tax Increment
15 Allocation Act, of each taxable lot, block, tract, or parcel of
16 real property in the redevelopment project area over and above
17 the initial equalized assessed value of each property in the
18 redevelopment project area. For the taxes which are extended
19 for the 1997 levy year, the recovered tax increment value for a
20 non-home rule taxing district that first became subject to this
21 Law for the 1995 levy year because a majority of its 1994
22 equalized assessed value was in an affected county or counties
23 shall be increased if a municipality terminated the designation
24 of an area in 1993 as a redevelopment project area previously
25 established under the Tax Increment Allocation Development Act
26 in the Illinois Municipal Code, previously established under
27 the Industrial Jobs Recovery Law in the Illinois Municipal
28 Code, or previously established under the Economic Development
29 Area Tax Increment Allocation Act, by an amount equal to the
30 1994 equalized assessed value of each taxable lot, block,
31 tract, or parcel of real property in the redevelopment project
32 area over and above the initial equalized assessed value of
33 each property in the redevelopment project area. In the first
34 year after a municipality removes a taxable lot, block, tract,
35 or parcel of real property from a redevelopment project area
36 established under the Tax Increment Allocation Development Act

1 in the Illinois Municipal Code, the Industrial Jobs Recovery
2 Law in the Illinois Municipal Code, or the Economic Development
3 Area Tax Increment Allocation Act, "recovered tax increment
4 value" means the amount of the current year's equalized
5 assessed value of each taxable lot, block, tract, or parcel of
6 real property removed from the redevelopment project area over
7 and above the initial equalized assessed value of that real
8 property before removal from the redevelopment project area.

9 Except as otherwise provided in this Section, "limiting
10 rate" means a fraction the numerator of which is the last
11 preceding aggregate extension base times an amount equal to one
12 plus the extension limitation defined in this Section and the
13 denominator of which is the current year's equalized assessed
14 value of all real property in the territory under the
15 jurisdiction of the taxing district during the prior levy year.
16 For those taxing districts that reduced their aggregate
17 extension for the last preceding levy year, the highest
18 aggregate extension in any of the last 3 preceding levy years
19 shall be used for the purpose of computing the limiting rate.
20 The denominator shall not include new property. The denominator
21 shall not include the recovered tax increment value.

22 (Source: P.A. 92-547, eff. 6-13-02; 93-601, eff. 1-1-04;
23 93-606, eff. 11-18-03; 93-612, eff. 11-18-03; revised
24 12-10-03.)

25 (35 ILCS 200/18-205)

26 Sec. 18-205. Referendum to increase the extension
27 limitation. A taxing district is limited to an extension
28 increase of the lesser of 5% or the percentage increase in the
29 Employment Cost Index or, upon approval of a referendum under
30 Section 18-211, the percentage increase in the Consumer Price
31 Index during the 12-month calendar year preceding the levy
32 year, ~~whichever is less~~. A taxing district may increase its
33 extension limitation for a current levy year if that taxing
34 district holds a referendum before the levy date at which a
35 majority of voters voting on the issue approves adoption of a

1 higher extension limitation. Referenda shall be conducted at a
 2 regularly scheduled election in accordance with the Election
 3 Code provided that notice of the referendum, if held before
 4 July 1, 1999, has been given in accordance with the provisions
 5 of Section 12-5 of the Election Code in effect at the time of
 6 the bond referendum, at least 10 and not more than 45 days
 7 before the date of the election, notwithstanding the time for
 8 publication otherwise imposed by Section 12-5. Notices
 9 required in connection with the submission of public questions
 10 on or after July 1, 1999 shall be as set forth in Section 12-5
 11 of the Election Code. The question shall be presented in
 12 substantially the following manner:

13 -----

14 Shall the extension limitation
 15 under the Property Tax Extension
 16 Limitation Law for ...(taxing YES
 17 district name)... be increased from
 18 ...(the lesser of 5% or the increase -----
 19 in the Employment Cost Index
 20 (or, if applicable, the
 21 Consumer Price
 22 Index) over the prior levy year)...% NO
 23 to ...(percentage of proposed
 24 increase)...% for the
 25 ...(levy year)... levy year?

26 -----

27 If a majority of voters voting on the issue approves the
 28 adoption of the increase, the increase shall be applicable for
 29 the levy year specified.

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

31 (35 ILCS 200/18-211 new)

32 Sec. 18-211. Referendum to use Consumer Price Index
 33 increase. A taxing district may calculate the extension
 34 limitation based upon the percentage increase in the Consumer
 35 Price Index during the 12-month calendar year preceding the

1 levy year rather than upon the percentage increase in the
2 Employment Cost Index during the 12-month calendar year
3 preceding the levy year.

4 The taxing district may not, however, use the Consumer
5 Price Index to calculate the extension limitation until the
6 question has been submitted to the electors of the district at
7 a regular election and approved by a majority of the electors
8 voting on the question. The governing body of the taxing
9 district must certify the question to the proper election
10 authority, which must submit the question at an election in
11 accordance with the Election Code

12 The election authority must submit the question in
13 substantially the following form:

14 Shall the (governing body of the taxing district) be
15 authorized to calculate the extension limitation based
16 upon the percentage increase in the Consumer Price Index
17 during the 12-month calendar year preceding the levy year
18 rather than upon the percentage increase in the Employment
19 Cost Index during the 12-month calendar year preceding the
20 levy year?

21 The election authority must record the votes as "Yes" or "No".

22 If a majority of the electors voting on the question vote
23 in the affirmative, then the taxing district may, thereafter,
24 calculate the extension limitation based upon the percentage
25 increase in the Consumer Price Index.

26 Section 99. Effective date. This Act takes effect upon
27 becoming law.