



LOCAL GOVERNMENT TOPICS



Property Tax Extension Limitation Law

What does it mean?

Although the law is commonly called “tax caps,” the Property Tax Extension Limitation Law (PTELL) does not cap either individual property tax bills or individual property tax assessments. The limit is intended to slow the growth of revenues to taxing districts when property values and assessments are increasing faster than the rate of inflation.

To understand PTELL, it’s important to first understand property taxes, including how they are assessed and used.

Illinois Property Taxes

Property taxes are raised and spent locally. According to the *1999 Illinois Property Tax Statistics*⁸, 1999 Extensions (collected in 2000) totaled \$15,191,472,335.

*This is the most current data available 10/02.

Who paid?

The total for residential property was \$8,587,346,052 (56.5%).

Commercial property totaled \$4,154,229,023 (27.3%).

Industrial property was next in line, at \$1,767,757,723(11.6%).

Farm property totaled \$616,002,408 (4.1%).

Railroads and minerals totaled \$66,137,129 (.05%).

Where did the money go?

<i>Local government unit</i>	<i>Property Tax Extension</i>
Schools	9,382,587,721
County government	1,383,296,976
Townships	417,005,233
Cities	2,303,209,784
Special districts (e.g., sanitary districts, community colleges)	1,669,116,527

Illinois has more than 6,800 units of local government. Property taxes finance a wide variety of services that citizens generally expect local governments to provide, including education, water and sewage services, health and sanitation, police and fire protection, roads and bridges, parks and recreation, library services, and others. Although the property tax is the major source of tax revenue for Illinois local government, not all local governments are equally dependent upon property tax revenues. For example, municipalities rely less on the property tax than other types of government because they have access to other revenue, like sales taxes. School districts are most dependent because they have no other source of local tax revenue. As a source of funds for local government, the property tax is considered to be more stable through the business cycle than either the income or the sales tax. Therefore, the property tax makes it easier for government bodies to gauge revenues and budget for services.

The mechanics of assessing and collecting property taxes is a lengthy one which involves several steps carried out by a number of different local government offices over a 30-month period:

- The Township or Multi-township Assessor’s offices have the task of assessing the property within their respective jurisdictions. These property assessments are used to apportion the cost of local government services and schools paid for by all taxpayers in the boundaries of the local government or school district.
- The County Supervisor of Assessments prepares and maintains tax maps and up-to-date lists of property owners’ names, addresses, and property record cards for all real estate.
- The County Clerk prepares the assessment role and distributes it to the Supervisor of Assessments, determines the tax levy

according to tax levy ordinances, extends the tax rate over the value of the property for each taxing district, and establishes pertinent tax rates for the bills.

- The County Treasurer mails all tax bills, disburses money to various taxing bodies, and holds and/or invests all county funds.
- Local governments spend tax dollars according to budgets adopted during the previous fiscal year.

If PTELL is approved by the voters in November 2002, the county clerk will notify all taxing districts located in the county (as well as the Illinois Department of Revenue) that the referendum was held and approved by the voters. For taxing districts located entirely within a county, the PTELL applies to levies made in 2003 that are payable in 2004.

By state statute, DuPage, Kane, Lake, McHenry, and Will Counties became subject to PTELL for the 1991 levy year and Cook County was added for the 1994 levy year. Public Act 89-510 allows county boards to put the issue before the voters by placing a referendum on the ballot. Home rule districts (primarily communities over 25,000 in population) are exempt from the law.

Since 1996, 31 counties have approved PTELL. Nine have voted it down.

What questions should you ask regarding this issue?

- How does this issue affect me? Have property tax rates been increasing or decreasing here?
- What effect will this referendum have on our school district, park district, library, and other services?

Proponents of the Property Tax Extension Limitation Law say:

- “This legislation limits the rate of property tax growth so that home owners and property owners are not taxed at a rate growing faster than the value of their property.”
- “Voters will be more involved in decision-making; when specific local governments need more funding, they can present their case to the people and increase their revenue through referendum.”

Opponents of the Property Tax Extension Limitation Law say:

- “This is actually a reduction in local control, which may affect counties that are having significant capital development projects.”
- “These caps can increase rates in the short run, as local governments may increase their rates to prepare for the potential of tighter controls.”
- “Caps are irrelevant to counties with stable populations and growth.”

What’s your choice?

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