



Illinois Legislative News

Legislation targets Illinois tax burdens, but criticisms remain

Though criticisms remain over homeowner tax burdens, Illinois Gov. JB Pritzker signed legislation this past month that he says streamlines property tax relief for seniors, veterans, and persons with disabilities while also encouraging local taxing districts to lower their levy rates.

“Over the past 20 years, property taxes have skyrocketed at a rate far surpassing the increase in home values. For veterans, disabled Illinoisans, and our seniors, that can mean having to choose between basic needs — like healthcare — and losing their homes. That’s unacceptable—and needs to change,” Pritzker said. “This bill expands homestead exemptions for veterans and their spouses, reduces interest rates, and allows for automatic renewal for our disabled homeowners. When I got elected, I promised to address rising property taxes for our residents. I am proud to sign this bill into law — taking another step towards easing the burden of property taxes for our most vulnerable residents.”

Senate Bill 1975 increases the general homestead exemption and senior citizens homestead exemption, reduces interest rates on tax deferrals for seniors, and allows for automatic renewal of the homestead exemption for qualified people with disabilities in Cook County. That legislation is now in effect.

By allowing taxing districts subject to the Property Tax Extension Law Limit (PTELL) to levy less today without losing access to additional property tax revenues in the future, SB 1975 incentivizes tax-

ing districts to opt for the lowest necessary property tax rate — saving property taxpayers hundreds of dollars in savings in property taxes on an annual basis.

Additionally, exemptions for those receiving the Veterans with Disabilities Exemption will auto-renew if the qualifying veteran is deemed permanently and totally disabled by the U.S. Department of Veterans Affairs. This legislation also provides for the surviving spouse of a deceased veteran to continue to receive the exemption earned and applied for by the veteran.

SB 1975 sets maximum homestead exemptions. For tax levy year 2023, counties bordering Cook County (collar counties) are given a homestead exemption of \$8,000. All other counties will have a maximum homestead exemption of \$6,000. The maximum exemption for counties with 3 million or more inhabitants (Cook County), remains \$10,000.

The bill also raises the maximum senior homestead exemption in the collar counties from \$5,000 to \$8,000, aligning them with Cook County’s maximum exemption. In all other counties, the maximum senior homestead exemption is \$5,000. Additionally, all seniors who receive SNAP or LILHEAP benefits to automatically qualify for the senior freeze and decreases the Senior Citizen Real Estate Tax Deferral program interest rate from 6 percent to 3 percent.

Some 97 percent of Illinois tax filers will receive hundreds of dollars in property tax and income tax rebates in

2022 because of the \$1 billion in tax relief Pritzker signed into law in April as part of the FY23 balanced budget.

In 2019, Pritzker consolidated roughly 650 downstate and suburban public safety pension funds into two — a solution that evaded governors for more than 70 years and will bring billions more in returns in the coming decades, further opening the door for lower property taxes.

Even as Pritzker was touting his administration’s track record, others were not being so kind.

In a story by The Center Square, writer Kevin Bessler reported on an analysis from Wirepoints, a nonprofit, independent company that researches and comments about Illinois’ economy and government, which showed that Illinois property taxes have far outpaced household incomes and home values since 1990.

Tax bills per household have grown 268 percent since 1990, while average home values have grown 114 percent.

According to Wirepoints, the average household now owes nearly \$4,400 in residential taxes each year, up from \$1,200 in 1990.

In 2020, property taxes ate up 5.9 percent of median household incomes in Illinois. Thirty years ago, property tax bills consumed just 3.6 percent of incomes.

Wirepoints president Ted Dabrowski said Pritzker promised to address property taxes when he was elected, but it hasn’t happened.

“We only see new bills and new

laws come out of Springfield, and they always raise spending and they always raise property taxes and they always raise pension costs, so there is nothing good there for taxpayers,” Dabrowski said.

As for their impact on home prices, Dabrowski said property taxes have contributed to Illinois suffering the nation’s third worst growth in inflation-adjusted home values over the past two decades, up just 3 percent.

“Our home values over the last 20 years have barely kept up with inflation, so there is really no gain for homeowners in Illinois,” Dabrowski said. “You compare that to Texas and Florida, their home prices after adjusting for inflation are up over 40 percent.”

Wirepoints also looked at tax data county by county. Lake County residents are burdened with the highest property tax rates in Illinois at 7.8 percent of income. DuPage County and Will County are second and third highest, respectively.

The Lincoln Institute Land Policy found that Aurora, Ill., assesses its residents with an effective property tax rate of 3.25 percent — the highest of the 53 big cities in its study.

“The state’s punishing tax numbers and Illinois’ outlier position nationally make an overwhelming case for reforming the cost drivers of Illinois’ property tax crisis, from pensions to public sector collective bargaining laws to education spending,” Dabrowski said.

Fuel retailers sue over ‘compelled speech’ at the gas pump

By **JERRY NOWICKI**
Capitol News Illinois

“As of July 1, 2022, the State of Illinois has suspended the inflation adjustment to the motor fuel tax through Dec. 31, 2022. The price on this pump should reflect the suspension of the tax increase.”

Those two sentences may be coming to a gas pump near you — unless a trade group representing gas stations is successful in its lawsuit to stop what they believe is government-compelled speech.

The language essentially alerts drivers that the state’s motor fuel tax won’t increase by a little over two cents per gallon for the next six months as previously scheduled under law.

But it won’t decrease either, instead remaining at 39.2 cents through the end of this year.

The annual increase became law in 2019, when the state doubled the motor fuel tax from 19 cents to 38 cents per gallon and indexed it to inflation each year to fund a bipartisan \$45 billion long-term plan for road and bridge upkeep.

No signage was required to mark the legislature’s action at that time.

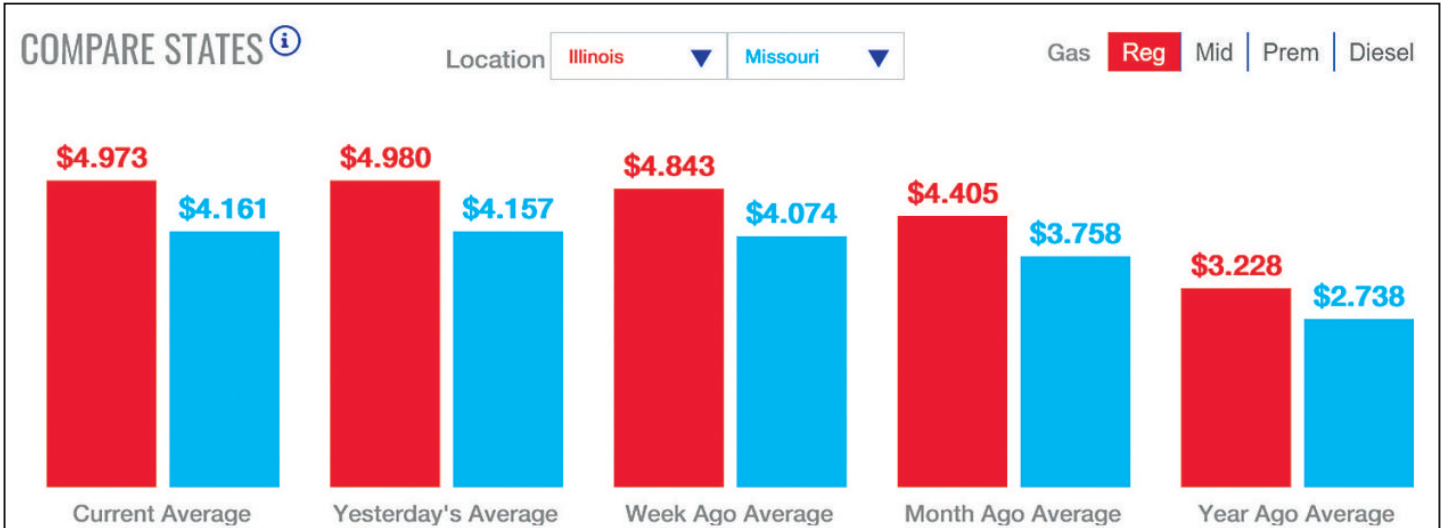
The language requiring the signage was written into the Fiscal Year 2023 revenue bill, Senate Bill 157, which made up one prong of the state’s operating budget that was signed into law on April 19.

That measure also pushed the 2022 increase into January 2023, to be followed by another increase six months later.

No signage will be required after either of those increases.

But fuel retailers who fail to “post or maintain” the signage announcing the tax hike suspension on every pump for the next six months could be fined up to \$500 daily.

That didn’t sit well with the Illinois Fuel and Retail Association, which in May filed a lawsuit in Sangamon County alleging that the signage require-



A gas chart provided by AAA shows the comparable prices for gas as of May 24 between the states of Illinois (left side bars) and Missouri.

ment violates their rights under the First Amendment and 14th Amendment to the U.S. Constitution and Article 1, Section 4 of the Illinois Constitution.

The lawsuit states there is no “legitimate governmental interest” in compelling the signage. It quotes Rep. Mike Zalewski, a Riverside Democrat, who defended the provision in a committee hearing by saying an Illinoisan may see the sign and “maybe they’ll read about the good things we did.”

“That’s not a compelling government interest,” IFRA CEO Josh Sharp said in a phone call. “That’s just forcing retailers to do PR work for you on the state’s behalf, and we can’t live with that. Our members aren’t willing to live with huge fines and penalties and we’re suing to stop it.”

The lawsuit is aimed at the Illinois Department of Revenue and its director, David Harris, seeking an injunction to prevent the sticker mandates from taking effect. The suit also names Sangamon County State’s Attorney Dan Wright, who would be enforcing the mandate in the county.

The Pritzker administration has pointed to the language being nearly identical to a provision signed by Republican Gov.

George Ryan in 2000, which required signs stating Illinois had “eliminated the state’s share of sales tax on motor fuel.”

This year’s amendment doesn’t eliminate the sales tax on motor fuel — consumers will still pay the 6.25 percent rate on top of the 39.2-cent motor fuel tax.

But Pritzker spokesperson Jordan Abudayyeh said the 2000 language still sets the precedent for the new signage requirement.

“Informing consumers of the gas tax relief they are entitled to is a practice that dates back to 2000 under a Republican administration and does not promote the governor or the lawmakers, including nearly every Republican, who voted for the measure,” she said. “However, it ensures consumers see the benefit of bipartisan action.”

The governor’s office is sticking by the language, just as it did in the final days of the legislative session when there was still time to amend it.

Ultimately, a late amendment removing the language put forth by a Republican went nowhere, and the wide-ranging tax relief proposal passed nearly unanimously in both the House and Senate.

It’s hard to vote against \$1.8 billion in tax relief, even if Republicans criticized the temporary nature of the bill that also included an expansion of the earned income tax credit, direct payments to Illinoisans and a one-year moratorium on the state’s grocery tax beginning July 1.

But while the bill requires grocers to post about the tax changes on consumer receipts or on a sign in the store, it doesn’t provide for fines for those businesses. That, the fuel retailers argue, amounts to a violation of their equal protections under law.

With gas prices pushing \$5 per gallon at the end of May, any relief will likely be welcomed by Illinois drivers.

But it might be wishful thinking to believe that, should the court allow it to move forward, the signage will have the Pritzker Administration’s desired effect — particularly considering the publicity that is already accompanying the lawsuit.

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