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ALLIANCE LEGISLATIVE REPORT (99-18)

DIALOGUE BEGINS ON PROPERTY TAX PROPOSAL

During his campaign, while making comments at press events, and in his first State of the State Address, **Governor Bruce Rauner** has had a repeating theme of calling for a “property tax freeze”. No bill has been introduced, little talk of a property tax proposal has been part of conversations in the Capitol thus far this session, and no details have surfaced on what form, exactly, such a proposal would take. This week, however, more chatter has been heard about an emerging proposal from the Governor to freeze the property tax extension for all local units of governments, including school districts.

According to reports this week, one of the small working groups the Governor has recently established is studying the issue of “Taxpayer Protection”. The panel is apparently charged with drafting legislation for a property tax freeze. Also this week, the “Americans for Prosperity Illinois” organization has launched an advertising campaign to support Governor Rauner’s property tax freeze initiative outlined in the “Turnaround Agenda” for Illinois.

<http://www2.illinois.gov/gov/Documents/CompiledPacket.pdf>.

While the initial advertisement launch is targeting a few specific legislative districts, undoubtedly constituents from each school district will begin asking questions about the property tax proposal. It is important that school board members and administrators be prepared to address the public and media with information about the impact of a freeze on local school programs and staffing.

Though specific information about how this initiative would be implemented is not yet available, local school leaders are urged to develop data reflecting how a freeze in their districts’ property tax extension would affect local schools and share that with constituents, media, and legislators.

The Rauner Property Tax Freeze Plan

Background

According to the “TurnAround Agenda” drafting by the Governor, “Illinois has the second-highest property taxes in the nation. Instead of government deciding when property taxes should increase, we should empower voters to decide for themselves.”

Under the current Property Tax Extension Limitation Law (PTELL), a taxing district receives an increase in the property tax extension that is the lesser of 5% or the increase in the Consumer Price Index from one year to the next. Thirty-nine counties are subject to PTELL.

The Proposal

- Starting in property tax year 2016, payable in 2017, all property tax extensions from local taxing districts will be equal to the extension from 2015
- Home rule and non-home rule units of government would be affected as would taxing districts in both PTELL and non-PTELL counties
- Units of local government could increase extensions with a majority vote in a voter referendum

Talking Points

- Fiscal Year 2015 State funding for public schools was below 2006 funding levels, including a mid-year cut of over \$50 million
- Fiscal Year 2016 public school funding will again likely be cut and/or prorated
- Even with school districts being able to access modest property tax extension increases due to natural growth in EAV, school districts still have had to cut staff, programs, and extra-curricular activities over the last few years because of cuts in State funding
- Limiting local property tax revenue to zero growth, combined with cuts in State funding, will likely lead to massive teacher layoffs, larger class sizes, and loss of education programs
- Results of a property tax freeze will lead to poorer student performance, a larger student achievement gap, and a strong push of our school districts in most need to the brink of financial disaster
- Add specific budget implications for your school district, including impact on staffing and personnel

This legislative report was written and edited by the lobbyists of the Illinois Association of School Boards to provide information to the members of the organizations that comprise the Statewide School Management Alliance.

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