



Civic Federation Position Statement

November 6, 2003

Officers

Kevorc Derderian *

Chairman

Gary Skoien *

Vice Chairman

Barbara Stewart*

Vice Chairman

Joseph B. Starshak *

Secretary/Treasurer

Laurence J. Msall

President

Board of Directors

Catherine M. Adduci*

Bridget M. Anderson

A.G. Anglum*

Adrienne Archia

Abel E. Berland

Roger Bickel

Marc Blakeman

James A. Blanda

Douglas H. Cameron

Richard A. Ciccarone *

Jerry Cizek*

Mark Davis

Amy Anderson Day*

Martin L. Eisenberg

Charles R. Gardner *

Carol W. Garnant *

Anthony Gedeller

Judith A. Gold*

Steven Gouletas

Patrick Hagan

Bruce T. Hopple

J. Thomas Johnson

Timothy "Bo" Kemper*

Thomas J. Klutznick

Jim Kranjc

H. Michael Kurzman

George W. Lofton III*

John McCaffrey

Thomas J. McNulty

Fred H. Montgomery

Michael E. Murphy

Holly O'Connor

Robert Pasin

Dorice Pepin

Alexander I. Rorke

Scott Saef*

Harry Short *

Jack Simmons*

Theodore M. Swain

Robert Vihon*

John F. Ward, Jr. *

Greg Wass

Charles J. Wooding

Philip Zinn*

* *Executive Committee*

HB 3888 and SB 2112 increase the Homeowner Exemption from \$4,500 to \$5,000 for homeowners whose assessed valuations are increased more than 20%. Increase exemption to \$5,500 for homeowners with family income under \$30,000 and to \$6,000 for those with family income under \$20,000.

HB 3891 and SB 2111 increase the Senior Homestead Exemption from \$2,500 to \$3,000 for all seniors (65 and older), to \$3,500 for those with family income under \$30,000 and to \$4,000 for those with family income under \$20,000. Makes the Senior Homestead Exemption permanent after age 75.

HB 3885 and SB 2116 expand eligibility for Senior Citizen Assessment Freeze Exemption to include household incomes up to \$50,000 (up from \$40,000).

SB 2114 increases the Home Improvement Exemption from \$45,000 of improvements to \$75,000 to reflect increased construction costs.

The Civic Federation is keenly aware of the public concern and outrage caused by rapidly escalating residential property tax assessments. All four of the above mentioned legislative proposals are attempts to provide relief to overburdened residential property taxpayers without addressing the basic problem of the Cook County classification system and Illinois' continued over-reliance on property taxes to fund education. In our view the proposed expansions of property tax exemptions will provide targeted and modest relief to those homeowners most in need of assistance, without causing any great disruptions in the property tax system. At the same time, these proposals will further complicate an already arcane property tax system and not address the basic problems of the State's tax and educational financing system.

Despite the limitations, The Civic Federation **supports** the proposals with the following cautions. If the following concerns are addressed the Civic Federation would not object to the passage of these bills. Supporters of the proposed tax relief should be aware that the modest savings granted to homeowners may be outweighed by the increased costs of administering the property tax system. The increased complexity of the criteria to qualify for the exemptions will require an expansion of the current exemption application form to determine the income range of the homeowner. The increased cost for printing, sending and receiving the new expanded exemption booklets will primarily come from property tax revenues. It is also possible that the increased amount of data analysis required prior to the printing of property tax bills could delay the process. If such a delay occurs, units of local government could be forced to borrow funds in anticipation of property tax revenues.

Finally, The Civic Federation remains concerned that removing the annual application process, as proposed in HB 3891 and SB 2111, would eliminate an efficient and effective tool for verifying the eligibility of a property for an exemption, as well as run counter to established state law. Without a formal application process for all exemptions, there is no efficient way to determine if a property continues to deserve the benefit of an exemption. Furthermore, the courts have ruled that that information that a property continues to qualify for an exemption is in fact required before an exemption can be granted. (*Proviso Township High School District #209 vs. Hynes*)