CITY OF BLOOMINGTON TOWNSHIP

NOTICE

MEETING: Board of Trustees, City of Bloomington Township
DATE: Monday, June 26, 2017
PLACE: Bloomington City Hall
TIME: 6:30 pm

AGENDA

I. Call to Order: Tari Renner, Trustee

II. Pledge of Allegiance to the Flag

III. Roll Call of Attendance: Cherry Lawson, Town Clerk

IV. "Consent Agenda"

(All items under the Consent Agenda are considered to be routine in nature and will be enacted in one motion. There will be no separate discussion of these items unless a Trustee or Township Supervisor so requests, in which event, the item will be removed from the Consent Agenda and considered separately and prior to Reports by Elected Officials.)

A. Approval of Minutes of the May 22, 2017 Board Meeting, as submitted by Renee Gooderham, Deputy Town Clerk. (Recommend that the Minutes of the May 22, 2017 Meeting be approved as presented.)

B. Action and Approval by Board on Monthly General Town Fund, General Assistance Fund and Evergreen Memorial Cemetery Audits of May 2017 accounts. (Recommend that the Audits be approved as presented.)

C. Approval of General Town Fund anticipated expenditures as presented and certified. (Recommend that the Anticipated Expenditures be approved.)

V. Approval of Appointment of J. Alan McDowell and Dr. Uday Deoskar to Normal Township's Activity & Recreational Center, (ARC), Advisory Committee. (Recommend that the appointments be approved.)

VI. Reports by Elected Officials

A. Comments: Deb Skillrud, Township Supervisor.

B. Comments: Steve Scudder, Township Assessor.

VII. Public Comments

VIII. Adjournment

MINUTES OF THE TOWN OF THE CITY
OF BLOOMINGTON TOWNSHIP
MONDAY, MAY 22, 2017; 6:30 P.M.

The Board of Trustees for the Town of the City of Bloomington Township met in the Council Chambers of the City Hall Building at 6:43 p.m. on May 22, 2017. The meeting was called to order by Trustee Renner.

Trustee Renner directed the Township Clerk to call the roll and the following members of the Board answered present:

Trustees: Kim Bray, Jamie Mathy, Mboka Mwilambwe, Amelia Buragas, Joni Painter, Karen Schmidt, Scott Black, David Sage, Diana Hauman and Tari Renner.

Elected officials present: Deborah L. Skillrud, Supervisor and Steve Scudder, Assessor.

Staff present: Renee Gooderham Township Deputy Clerk.

Staff absent: Cherry L. Lawson, Township Clerk.

Approval of Minutes of the April 24, 2017 Board Meeting, as submitted by Cherry Lawson, Township Clerk.

Motion by Trustee Schmidt, seconded by Trustee Painter, that the Minutes of the April 25, 2017 Meeting be approved as presented.

Motion carried, (viva voce).

Action and Approval by Board on Monthly General Town Fund, General Assistance Fund and Evergreen Memorial Cemetery Audits of April 2017 accounts.

Motion by Trustee Schmidt, seconded by Trustee Painter that the Audits be approved as presented.

Trustee Renner directed the Clerk to call the roll which resulted in the following:

Ayes: Trustees Bray, Mathy, Sage Mwilambwe, Buragas, Painter, Schmidt, Black, Hauman and Renner.

Nays: None.

Motion carried.

Approval of General Town Fund anticipated expenditures as presented and certified.

Motion by Trustee Schmidt, seconded by Trustee Painter that the Anticipated Expenditures be approved.

Trustee Renner directed the Clerk to call the roll which resulted in the following:

Ayes: Trustees Bray, Mathy, Sage Mwilambwe, Buragas, Painter, Schmidt, Black, Hauman and Renner.

Nays: None.

Motion carried.

Ordinance for June 2017 Prevailing Rate of Wages for the City of Bloomington Township.

Motion by Trustee Schmidt, seconded by Trustee Painter that the Ordinance be passed.

Trustee Renner directed the Clerk to call the roll which resulted in the following:

Ayes: Trustees Bray, Mathy, Sage Mwilambwe, Buragas, Painter, Schmidt, Black, Hauman and Renner.

Nays: None.

Motion carried.

Deborah Skillrud, Supervisor, addressed the Board. She informed the Trustees of the 2017 Evergreen Memorial Cemetery Events schedule for Memorial Day weekend, May 27 - 29, 2017.

Steve Scudder, Assessor, addressed the Board. He noted that the property tax bills had been mailed. There were exemptions available for property owners. The County's Supervisor of Assessments Office administers exemptions.

Trustee Renner opened the meeting to receive Public Comment. No one came forward to address the Board.

Motion by Trustee Schmidt, seconded by Trustee Mathy, to adjourn. Time: 6:47 p.m.

Motion carried (viva voce).

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Renee Gooderham, Township Deputy Clerk

FOR: Honorable Township Trustees

SUBJECT: Appointments to Normal Township's Activity & Recreational Center, (ARC), Advisory Committee

RECOMMENDATION/MOTION: Recommend that the Appointments of J. Alan McDowell and Dr. Uday Deoskar to Normal Township's ARC be approved.

BACKGROUND: At the April 12, 2016 Annual Town Meeting, electors, (i.e. registered voters), submitted a Petition to add an item to the Meeting's Agenda. A Resolution in Support of Normal Township's ARC was added to the Meeting's Agenda.

The Resolution requested an Intergovernmental Agreement and financial support of Normal Township's ARC. Bloomington's senior community was interested in enhanced services and programs which were included in the ARC's design.

They requested approval to ensure membership cost equality for residents of both the Bloomington and Normal communities. In addition, they instructed the Township to explore, consider, discuss and adopt an Intergovernmental Agreement, (IGA), for financial support of the ARC. The Township considered, discussed and provided financial support for the ARC through a Program Funding Agreement.

Normal Township has established Policy Guidelines for the ARC. The Advisory Committee consists of nine, (9), voting members, (seven appointed by Normal Township's Board and two appointed by the City of Bloomington Township's Board.) Replacement due to vacancy will be done by the appropriate Township Board.

In addition, there are four, (4), ex-officio members: Normal Township and the City of Bloomington Township's Supervisors; ARC's Operations Director or designated representative; and an appointed secretary. These individuals may make presentations, participate in discussions and make resolutions but they are not allowed to vote. ARC staff may be invited to attend Advisory Committee meetings. Issues voted upon and passed will be forwarded on to the Township Supervisors.

Terms for voting members are three, (3), years with a limit of two, (2), consecutive terms. Terms commence on April 1st. The Committee will elect a Chairperson to preside at its meetings. Meetings will be conducted under Robert's Rules of Order. Chairperson's term is for one, (1), year with a limit of two, (2), consecutive terms. The Committee will also elect a Vice Chairperson, who will act as Chair when necessary. Vice Chairperson's term is for one, (1), year with a limit of two, (2), consecutive terms.

Chairperson or designee shall: 1.) present Committee's recommendations and actions taken by the Committee to Township Boards; 2.) establish/publish Committee meeting agendas in consultation with ARC's Operations Director and Township Supervisors; and 3.) appoint members to committee and/or subcommittees to fulfill the ARC's mission.

Minutes will be taken by the Secretary. Secretary is responsible for distribution of Minutes to Committee members, posting at ARC facility and website with the Meeting Agendas. The Committee will meet on the first Thursday of each month. The Committee may schedule additional meetings. All Committee meetings are open to the public.

In Fiscal Year, (FY), 2017, the City Township entered into a Program Funding Agreement with Normal Township's ARC. This facility provides McLean County adults aged fifty-five, (55), or over to enjoy a modern, friendly atmosphere for socialization and fitness. ARC provides a fitness center, indoor walking track, a café, exercise, art classes, entertainment and other activities.

During FY 2016, statistics show that thirty-eight percent (38%) of ARC's members were Bloomington residents. A portion of the grant supports fee waivers for Bloomington adults unable to afford annual membership. The grant also aids in general operational cost to support the continued growth and health of the facility. The grant amount was $40,000. Normal Township is considered an independent contractor. Normal Township reports outcomes to the City Township. A biannual report addressing City of Bloomington members and the number of members whose fees were covered by the grant is required. The Township Board approved this grant at the September 26, 2016 meeting.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Normal Township Board and staff and City Township residents who were active members of ARC.

ADMINISTRATOR RESPONSE: The City Township and Normal Township have established a positive working relationship. Communication, cooperation and collaboration are key to this successful partnership. Normal Township has made the provision of senior services its cornerstone. The City Township is responsible for the Workfare Program as part of General Assistance for both entities. It is hoped that the two (2) Townships will continue to explore other program areas which lend themselves to a mutually beneficial partnership.

Respectfully submitted for Board consideration.

Recommended by:

Deborah L. Skillrud
Township Supervisor

Advisory Committee for the Activity and Recreational Center Policy Guidelines

The Activity and Recreational Center (ARC) Advisory Committee shall be made up of (9) voting members (7) who are appointed by the Normal Township Board and (2) appointed by the Bloomington Township Board. There will be (4) ex-official members: the Normal Township Supervisor, the Bloomington Township Supervisor, the ARC Operations Director or a designated representative, and an appointed secretary. The ex-official members shall make presentations, participate in discussions, and make resolutions, but not vote on Advisory Committee issues. ARC staff may also be called to attend Advisory Meetings. All voted and passed issues shall be passed on to the Township Supervisors.

Terms of the voting members of the Advisory Committee shall be (3) years and limited to (2) consecutive terms. Terms shall commence on (April 1st) of the year appointed.

The Advisory Committee shall elect a Chairperson who will preside over the meetings of the Advisory Committee and conduct the meetings under Robert's Rules of order. The Chairperson shall hold that position for (1) year with a limit of (2) consecutive terms. The advisory Committee shall elect a Vice –Chairperson who will act as the Chairperson when necessary. The Vice-Chairperson shall hold that position for (1) year with a limit of (2) consecutive terms.

The Chairperson or a designated representative shall:

- present Advisory Committee recommendations and actions taken by the Advisory Committee to the Township Boards
- establish and publish an agenda for the Advisory Committee meetings in consultation with the ARC Operations Director and the Township Supervisors
- appoint members to such committees and Sub-Committees to fulfil the mission of the Advisory Committee.

Minutes of the Advisory Committee shall be taken by the Secretary. The Secretary will distribute the minutes to the members of the Advisory Committee and post them in the ARC facility and on the ARC website along with the agenda for subsequent meetings

Advisory Committee meetings shall meet on the (1st) Thursday of each month. Additional meetings may be called when necessary.

All meetings of the Advisory Committee shall be open to the public.

Replacing vacancies on the Advisory Committee shall be filled by the appropriate Township Board.

10/16/16 Revised 12/05/ 16; 2/2/17

7465

PAID

OCT 26 2016

PROGRAM FUNDING AGREEMENT

This Program Funding Agreement ("Agreement") is between the City of Bloomington Township ("COBT"), McLean County, Illinois, and the Normal Township, Illinois.

TERMS: This Agreement shall cover the COBT's fiscal year of April 1, 2016 through March 31, 2017.

DESCRIPTION OF SERVICES: Normal Township's Activity & Recreation Center ("ARC") provides residents of McLean County a modern, friendly atmosphere for socialization and fitness for senior 55 years and older residents of McLean County. The ARC provides a fitness center, and indoor walking track, a café, exercise and art classes, entertainment, and many other activities.

FY2016 statistics indicate that 38% of the members of the ARC are residents of Bloomington. A portion of this grant will support fee waivers for Bloomington seniors who are unable to afford annual membership. Additionally, this grant will aid in general operational costs to support continued growth and health of the facility.

PAYMENT FOR SERVICES: COBT agrees to pay Normal Township $40,000 for the term year for the services described. Payment shall be made in the amount of $40,000 on or after October 1, 2016 and before March 31, 2017. If payment is not made in accordance with these terms, Normal Township shall, at its discretion, terminate its responsibilities under this agreement until such time as payment is made in full.

RELATIONSHIP OF PARTIES: It is understood by the parties that Normal Township is an independent contractor with respect to this agreement and neither Normal Township nor its staff are employees of COBT. COBT will not provide fringe benefits, health insurance, vacations, worker's compensation insurance, or any other employee benefit for the employees of Normal Township; all such matters are the responsibility of Normal Township.

CONFIDENTIALITY: Both parties, COBT and Normal Township, agree to not divulge, disclose, or communicate in any manner any information about clients, except as required by law to meet its obligations under the Agreement, or as permitted in writing by the client. This provision shall continue to be in effect after the termination of this Agreement.

ENTIRE AGREEMENT: This Agreement contains the entire agreement between the parties, and there are no other promises altering this Agreement, whether oral or written.

SEVERABILITY: If any provision of this agreement shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Agreement is invalid or unenforceable, but that by limiting such a provision it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

OUTCOMES: Normal Township will report a minimum of twice per year to COBT regarding COBT senior members and those whose fees were covered through this grant process.

APPROVAL: This Program Funding has been approved by City of Bloomington Township Board of Trustees on September 26, 2016.

City of Bloomington Township

APPROVED: Deborah L Skillrud
Deborah L. Skillrud

TITLE: Supervisor

DATED: 10/27/16

Normal Township

APPROVED: Richard Farr
Richard Farr

TITLE: Supervisor

DATED: 10/27/16

COPY

RESOLUTION NO. 2016 - 01

A RESOLUTION IN SUPPORT OF NORMAL TOWNSHIP'S ACTIVITY AND RECREATION CENTER

WHEREAS, in accordance with the Illinois Compiled Statute's Township Code the Annual Town Meeting is scheduled for April 12, 2016 at 6:00 p.m. prevailing time;

WHEREAS, electors have certain powers at said meeting;

WHEREAS, the Township Clerk received a request for an Agenda item on February 29, 2016 signed by twenty-four (24) registered voters of the Town of the City of Bloomington; and

WHEREAS, the Agenda published by the Township included such request as it was relevant to the powers granted to electors under the Township Code.

IT IS HEREBY RESOLVED AS FOLLOWS:

A. The request addressed an Intergovernmental Agreement and financial support of Normal Township's Activity and Recreation Center (ARC) by the Town of the City of Bloomington. It noted Bloomington's senior community's interest in enhanced services and programs which were included in the ARC's design.

B. Requested approval would help to ensure membership cost equality for the residents of the Bloomington/Normal communities.

C. That the Town of the City of Bloomington explore, consider, discuss and adopt an Intergovernmental Agreement for financial and advisory support of the ARC.

D. That the Town of the City of Bloomington consider, discuss and provide financial support to the ARC through grant funding.

E. It is understood by the electors that Items C and D may require a future vote by the Township Board.

APPROVED this 12th day of April, 2016.

ADOPTED this 12th day of April, 2016.

David Stanczak, Moderator

ATTEST:

Cherry Lawson, Township Clerk

CITY of BLOOMINGTON TOWNSHIP
JOHN M SCOTT HEALTH RESOURCE CENTER
EVERGREEN MEMORIAL CEMETERY

TO: Township Trustees
FROM: Deborah L Skillrud, TWP Supervisor & JMSHRC Administrator
DATE: June 26, 2018
RE: Township Supervisor's Report/John M Scott Administrator's Report

1. **Township:** Total May cases for General Assistance listed on attached System Activity Report.

Jobs: (1) Wal-Mart, (1) McDonalds, (1) Don Owen Tire

New clients by age: eight clients (18.2%) age 18 - 25; fourteen clients (31.8%) age 26 - 40; twelve clients (27.3%) age 41 - 50, and ten (22.7%) age 51 – 62.

Eleven (11) clients are participating in our group counseling sessions. Social Worker successfully provides one (1) hour individual sessions for three (3) Township clients as well as two (2) group sessions per week.

One (1) client is on light duty due to physical and/or mental health restrictions.

Seventy-one (71) individuals attended orientation throughout the month of May. Township provides three (3) orientations per week at regularly scheduled times: Tuesdays and Fridays at 9:30 a.m. and Wednesdays at 2:30 p.m. In addition, one (1) session per month is held at the Salvation Army until the warming center opens.

2. **Scott Health Resources: FY2018 Statistics**

	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May 2017	May 2016
Private Dental Procedures	8												7	2
MCHD Dental	1												0	1
MCHD Dental Procedures	10												0	3
Health Referrals Orders	8												6	9
Med. Equipment/Supplies	1												1	2
Prescriptions Paid	8												13	16
# Maternal/Child Trips	18												6	21
# M/C Passengers	16												5	31
# Cancer Trips	60												56	15
# Cancer Passengers	32												34	16

Next Scott Commission meeting is scheduled for June 28, 2017.

3. **Cemetery:** Memorial Day Weekend events at the Evergreen Memorial Cemetery was an immense success.

System Activity Report

[5/1/2017 - 5/31/2017] Report Date: 6/8/2017

General Assistance

Grants (New Clients) :	**21**	$5,525.00
Grants (Previous Clients) :	**91**	$23,735.91
In-Process :	**9**	
Denials :	**23**	
Sanctions :	**12**	
Terminations :	**23**	
	179	**$29,260.91**

General Assistance - Medical

Referrals :	**0**	
Disbursements :	**0**	
	0	**$0.00**

General Assistance - Work Program Assignments

Job Training :	**0**	
Workfare :	**15**	
	15	

General Assistance - Work Program Expenses

WF Bus Pass :	**1**	$4.00
WF Gasoline :	**14**	$406.00
Haircut :	**5**	$25.00
WF 1-Ride :	**9**	$63.00
WF 30 Day :	**59**	$1,711.00
	88	**$2,209.00**

Emergency Assistance

Grants :	**9**	$4,240.76
In-Process :	**0**	
Denials :	**4**	
	13	**$4,240.76**

Additional Activity

A Call / Phone :	**445**	
A Front Desk Walk-in :	**405**	
An Appointment: New :	**43**	
An Appointment: Reschedule :	**1**	
General - Agencies :	**8**	
General - Intake :	**190**	
General - Orientation :	**142**	
General - Other :	**83**	
JMS - Appointment :	**11**	
JMS - General :	**14**	
JMS - Transportation :	**42**	
JMS - Vision :	**3**	
R - BHA :	**4**	
R - Chestnut :	**1**	
R - CHS :	**6**	
R - DHS :	**2**	
R - DORS :	**2**	
R - IDES :	**1**	
R - MCCA / LIHEAP :	**1**	
R - Other :	**42**	
R - Parole / Probation :	**7**	
R - PATH :	**2**	
R - Salvation Army :	**1**	
R - SSI :	**5**	
WF - Appointment :	**90**	
WF - Light Duty :	**2**	
WF - Sanction :	**8**	
WF - Work Sponsor Site :	**113**	
WF Training/Education :	**28**	
	1,702	
Grand Totals:	**1,997**	**$35,710.67**

City of Bloomington Township

Steven R. Scudder, Assessor
607 S. Gridley St. Suite A, Bloomington, IL 61701
Tel: (309) 828-6016 Fax: (309) 829-0663
stevenr@assessor-blm.com www.assessor-blm.com

To: Town Trustees
From: Steve Scudder
Date: June 21, 2017
Subject: Assessor Report

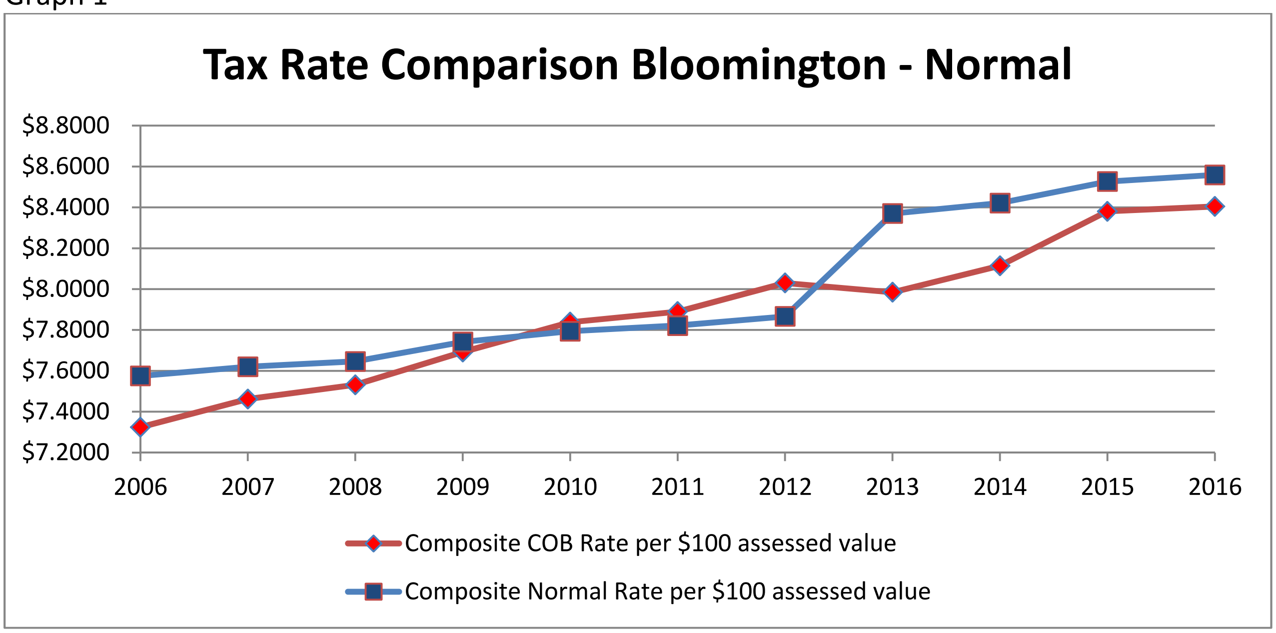
- We are currently working on values for 2017 to be turned in by the end of summer.
- Chart 1 is the data displayed in Graph 1. These are the tax rates for the City of Bloomington and the Town of Normal. The graph displays the trends in the tax rates for the past 10 years.
- I chart's 2 and 3 show the calculations for the effective tax rate with current $6000 dollar exemption between District 87 schools and Unit 5 schools in the City of Bloomington for comparison.
- I added an article from the Tax Federation about House Bill 156. This is a bill that will increase the amount of property tax exemptions that are currently in place. I talked about the exemptions last month and this is a good explanation of the effects that are caused by exemptions and how the burden is shifted to other tax payers.

The following table and graph is a comparison of tax rates for the City of Bloomington and the Town of Normal for the past 10 years. Both the City and Normal display a small increase in the rates for the past 10 years.

Chart 1

Year	Bloomington	Normal
2006	$7.3240	$7.5750
2007	$7.4620	$7.6200
2008	$7.5315	$7.6459
2009	$7.6920	$7.7414
2010	$7.8383	$7.7937
2011	$7.8897	$7.8213
2012	$8.0298	$7.8664
2013	$7.9845	$8.3696
2014	$8.1142	$8.4209
2015	$8.3804	$8.5263
2016	$8.4044	$8.5588

Graph 1



The two charts are a comparison of the effective tax rate from 2015 and 2016. The charts are a range of values minus the current 6000 exemption comparing District 87 and Unit 5 schools in the City. Both tax codes have the same taxing bodies only difference is the school districts.

Chart 2

Tax bill comparison across value range District 87 Schools Tax code 4001

Property Value	2015 Rate	2016 Rate	$ change	% change	Effective tax rate
	0.0838037	0.0840435			
$75,000.00	1,592.27	1,596.83	4.56	0.0029	2.13%
$100,000.00	2,290.63	2,297.19	6.55	0.0029	2.30%
$150,000.00	3,687.36	3,697.91	10.55	0.0029	2.47%
$200,000.00	5,084.09	5,098.64	14.55	0.0029	2.55%
$300,000.00	7,877.55	7,900.09	22.54	0.0029	2.63%
$500,000.00	13,464.46	13,502.99	38.53	0.0029	2.70%

Chart 3

Tax bill comparison across value range Unit 5 Schools Tax code 4008

Property Value	2015 Rate	2016 Rate	$ change	% change	Effective tax rate
	0.0827987	0.0827906			
$75,000.00	1,573.18	1,573.02	-0.15	-0.0001	2.10%
$100,000.00	2,263.16	2,262.94	-0.22	-0.0001	2.26%
$150,000.00	3,643.14	3,642.79	-0.36	-0.0001	2.43%
$200,000.00	5,023.12	5,022.63	-0.49	-0.0001	2.51%
$300,000.00	7,783.08	7,782.32	-0.76	-0.0001	2.59%
$500,000.00	13,302.99	13,301.69	-1.30	-0.0001	2.66%

ILLINOIS TAX FACTS
TAXPAYERS' FEDERATION OF ILLINOIS 70 • 4 ■ APRIL 2017

Examining the Effects of Increased Homestead Exemptions

By Maurice Scholten

Maurice Scholten, Legislative Director of the Taxpayers' Federation of Illinois. Before joining TFI, Mr. Scholten was Senior Legal Counsel for the Senate President's Office where he worked on taxes, pensions, workers' compensation and unemployment insurance. He received a Bachelor of Science in Mechanical Engineering from Iowa State University and a Juris Doctor from the Loyola University Chicago School of Law.

There is no such thing as a popular tax, but property taxes are easily one of the most unpopular taxes, if not the most unpopular. By any measure, here in Illinois, property taxes are high.[1] A high, unpopular tax is therefore something that politicians want to say they are fighting to fix. Since property taxes are levied by local governments and not the State, state legislators are somewhat restricted as to how they can lower property taxes. Often they propose to create or expand homestead exemptions to attempt to placate taxpayers.[2] The property owner sees a higher exemption that lowers their equalized assessed value ("EAV"), and believes it must result in a lower property tax bill. However, property taxes are a complex system with many moving parts. Newton's third law of motion seems to apply to our property tax system: for every action, there is an equal and opposite reaction. Any tax reduction received by a homeowner receiving an exemption, will result in someone else paying more in property taxes to make up the difference. Expanded exemptions shrink the tax base, forcing an increase to the tax rate in order to generate the same amount of money.[3] The increased tax rate actually causes some homeowners to pay more in taxes even though they receive the new exemption.

TAXPAYERS' FEDERATION OF ILLINOIS

NOTES FROM THE INSIDE. . .

By Carol S. Portman

In this issue of *Tax Facts* we revisit one of our historic causes—broad-based, low-rate taxation—through the lens of homestead exemptions from the property tax. Maurice Scholten, our legislative director, estimates the impact of the expansion of homestead exemptions proposed in H.B. 156, using data for taxes paid last year, and it is not as rosy a picture for the average homeowner as some might believe.

Homestead exemptions are popular and proliferating. On the surface, they provide relief to voters complaining about their property tax bills; this is particularly attractive at a time when Illinois' relatively high level of property taxation is becoming more well-known.

Maurice's article reminds us that the property tax is a zero sum game. The nearly $9 billion reduction in the tax base will almost certainly be offset by an increase in tax rates. As a result, taxes saved by homeowners get shifted to non-homeowner properties (rental houses, apartment buildings, commercial or industrial properties) through the higher rates.

And some of that savings gets shifted back onto homeowners. Although a homeowner won't pay tax on the portion of the property covered by the homestead exemption, a higher rate applies to the balance of the home's value. At a certain level of home value, the increased tax rate will actually cost the homeowner more than the increased exemption is saving.

There is no doubt that property taxes in Illinois are high. Homestead exemptions have superficial appeal, but the savings are illusory. They may be good politics, but they are not good public policy.

This article will examine the effect of homestead exemptions by looking specifically at HB 156, but the principles could be applied to any measure that increases homestead exemptions. HB 156 passed the House on April 6 with a vote of 108-1-0. HB 156 as amended (i) increases the general homestead exemption to $8,000 (it is currently $7,000 in Cook County and $6,000 in all other counties); (ii) increases the senior citizen's homestead exemption from $5,000 to $6,000; (iii) creates a statewide long-time homestead exemption for homeowners that have lived in their homes for at least eight years and have an income of $100,000 or less; (iv) creates an assessment freeze for those receiving supplemental security income; (v) creates an exemption of $2,500 for veterans that are 75 years of age or older; and (vi) lowers the minimum disability rating for the disabled veterans exemption to 20%. We analyzed the bill to see how it would affect all property taxpayers, with a focus on the high level effect of the changes. We are not considering the increased burden on assessors, who would need to verify age, income, or disability ratings. **Table 1** shows the estimated EAV reduction caused by each of the exemption changes.[4] We did not estimate an EAV reduction for the new assessment freeze since the EAV reduction in the first year is minimal. However, as years go by, the cost of that exemption will increase.

Table 2 shows the total EAV in the State and by region before and after existing exemptions are applied. It also shows the value of the exemptions under HB 156 and the taxes collected for tax year 2015 which are the

TABLE 1.	
Exemption	**Estimated EAV Reduction**
Increase in General Homestead	$5,170,356,000
Increase in Senior Exemption	$806,381,000
Long-time Homeowner Exemption	$2,569,517,600
75 Year Old Veteran Exemption	$302,387,500
Lowering Disability Threshold	$2,904,062
Total	**$8,851,546,162**

property taxes paid in calendar year 2016. We are assuming that this bill will not affect a taxing district's behavior and they would not lower their levy.[5] In every year since 1975, taxing districts have collected more money than the previous year, with the exception of 1979, which was the first year that all personal property was exempt in Illinois. Throughout this period, various homestead exemptions were created and expanded, but still the total taxes collected increased. Even when the statewide EAV fell 30% between 2009 and 2013, total property taxes increased each year.

Using the EAVs and extensions, we can calculate what the average tax rate would need to be in order to collect the same amount of tax under the different scenarios. We can see in **Table 3 on page 4** that without any homestead exemptions, the statewide average tax rate would be 8.42% rather than the current rate of 9.14%. Furthermore, with the exemption changes in HB 156, the average tax rate would increase to 9.41%. Cook County sees a smaller increase in the tax rate because it sees a smaller general homestead exemption increase, only $1,000 per home instead of the $2,000 increase in all other counties. The higher tax rate means that properties that do not receive a homestead exemption would see their tax bills increase by an average of 2.95%, solely attributable to the expansion of the homestead exemptions. Tax rates in Cook County increase by only 1.62% but they would increase by 5.35% in downstate Illinois. These properties would likely see even higher taxes due to natural increases in tax levies by taxing districts.

TABLE 2.				
Region	**EAV Before Exemptions**	**EAV After Current Exemptions**	**Estimated Value of Exemptions in HB 156**	**Tax Extensions**
Statewide	$341,582,737,847	$314,453,836,484	$8,851,546,162	$28,745,388,566
Cook County	$151,672,060,244	$141,430,912,748	$2,256,313,311	$13,066,967,977
Collar Counties	$102,493,052,545	$95,874,231,703	$2,680,817,015	$8,878,610,719
Rest of State	$87,417,625,058	$77,148,692,033	$3,914,415,836	$6,799,809,869

TABLE 3.				
Region	**Tax Rate Without Exemptions**	**Tax Rate With Current Exemptions**	**Tax Rate With Exemptions in HB 156**	**Percentage Increase**
Statewide	8.42%	9.14%	9.41%	2.90%
Cook County	8.62%	9.24%	9.39%	1.62%
Collar Counties	8.66%	9.26%	9.53%	2.88%
Rest of State	7.78%	8.81%	9.29%	5.35%

Using these numbers, we can see what the impact would be on an individual homeowner that just receives the general homestead exemption. We'll look at a house in a collar county with a market value of $200,000. If there wasn't a change in the tax rate, calculating the savings would be easy—multiply the increase in exemption by the tax rate:

$2,000 x 9.26% = $185.20

This would be the same for any house since the value of the house doesn't factor into the calculation.[6] However, as explained above, the tax rate is not static. **Table 4** shows the proposed savings which take into account the changing tax rate. This shows that the actual savings are only $28.93 and not $185.20.

Because of the changing tax rate, there is a point at which a property that just receives the general exemption will actually pay more in taxes. This happens when the incremental tax rate increase multiplied by the taxable EAV is greater than the total tax rate multiplied by the increased exemption amount. **Table 5** shows where this average breakeven point is, using average tax rates for every county. Homes with values higher than these amounts will see a tax increase.[7]

TABLE 4. SAMPLE COLLAR COUNTY HOUSE		
Scenario	**Current Law**	**HB 156**
Market Value	$200,000	$200,000
Equalized Assessed Value	$66,667	$66,667
Homestead Exemption	$6,000	$8,000
Taxable EAV	$60,667	$58,667
Rate	9.26%	9.53%
Tax Bill	$5,618.15	$5,589.22
Savings	**$28.93**	

TABLE 5. HOME BREAKEVEN POINT

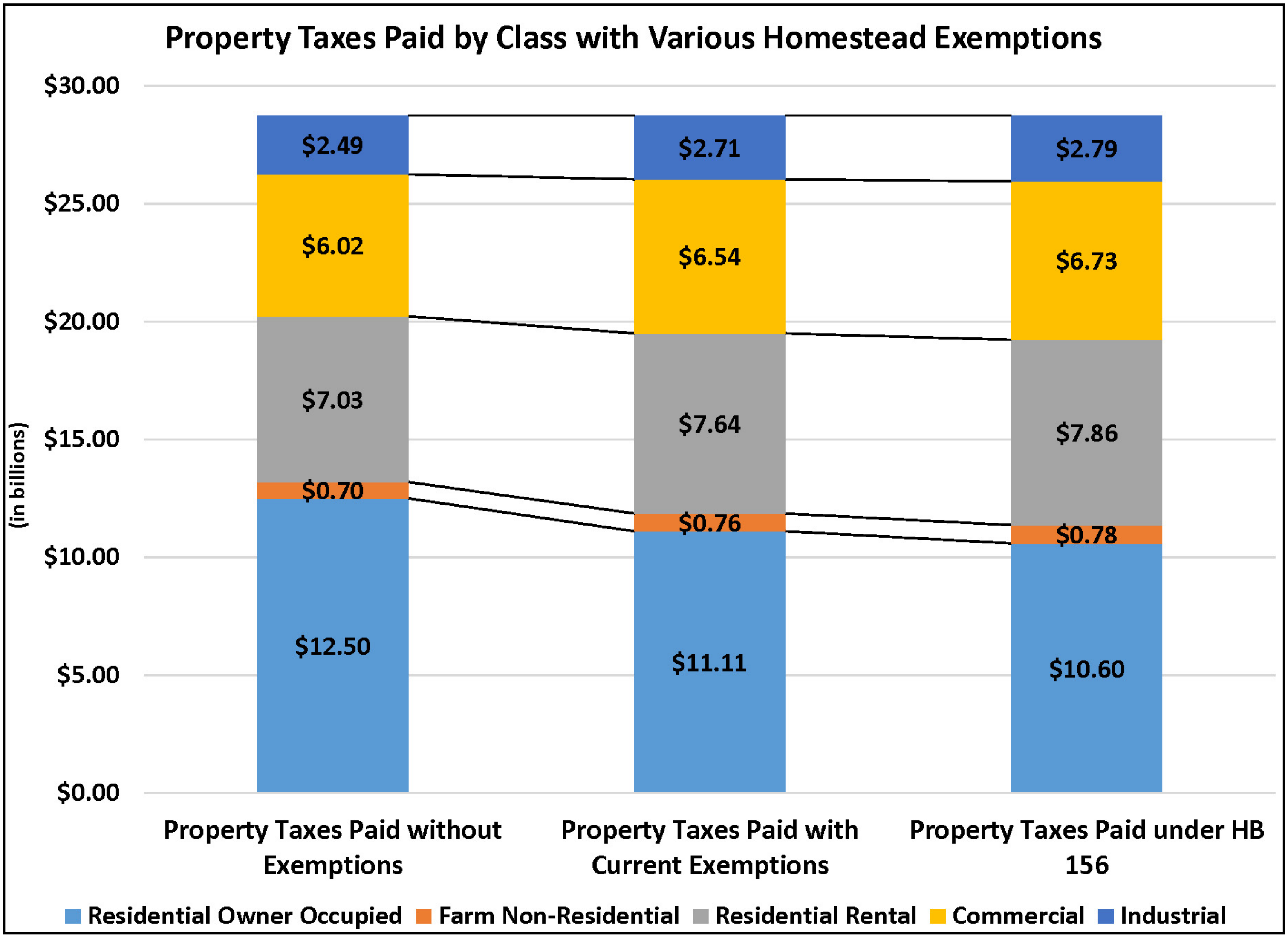
County	Market Value of Home	County	Market Value of Home	County	Market Value of Home
Adams	$131,205	Hardin	$55,518	Morgan	$128,483
Alexander	$69,146	Henderson	$130,419	Moultrie	$129,011
Bond	$110,335	Henry	$127,171	Ogle	$198,525
Boone	$145,750	Iroquois	$125,725	Peoria	$150,091
Brown	$121,174	Jackson	$140,087	Perry	$78,706
Bureau	$122,704	Jasper	$133,749	Piatt	$162,143
Calhoun	$91,617	Jefferson	$103,436	Pike	$105,398
Carroll	$141,518	Jersey	$121,760	Pope	$82,796
Cass	$96,606	JoDaviess	$195,658	Pulaski	$56,499
Champaign	$173,470	Johnson	$83,432	Putnam	$175,517
Christian	$109,436	Kane	$205,205	Randolph	$121,813
Clark	$96,903	Kankakee	$148,176	Richland	$97,764
Clay	$86,301	Kendall	$172,163	Rock Island	$137,562
Clinton	$126,068	Knox	$116,104	St. Clair	$136,891
Coles	$129,661	Lake	$270,761	Saline	$82,114
Cook	$261,129	LaSalle	$164,305	Sangamon	$155,281
Crawford	$158,787	Lawrence	$75,055	Schuyler	$110,360
Cumberland	$99,626	Lee	$145,581	Scott	$99,940
DeKalb	$178,069	Livingston	$147,027	Shelby	$104,377
Dewitt	$228,370	Logan	$137,039	Stark	$149,817
Douglas	$147,041	McDonough	$134,472	Stephenson	$104,605
DuPage	$260,192	McHenry	$170,476	Tazewell	$137,411
Edgar	$133,415	McLean	$195,070	Union	$86,655
Edwards	$78,921	Macon	$118,860	Vermillion	$98,248
Effingham	$153,315	Macoupin	$93,302	Wabash	$99,149
Fayette	$85,762	Madison	$137,442	Warren	$135,607
Ford	$137,980	Marion	$83,010	Washington	$132,274
Franklin	$77,975	Marshall	$145,696	Wayne	$82,681
Fulton	$101,506	Mason	$97,437	White	$96,379
Gallatin	$77,664	Massac	$89,661	Whiteside	$106,423
Greene	$103,866	Menard	$146,079	Will	$204,788
Grundy	$293,092	Mercer	$116,995	Williamson	$125,795
Hamilton	$109,458	Monroe	$154,495	Winnebago	$105,177
Hancock	$115,628	Montgomery	$114,386	Woodford	$157,481

As mentioned earlier, increasing homestead exemptions increases the tax rate and shifts more of the property tax burden onto property owners that don't receive the exemption. That would include commercial property, industrial property, rental property, and farms. **Table 6 below and the graph on page 7** both show how various classes of properties share the property tax burden in three scenarios: if there were no exemptions, with the current exemptions, and then finally with the exemptions in HB 156. (And again, similar results would occur under any proposed increase in exemptions.) The *total* property tax paid for each scenario is the same. We can see, however, that there is a shift of $511 million from residential owner occupied properties to the other classes if current law were to change to HB 156 as proposed.

Increasing homestead exemptions doesn't save homeowners as much as it would appear because tax rates go up. How much the tax rate increases depends on how many properties in the tax base receive the exemptions. Generally speaking, if the tax base is mostly residential, a greater percentage of the properties would receive a homestead exemption, causing a larger increase in the tax rate. In all cases, however, the increased tax rate caused by the increased homestead exemptions has two immediate consequences: it takes away some of the savings of the exemption and it shifts some of the tax burden onto commercial, industrial, and rental properties. If the ultimate policy goal is to reduce property taxes, increasing homestead exemptions simply does not help. Better options would be to provide alternative revenue sources to local governments, have local governments provide fewer services, or both. Proposals that increase homestead exemptions merely mask the problem of high property taxes.

TABLE 6.

Class	Property Taxes Paid Without Exemptions	Property Taxes Paid With Current Exemptions	Property Taxes Paid Under HB 156	Difference Between Current Law and HB 156
Farm Non-Residential	$695,769,532	$755,579,455	$777,457,816	$21,878,361
Residential Rental	$7,032,800,539	$7,637,355,983	$7,858,501,268	$221,145,285
Commercial	$6,020,385,632	$6,537,911,600	$6,727,221,661	$189,310,061
Industrial	$2,493,676,348	$2,708,038,408	$2,786,451,661	$78,413,253
Residential Owner Occupied	$12,502,756,514	$11,106,503,120	$10,595,756,159	-$510,746,960



ENDNOTES

[1] https://taxfoundation.org/how-high-are-property-taxes-your-state-2016/

[2] For a summary and history of existing homestead exemptions see *Homestead Exemptions: Confusing, Complicated, and Costly* by Kara Moretto. Illinois Tax Facts, Summer 2014 at 1.

[3] In some instances, taxing districts may be limited by rate limitations. In unit school districts for example, the education levy cannot exceed 4%. However, school districts subject to the Property Tax Extension Limitation Law ("PTELL") can increase the transportation levy and it has no cap. They can then transfer those funds into the education fund, getting around the rate limit. 87% of extensions come from PTELL counties, so this is a widely available workaround. The transportation levy in non-PTELL school districts is subject to a back-door referendum. Since school districts are the largest taxing body and they can generally maneuver around rate limits, for purposes of this article, we are assuming that taxing districts in general are not constrained by rate limits.

[4] All estimates are made using Illinois Department of Revenue statistics for the 2015 tax year plus information from the U.S. Census Bureau.

[5] In the certificate of tax levy that taxing districts prepare, they request an amount of money they need for their budget. They do not request a certain tax rate. The county clerk reviews the certificate of tax levy, and based on the final assessed values, determines the required tax rate, and if this rate exceeds a statutory maximum rate, the clerk lowers the rate to the maximum rate permitted by law.

[6] The only limitation is that the fair market value of the home must have increased by $24,000 since 1977.

[7] Again, these amounts are for homes receiving only the general homestead exemption; homes with other exemptions will have higher break even points.

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