



93RD GENERAL ASSEMBLY

State of Illinois

2003 and 2004

HB4224

Introduced 1/26/2004, by Rep. Roger L. Eddy

SYNOPSIS AS INTRODUCED:

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

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 (now, 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. Effective immediately.

LRB093 16564 SJM 42211 b

FISCAL 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 as follows:

6 (35 ILCS 200/18-185)

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

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

13 "Employment Cost Index" means the Employment Cost Index for
14 total compensation for civilian and state and local government
15 workers published by the United States Department of Labor.

16 "Extension limitation" means (a) the lesser of 5% or the
17 percentage increase in the Employment Cost ~~Consumer Price~~ Index
18 during the 12-month calendar year preceding the levy year or
19 (b) the rate of increase approved by voters under Section
20 18-205.

21 "Affected county" means a county of 3,000,000 or more
22 inhabitants or a county contiguous to a county of 3,000,000 or
23 more inhabitants.

24 "Taxing district" has the same meaning provided in Section
25 1-150, except as otherwise provided in this Section. For the
26 1991 through 1994 levy years only, "taxing district" includes
27 only each non-home rule taxing district having the majority of
28 its 1990 equalized assessed value within any county or counties
29 contiguous to a county with 3,000,000 or more inhabitants.
30 Beginning with the 1995 levy year, "taxing district" includes
31 only each non-home rule taxing district subject to this Law
32 before the 1995 levy year and each non-home rule taxing

1 district not subject to this Law before the 1995 levy year
2 having the majority of its 1994 equalized assessed value in an
3 affected county or counties. Beginning with the levy year in
4 which this Law becomes applicable to a taxing district as
5 provided in Section 18-213, "taxing district" also includes
6 those taxing districts made subject to this Law as provided in
7 Section 18-213.

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

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

21 "Aggregate extension" for the taxing districts to which
22 this Law did not apply before the 1995 levy year (except taxing
23 districts subject to this Law in accordance with Section
24 18-213) means the annual corporate extension for the taxing
25 district and those special purpose extensions that are made
26 annually for the taxing district, excluding special purpose
27 extensions: (a) made for the taxing district to pay interest or
28 principal on general obligation bonds that were approved by
29 referendum; (b) made for any taxing district to pay interest or
30 principal on general obligation bonds issued before March 1,
31 1995; (c) made for any taxing district to pay interest or
32 principal on bonds issued to refund or continue to refund those
33 bonds issued before March 1, 1995; (d) made for any taxing
34 district to pay interest or principal on bonds issued to refund
35 or continue to refund bonds issued after March 1, 1995 that
36 were approved by referendum; (e) made for any taxing district

1 to pay interest or principal on revenue bonds issued before
2 March 1, 1995 for payment of which a property tax levy or the
3 full faith and credit of the unit of local government is
4 pledged; however, a tax for the payment of interest or
5 principal on those bonds shall be made only after the governing
6 body of the unit of local government finds that all other
7 sources for payment are insufficient to make those payments;
8 (f) made for payments under a building commission lease when
9 the lease payments are for the retirement of bonds issued by
10 the commission before March 1, 1995 to pay for the building
11 project; (g) made for payments due under installment contracts
12 entered into before March 1, 1995; (h) made for payments of
13 principal and interest on bonds issued under the Metropolitan
14 Water Reclamation District Act to finance construction
15 projects initiated before October 1, 1991; (i) made for
16 payments of principal and interest on limited bonds, as defined
17 in Section 3 of the Local Government Debt Reform Act, in an
18 amount not to exceed the debt service extension base less the
19 amount in items (b), (c), and (e) of this definition for
20 non-referendum obligations, except obligations initially
21 issued pursuant to referendum and bonds described in subsection
22 (h) of this definition; (j) made for payments of principal and
23 interest on bonds issued under Section 15 of the Local
24 Government Debt Reform Act; (k) made for payments of principal
25 and interest on bonds authorized by Public Act 88-503 and
26 issued under Section 20a of the Chicago Park District Act for
27 aquarium or museum projects; (l) made for payments of principal
28 and interest on bonds authorized by Public Act 87-1191 or
29 93-601 ~~this amendatory Act of the 93rd General Assembly~~ and (i)
30 issued pursuant to Section 21.2 of the Cook County Forest
31 Preserve District Act, (ii) issued under Section 42 of the Cook
32 County Forest Preserve District Act for zoological park
33 projects, or (iii) issued under Section 44.1 of the Cook County
34 Forest Preserve District Act for botanical gardens projects;
35 (m) made pursuant to Section 34-53.5 of the School Code,
36 whether levied annually or not; (n) made to fund expenses of

1 providing joint recreational programs for the handicapped
2 under Section 5-8 of the Park District Code or Section 11-95-14
3 of the Illinois Municipal Code; and (o) made by the Chicago
4 Park District for recreational programs for the handicapped
5 under subsection (c) of Section 7.06 of the Chicago Park
6 District Act.

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

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

26 "Aggregate extension" for all taxing districts to which
27 this Law applies in accordance with paragraph (2) of subsection
28 (e) of Section 18-213 means the annual corporate extension for
29 the taxing district and those special purpose extensions that
30 are made annually for the taxing district, excluding special
31 purpose extensions: (a) made for the taxing district to pay
32 interest or principal on general obligation bonds that were
33 approved by referendum; (b) made for any taxing district to pay
34 interest or principal on general obligation bonds issued before
35 the effective date of this amendatory Act of 1997; (c) made for
36 any taxing district to pay interest or principal on bonds

1 issued to refund or continue to refund those bonds issued
2 before the effective date of this amendatory Act of 1997; (d)
3 made for any taxing district to pay interest or principal on
4 bonds issued to refund or continue to refund bonds issued after
5 the effective date of this amendatory Act of 1997 if the bonds
6 were approved by referendum after the effective date of this
7 amendatory Act of 1997; (e) made for any taxing district to pay
8 interest or principal on revenue bonds issued before the
9 effective date of this amendatory Act of 1997 for payment of
10 which a property tax levy or the full faith and credit of the
11 unit of local government is pledged; however, a tax for the
12 payment of interest or principal on those bonds shall be made
13 only after the governing body of the unit of local government
14 finds that all other sources for payment are insufficient to
15 make those payments; (f) made for payments under a building
16 commission lease when the lease payments are for the retirement
17 of bonds issued by the commission before the effective date of
18 this amendatory Act of 1997 to pay for the building project;
19 (g) made for payments due under installment contracts entered
20 into before the effective date of this amendatory Act of 1997;
21 (h) made for payments of principal and interest on limited
22 bonds, as defined in Section 3 of the Local Government Debt
23 Reform Act, in an amount not to exceed the debt service
24 extension base less the amount in items (b), (c), and (e) of
25 this definition for non-referendum obligations, except
26 obligations initially issued pursuant to referendum; (i) made
27 for payments of principal and interest on bonds issued under
28 Section 15 of the Local Government Debt Reform Act; (j) made
29 for a qualified airport authority to pay interest or principal
30 on general obligation bonds issued for the purpose of paying
31 obligations due under, or financing airport facilities
32 required to be acquired, constructed, installed or equipped
33 pursuant to, contracts entered into before March 1, 1996 (but
34 not including any amendments to such a contract taking effect
35 on or after that date); and (k) made to fund expenses of
36 providing joint recreational programs for the handicapped

1 under Section 5-8 of the Park District Code or Section 11-95-14
2 of the Illinois Municipal Code.

3 "Debt service extension base" means an amount equal to that
4 portion of the extension for a taxing district for the 1994
5 levy year, or for those taxing districts subject to this Law in
6 accordance with Section 18-213, except for those subject to
7 paragraph (2) of subsection (e) of Section 18-213, for the levy
8 year in which the referendum making this Law applicable to the
9 taxing district is held, or for those taxing districts subject
10 to this Law in accordance with paragraph (2) of subsection (e)
11 of Section 18-213 for the 1996 levy year, constituting an
12 extension for payment of principal and interest on bonds issued
13 by the taxing district without referendum, but not including
14 excluded non-referendum bonds. For park districts (i) that were
15 first subject to this Law in 1991 or 1995 and (ii) whose
16 extension for the 1994 levy year for the payment of principal
17 and interest on bonds issued by the park district without
18 referendum (but not including excluded non-referendum bonds)
19 was less than 51% of the amount for the 1991 levy year
20 constituting an extension for payment of principal and interest
21 on bonds issued by the park district without referendum (but
22 not including excluded non-referendum bonds), "debt service
23 extension base" means an amount equal to that portion of the
24 extension for the 1991 levy year constituting an extension for
25 payment of principal and interest on bonds issued by the park
26 district without referendum (but not including excluded
27 non-referendum bonds). The debt service extension base may be
28 established or increased as provided under Section 18-212.
29 "Excluded non-referendum bonds" means (i) bonds authorized by
30 Public Act 88-503 and issued under Section 20a of the Chicago
31 Park District Act for aquarium and museum projects; (ii) bonds
32 issued under Section 15 of the Local Government Debt Reform
33 Act; or (iii) refunding obligations issued to refund or to
34 continue to refund obligations initially issued pursuant to
35 referendum.

36 "Special purpose extensions" include, but are not limited

1 to, extensions for levies made on an annual basis for
2 unemployment and workers' compensation, self-insurance,
3 contributions to pension plans, and extensions made pursuant to
4 Section 6-601 of the Illinois Highway Code for a road
5 district's permanent road fund whether levied annually or not.
6 The extension for a special service area is not included in the
7 aggregate extension.

8 "Aggregate extension base" means the taxing district's
9 last preceding aggregate extension as adjusted under Sections
10 18-215 through 18-230.

11 "Levy year" has the same meaning as "year" under Section
12 1-155.

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

34 "Qualified airport authority" means an airport authority
35 organized under the Airport Authorities Act and located in a
36 county bordering on the State of Wisconsin and having a

1 population in excess of 200,000 and not greater than 500,000.

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

1 assessed value of each taxable lot, block, tract, or parcel of
2 real property removed from the redevelopment project area over
3 and above the initial equalized assessed value of that real
4 property before removal from the redevelopment project area.

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

18 (Source: P.A. 92-547, eff. 6-13-02; 93-601, eff. 1-1-04;
19 93-606, eff. 11-18-03; 93-612, eff. 11-18-03; revised
20 12-10-03.)

21 (35 ILCS 200/18-205)

22 Sec. 18-205. Referendum to increase the extension
23 limitation. A taxing district is limited to an extension
24 increase of 5% or the percentage increase in the Employment
25 Cost Consumer Price Index during the 12-month calendar year
26 preceding the levy year, whichever is less. A taxing district
27 may increase its extension limitation for a current levy year
28 if that taxing district holds a referendum before the levy date
29 at which a majority of voters voting on the issue approves
30 adoption of a higher extension limitation. Referenda shall be
31 conducted at a regularly scheduled election in accordance with
32 the Election Code provided that notice of the referendum, if
33 held before July 1, 1999, has been given in accordance with the
34 provisions of Section 12-5 of the Election Code in effect at
35 the time of the bond referendum, at least 10 and not more than

1 45 days before the date of the election, notwithstanding the
 2 time for publication otherwise imposed by Section 12-5. Notices
 3 required in connection with the submission of public questions
 4 on or after July 1, 1999 shall be as set forth in Section 12-5
 5 of the Election Code. The question shall be presented in
 6 substantially the following manner:

7 -----

8 Shall the extension limitation
 9 under the Property Tax Extension
 10 Limitation Law for ...(taxing YES
 11 district name)... be increased from
 12 ...(the lesser of 5% or the increase -----
 13 in the Employment Cost
 14 ~~Consumer Price~~
 15 Index over the prior levy year)...% NO
 16 to ...(percentage of proposed
 17 increase)...% for the
 18 ...(levy year)... levy year?

19 -----

20 If a majority of voters voting on the issue approves the
 21 adoption of the increase, the increase shall be applicable for
 22 the levy year specified.

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

24 Section 99. Effective date. This Act takes effect upon
 25 becoming law.