



Civic Federation Position Statement

August 9, 2004

Senate Bill 2196 Cook County Stormwater Management

Summary of SB 2196

Senate Bill 2196 would transfer responsibility for coordinating and implementing stormwater management projects in Cook County to the Metropolitan Water Reclamation District of Greater Chicago (MWRD). It would also provide the MWRD with the authority to levy property taxes outside the Property Tax Extension Limit Law (commonly called "tax caps"). Key components include:

- The MWRD is charged with developing and implementing a countywide stormwater management plan.
- The property tax rate of the new stormwater management fund is limited to a maximum of 0.05%. This fund is exempted from the tax cap.
- The corporate fund rate limit is reduced from 0.46% (2004) to 0.41% (2005). The authority to fund operations through contracts for information and fees for services is also provided.
- The MWRD is given the authority to petition the circuit court for the dissolution of drainage districts.

Analysis

Current stormwater management efforts are inadequate; and the legislation has the potential to provide better flood control services to the citizens of Cook County. However, there is insufficient justification for the additional property tax funding provided to the MWRD.

- The MWRD consistently increases its property taxes by the maximum amount allowed under tax caps and has a large unreserved fund balance.
- The MWRD could impose an additional \$50 million per year in taxes as a result of this legislation. The need for this particular amount of revenue is not based on a specific plan of action.
- At the full \$50 million levy amount, the tax burden of a typical property taxpayer to support the MWRD would increase by 13%. The increase in the amount of the total tax bill would be approximately 1%. (The MWRD has indicated that it will only levy the amount money actually required.)
- The tax cap exemption means only EAV growth, not the rate of inflation, would limit growth in the property tax levy. The growth in the levy could be 5 to 8% per year based on projected EAV growth.
- Reducing the MWRD corporate fund rate limit has no practical effect because the corporate fund is significantly below the rate limit and the tax cap limits the levy's growth to the rate of inflation.
- It is unusual but not unprecedented for operating funds to be exempted from the tax cap. But continued exemption of new property tax levies from the tax cap sets a precedent counter to the spirit of the law and may require a reevaluation of the statute.

Recommendation

The Civic Federation recommends that Governor Blagojevich exercise an amendatory veto that would place the stormwater management levy under the tax cap either by deleting the current language granting exemption from the cap, or by replacing that language with a new section accommodating the new levy under the cap.

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