

# Client Alert

Current Issues Relevant to Our Clients

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## Illinois Senate Bill Allowing for Referendum Approval to Increase the Aggregate Extension Reaches House

A bill that would allow a taxing district subject to the Property Tax Extension Limitation Law (“PTELL”) to seek referendum approval to increase its aggregate extension has passed the Illinois State Senate and is now being considered by the House of Representatives.

Under present law a taxing district subject to PTELL that wants to increase the amount of its property tax extension needs to increase either its limiting rate or extension limitation by referendum. The additional amount of taxes resulting from an increase in the limiting rate will vary depending on the amount of the increase or decrease in the district’s equalized assessed valuation and the most recent calendar year percentage increase in the Consumer Price Index (the “CPI”). Unless increased by referendum the extension limitation is based on the rate of inflation and is limited to the lesser of 5% or the CPI. Consequently, a taxing district seeking to increase its limiting rate or extension limitation needs to estimate the amount of future increases in its equalized assessed valuation and in the CPI in order to determine how large an increase and for what period of time it should seek in its limiting rate or extension limitation in order to produce the desired increase in the amount of its tax extension.

Senate Bill 348 (the “Bill”) would amend PTELL to authorize taxing districts to seek referendum approval of an increase in its aggregate extension of taxes for a levy year as an alternative to requesting a limiting rate or extension limitation increase. The Bill eliminates the need for a taxing district to estimate future changes in its equalized assessed valuation and in the CPI. If a taxing district chooses to seek an increase in its aggregate extension and if the voters approve the proposition, the county clerk will calculate the proper tax rate necessary to achieve the requested increase in the district’s aggregate extension.

The Bill also addresses an issue that arises with a proposition requesting an increase in the aggregate extension amount in lieu of a rate increase. With a rate increase, unlike with an increase in the aggregate extension amount, voters can more easily understand how much their property taxes would increase if the proposition passes. Therefore, the Bill requires that the ballot contain, below the proposition to be voted upon, the approximate amount of the additional tax extendable against a single family residence having a fair market value of \$100,000 if the proposition is approved.

If the Bill is enacted into law, the option to request an increase in the aggregate extension amount would be available for referendums occurring on or after January 1, 2015.

### For More Information

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*For more information, please contact Dan Johnson (312.845.3811), Cedric Gordon (312.845.3780) or your primary Chapman attorney, or visit us online at [chapman.com](http://chapman.com).*

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