

# HB5724



## 95TH GENERAL ASSEMBLY

### State of Illinois

2007 and 2008

HB5724

by Rep. Elaine Nekritz

#### SYNOPSIS AS INTRODUCED:

35 ILCS 200/18-185

Amends the Property Tax Extension Limitation Law in the Property Tax Code. Provides that the debt service extension base must be increased each year by the percentage increase, for the previous calendar year, of the Consumer Price Index. Effective immediately.

LRB095 18530 BDD 46149 b

FISCAL NOTE ACT  
MAY APPLY

HOUSING  
AFFORDABILITY  
IMPACT NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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 Section 18-185 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 "Extension limitation" means (a) the lesser of 5% or the  
14 percentage increase in the Consumer Price Index during the  
15 12-month calendar year preceding the levy year or (b) the rate  
16 of increase approved by voters under Section 18-205.

17 "Affected county" means a county of 3,000,000 or more  
18 inhabitants or a county contiguous to a county of 3,000,000 or  
19 more inhabitants.

20 "Taxing district" has the same meaning provided in Section  
21 1-150, except as otherwise provided in this Section. For the  
22 1991 through 1994 levy years only, "taxing district" includes  
23 only each non-home rule taxing district having the majority of

1 its 1990 equalized assessed value within any county or counties  
2 contiguous to a county with 3,000,000 or more inhabitants.  
3 Beginning with the 1995 levy year, "taxing district" includes  
4 only each non-home rule taxing district subject to this Law  
5 before the 1995 levy year and each non-home rule taxing  
6 district not subject to this Law before the 1995 levy year  
7 having the majority of its 1994 equalized assessed value in an  
8 affected county or counties. Beginning with the levy year in  
9 which this Law becomes applicable to a taxing district as  
10 provided in Section 18-213, "taxing district" also includes  
11 those taxing districts made subject to this Law as provided in  
12 Section 18-213.

13 "Aggregate extension" for taxing districts to which this  
14 Law applied before the 1995 levy year means the annual  
15 corporate extension for the taxing district and those special  
16 purpose extensions that are made annually for the taxing  
17 district, excluding special purpose extensions: (a) made for  
18 the taxing district to pay interest or principal on general  
19 obligation bonds that were approved by referendum; (b) made for  
20 any taxing district to pay interest or principal on general  
21 obligation bonds issued before October 1, 1991; (c) made for  
22 any taxing district to pay interest or principal on bonds  
23 issued to refund or continue to refund those bonds issued  
24 before October 1, 1991; (d) made for any taxing district to pay  
25 interest or principal on bonds issued to refund or continue to  
26 refund bonds issued after October 1, 1991 that were approved by

1 referendum; (e) made for any taxing district to pay interest or  
2 principal on revenue bonds issued before October 1, 1991 for  
3 payment of which a property tax levy or the full faith and  
4 credit of the unit of local government is pledged; however, a  
5 tax for the payment of interest or principal on those bonds  
6 shall be made only after the governing body of the unit of  
7 local government finds that all other sources for payment are  
8 insufficient to make those payments; (f) made for payments  
9 under a building commission lease when the lease payments are  
10 for the retirement of bonds issued by the commission before  
11 October 1, 1991, to pay for the building project; (g) made for  
12 payments due under installment contracts entered into before  
13 October 1, 1991; (h) made for payments of principal and  
14 interest on bonds issued under the Metropolitan Water  
15 Reclamation District Act to finance construction projects  
16 initiated before October 1, 1991; (i) made for payments of  
17 principal and interest on limited bonds, as defined in Section  
18 3 of the Local Government Debt Reform Act, in an amount not to  
19 exceed the debt service extension base less the amount in items  
20 (b), (c), (e), and (h) of this definition for non-referendum  
21 obligations, except obligations initially issued pursuant to  
22 referendum; (j) made for payments of principal and interest on  
23 bonds issued under Section 15 of the Local Government Debt  
24 Reform Act; (k) made by a school district that participates in  
25 the Special Education District of Lake County, created by  
26 special education joint agreement under Section 10-22.31 of the

1 School Code, for payment of the school district's share of the  
2 amounts required to be contributed by the Special Education  
3 District of Lake County to the Illinois Municipal Retirement  
4 Fund under Article 7 of the Illinois Pension Code; the amount  
5 of any extension under this item (k) shall be certified by the  
6 school district to the county clerk; (l) made to fund expenses  
7 of providing joint recreational programs for the handicapped  
8 under Section 5-8 of the Park District Code or Section 11-95-14  
9 of the Illinois Municipal Code; (m) made for temporary  
10 relocation loan repayment purposes pursuant to Sections 2-3.77  
11 and 17-2.2d of the School Code; (n) made for payment of  
12 principal and interest on any bonds issued under the authority  
13 of Section 17-2.2d of the School Code; and (o) made for  
14 contributions to a firefighter's pension fund created under  
15 Article 4 of the Illinois Pension Code, to the extent of the  
16 amount certified under item (5) of Section 4-134 of the  
17 Illinois Pension Code.

18 "Aggregate extension" for the taxing districts to which  
19 this Law did not apply before the 1995 levy year (except taxing  
20 districts subject to this Law in accordance with Section  
21 18-213) means the annual corporate extension for the taxing  
22 district and those special purpose extensions that are made  
23 annually for the taxing district, excluding special purpose  
24 extensions: (a) made for the taxing district to pay interest or  
25 principal on general obligation bonds that were approved by  
26 referendum; (b) made for any taxing district to pay interest or

1 principal on general obligation bonds issued before March 1,  
2 1995; (c) made for any taxing district to pay interest or  
3 principal on bonds issued to refund or continue to refund those  
4 bonds issued before March 1, 1995; (d) made for any taxing  
5 district to pay interest or principal on bonds issued to refund  
6 or continue to refund bonds issued after March 1, 1995 that  
7 were approved by referendum; (e) made for any taxing district  
8 to pay interest or principal on revenue bonds issued before  
9 March 1, 1995 for payment of which a property tax levy or the  
10 full faith and credit of the unit of local government is  
11 pledged; however, a tax for the payment of interest or  
12 principal on those bonds shall be made only after the governing  
13 body of the unit of local government finds that all other  
14 sources for payment are insufficient to make those payments;  
15 (f) made for payments under a building commission lease when  
16 the lease payments are for the retirement of bonds issued by  
17 the commission before March 1, 1995 to pay for the building  
18 project; (g) made for payments due under installment contracts  
19 entered into before March 1, 1995; (h) made for payments of  
20 principal and interest on bonds issued under the Metropolitan  
21 Water Reclamation District Act to finance construction  
22 projects initiated before October 1, 1991; (h-4) made for  
23 stormwater management purposes by the Metropolitan Water  
24 Reclamation District of Greater Chicago under Section 12 of the  
25 Metropolitan Water Reclamation District Act; (i) made for  
26 payments of principal and interest on limited bonds, as defined

1 in Section 3 of the Local Government Debt Reform Act, in an  
2 amount not to exceed the debt service extension base less the  
3 amount in items (b), (c), and (e) of this definition for  
4 non-referendum obligations, except obligations initially  
5 issued pursuant to referendum and bonds described in subsection  
6 (h) of this definition; (j) made for payments of principal and  
7 interest on bonds issued under Section 15 of the Local  
8 Government Debt Reform Act; (k) made for payments of principal  
9 and interest on bonds authorized by Public Act 88-503 and  
10 issued under Section 20a of the Chicago Park District Act for  
11 aquarium or museum projects; (l) made for payments of principal  
12 and interest on bonds authorized by Public Act 87-1191 or  
13 93-601 and (i) issued pursuant to Section 21.2 of the Cook  
14 County Forest Preserve District Act, (ii) issued under Section  
15 42 of the Cook County Forest Preserve District Act for  
16 zoological park projects, or (iii) issued under Section 44.1 of  
17 the Cook County Forest Preserve District Act for botanical  
18 gardens projects; (m) made pursuant to Section 34-53.5 of the  
19 School Code, whether levied annually or not; (n) made to fund  
20 expenses of providing joint recreational programs for the  
21 handicapped under Section 5-8 of the Park District Code or  
22 Section 11-95-14 of the Illinois Municipal Code; (o) made by  
23 the Chicago Park District for recreational programs for the  
24 handicapped under subsection (c) of Section 7.06 of the Chicago  
25 Park District Act; (p) made for contributions to a  
26 firefighter's pension fund created under Article 4 of the

1 Illinois Pension Code, to the extent of the amount certified  
2 under item (5) of Section 4-134 of the Illinois Pension Code;  
3 and (q) made by Ford Heights School District 169 under Section  
4 17-9.02 of the School Code.

5 "Aggregate extension" for all taxing districts to which  
6 this Law applies in accordance with Section 18-213, except for  
7 those taxing districts subject to paragraph (2) of subsection  
8 (e) of Section 18-213, means the annual corporate extension for  
9 the taxing district and those special purpose extensions that  
10 are made annually for the taxing district, excluding special  
11 purpose extensions: (a) made for the taxing district to pay  
12 interest or principal on general obligation bonds that were  
13 approved by referendum; (b) made for any taxing district to pay  
14 interest or principal on general obligation bonds issued before  
15 the date on which the referendum making this Law applicable to  
16 the taxing district is held; (c) made for any taxing district  
17 to pay interest or principal on bonds issued to refund or  
18 continue to refund those bonds issued before the date on which  
19 the referendum making this Law applicable to the taxing  
20 district is held; (d) made for any taxing district to pay  
21 interest or principal on bonds issued to refund or continue to  
22 refund bonds issued after the date on which the referendum  
23 making this Law applicable to the taxing district is held if  
24 the bonds were approved by referendum after the date on which  
25 the referendum making this Law applicable to the taxing  
26 district is held; (e) made for any taxing district to pay



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

1 required to be acquired, constructed, installed or equipped  
2 pursuant to, contracts entered into before March 1, 1996 (but  
3 not including any amendments to such a contract taking effect  
4 on or after that date); (k) made to fund expenses of providing  
5 joint recreational programs for the handicapped under Section  
6 5-8 of the Park District Code or Section 11-95-14 of the  
7 Illinois Municipal Code; and (l) made for contributions to a  
8 firefighter's pension fund created under Article 4 of the  
9 Illinois Pension Code, to the extent of the amount certified  
10 under item (5) of Section 4-134 of the Illinois Pension Code.

11 "Aggregate extension" for all taxing districts to which  
12 this Law applies in accordance with paragraph (2) of subsection  
13 (e) of Section 18-213 means the annual corporate extension for  
14 the taxing district and those special purpose extensions that  
15 are made annually for the taxing district, excluding special  
16 purpose extensions: (a) made for the taxing district to pay  
17 interest or principal on general obligation bonds that were  
18 approved by referendum; (b) made for any taxing district to pay  
19 interest or principal on general obligation bonds issued before  
20 the effective date of this amendatory Act of 1997; (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 the effective date of this amendatory Act of 1997; (d)  
24 made for any taxing district to pay interest or principal on  
25 bonds issued to refund or continue to refund bonds issued after  
26 the effective date of this amendatory Act of 1997 if the bonds

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

1 required to be acquired, constructed, installed or equipped  
2 pursuant to, contracts entered into before March 1, 1996 (but  
3 not including any amendments to such a contract taking effect  
4 on or after that date); (k) made to fund expenses of providing  
5 joint recreational programs for the handicapped under Section  
6 5-8 of the Park District Code or Section 11-95-14 of the  
7 Illinois Municipal Code; and (l) made for contributions to a  
8 firefighter's pension fund created under Article 4 of the  
9 Illinois Pension Code, to the extent of the amount certified  
10 under item (5) of Section 4-134 of the Illinois Pension Code.

11 "Debt service extension base" means an amount equal to that  
12 portion of the extension for a taxing district for the 1994  
13 levy year, or for those taxing districts subject to this Law in  
14 accordance with Section 18-213, except for those subject to  
15 paragraph (2) of subsection (e) of Section 18-213, for the levy  
16 year in which the referendum making this Law applicable to the  
17 taxing district is held, or for those taxing districts subject  
18 to this Law in accordance with paragraph (2) of subsection (e)  
19 of Section 18-213 for the 1996 levy year, constituting an  
20 extension for payment of principal and interest on bonds issued  
21 by the taxing district without referendum, increased each year,  
22 commencing with the 2008 levy year, by the percentage increase,  
23 for the previous calendar year, of the Consumer Price Index,  
24 but not including excluded non-referendum bonds. For park  
25 districts (i) that were first subject to this Law in 1991 or  
26 1995 and (ii) whose extension for the 1994 levy year for the

1 payment of principal and interest on bonds issued by the park  
2 district without referendum (but not including excluded  
3 non-referendum bonds) was less than 51% of the amount for the  
4 1991 levy year constituting an extension for payment of  
5 principal and interest on bonds issued by the park district  
6 without referendum (but not including excluded non-referendum  
7 bonds), "debt service extension base" means an amount equal to  
8 that portion of the extension for the 1991 levy year  
9 constituting an extension for payment of principal and interest  
10 on bonds issued by the park district without referendum (but  
11 not including excluded non-referendum bonds). The debt service  
12 extension base may be established or increased as provided  
13 under Section 18-212. "Excluded non-referendum bonds" means  
14 (i) bonds authorized by Public Act 88-503 and issued under  
15 Section 20a of the Chicago Park District Act for aquarium and  
16 museum projects; (ii) bonds issued under Section 15 of the  
17 Local Government Debt Reform Act; or (iii) refunding  
18 obligations issued to refund or to continue to refund  
19 obligations initially issued pursuant to referendum.

20 "Special purpose extensions" include, but are not limited  
21 to, extensions for levies made on an annual basis for  
22 unemployment and workers' compensation, self-insurance,  
23 contributions to pension plans, and extensions made pursuant to  
24 Section 6-601 of the Illinois Highway Code for a road  
25 district's permanent road fund whether levied annually or not.  
26 The extension for a special service area is not included in the

1 aggregate extension.

2 "Aggregate extension base" means the taxing district's  
3 last preceding aggregate extension as adjusted under Sections  
4 18-135, 18-215, and 18-230. An adjustment under Section 18-135  
5 shall be made for the 2007 levy year and all subsequent levy  
6 years whenever one or more counties within which a taxing  
7 district is located (i) used estimated valuations or rates when  
8 extending taxes in the taxing district for the last preceding  
9 levy year that resulted in the over or under extension of  
10 taxes, or (ii) increased or decreased the tax extension for the  
11 last preceding levy year as required by Section 18-135(c).  
12 Whenever an adjustment is required under Section 18-135, the  
13 aggregate extension base of the taxing district shall be equal  
14 to the amount that the aggregate extension of the taxing  
15 district would have been for the last preceding levy year if  
16 either or both (i) actual, rather than estimated, valuations or  
17 rates had been used to calculate the extension of taxes for the  
18 last levy year, or (ii) the tax extension for the last  
19 preceding levy year had not been adjusted as required by  
20 subsection (c) of Section 18-135.

21 "Levy year" has the same meaning as "year" under Section  
22 1-155.

23 "New property" means (i) the assessed value, after final  
24 board of review or board of appeals action, of new improvements  
25 or additions to existing improvements on any parcel of real  
26 property that increase the assessed value of that real property

1 during the levy year multiplied by the equalization factor  
2 issued by the Department under Section 17-30, (ii) the assessed  
3 value, after final board of review or board of appeals action,  
4 of real property not exempt from real estate taxation, which  
5 real property was exempt from real estate taxation for any  
6 portion of the immediately preceding levy year, multiplied by  
7 the equalization factor issued by the Department under Section  
8 17-30, including the assessed value, upon final stabilization  
9 of occupancy after new construction is complete, of any real  
10 property located within the boundaries of an otherwise or  
11 previously exempt military reservation that is intended for  
12 residential use and owned by or leased to a private corporation  
13 or other entity, and (iii) in counties that classify in  
14 accordance with Section 4 of Article IX of the Illinois  
15 Constitution, an incentive property's additional assessed  
16 value resulting from a scheduled increase in the level of  
17 assessment as applied to the first year final board of review  
18 market value. In addition, the county clerk in a county  
19 containing a population of 3,000,000 or more shall include in  
20 the 1997 recovered tax increment value for any school district,  
21 any recovered tax increment value that was applicable to the  
22 1995 tax year calculations.

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

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



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

16 Except as otherwise provided in this Section, "limiting  
17 rate" means a fraction the numerator of which is the last  
18 preceding aggregate extension base times an amount equal to one  
19 plus the extension limitation defined in this Section and the  
20 denominator of which is the current year's equalized assessed  
21 value of all real property in the territory under the  
22 jurisdiction of the taxing district during the prior levy year.  
23 For those taxing districts that reduced their aggregate  
24 extension for the last preceding levy year, the highest  
25 aggregate extension in any of the last 3 preceding levy years  
26 shall be used for the purpose of computing the limiting rate.

1 The denominator shall not include new property or the recovered  
2 tax increment value. If a new rate, a rate decrease, or a  
3 limiting rate increase has been approved at an election held  
4 after March 21, 2006, then (i) the otherwise applicable  
5 limiting rate shall be increased by the amount of the new rate  
6 or shall be reduced by the amount of the rate decrease, as the  
7 case may be, or (ii) in the case of a limiting rate increase,  
8 the limiting rate shall be equal to the rate set forth in the  
9 proposition approved by the voters for each of the years  
10 specified in the proposition, after which the limiting rate of  
11 the taxing district shall be calculated as otherwise provided.

12 (Source: P.A. 94-974, eff. 6-30-06; 94-976, eff. 6-30-06;  
13 94-1078, eff. 1-9-07; 95-90, eff. 1-1-08; 95-331, eff. 8-21-07;  
14 95-404, eff. 1-1-08; revised 11-2-07.)

15 Section 99. Effective date. This Act takes effect upon  
16 becoming law.