



Property Tax Extension Limitation Law

**Technical
Manual**

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Purpose of this manual

This manual has been developed to provide detailed information about the Property Tax Extension Limitation Law (PTELL) to assist those persons who will be responsible for administering this law. Generally, county clerks and taxing districts' fiscal management personnel will find this manual most useful. While technical aspects of the PTELL are introduced and explained, this document does not cover all aspects of the law fully. Reading the information presented here should be supplemented by reading the statutes, administrative rules, and court cases.

For a general discussion of the PTELL by referendum, see PIO-62, Property Tax Extension Limitation Law by Referendum.

The Technical Manual

- ☐ covers the general concepts of the PTELL,
- ☐ answers frequently asked questions, and
- ☐ provides examples of tax extensions as affected by the PTELL.

Several appendices are also included. They are listed below.

- ☐ History of PTELL legislation
- ☐ Procedure for Cook County taxing districts that are affected by the prior year equalized assessed valuation (EAV) provision of the Property Tax Code
- ☐ Property Tax Extension Limitation Law — Sections 18-185 through 18-245 of the Property Tax Code (35 ILCS 200/18-185 through 35 ILCS 200/18-245)
- ☐ Administrative rules regarding the PTELL

The PTELL was originally passed in 1991 and affected taxing districts in the “collar counties” (*i.e.*, DuPage, Kane, Lake, McHenry, and Will). Cook County taxing districts were added next. Beginning in 1996, taxing districts in all other counties in Illinois may be affected if county referenda are approved by the voters. Only non-home rule taxing districts are subject to the PTELL.

Questions concerning the PTELL may be directed to the taxing district's legal counsel, the State's Attorney, or the Local Government Services Bureau of the Illinois Department of Revenue.

General Information

Limitation history

1991	5.0 percent*
1992	3.1 percent
1993	2.9 percent
1994	2.7 percent**
1995	2.7 percent
1996	2.5 percent
1997	3.3 percent
1998	1.7 percent
1999	1.6 percent
2000	2.7 percent
2001	3.4 percent

* The change in CPI was 6.1 percent.

** For Cook County, the limitation for 1994 was 5.0 percent as specified by the "One-Year Property Tax Extension Limitation Law." See Section 18-246 *et seq.* of the Property Tax Code.

Limitation questions

How is the limitation calculated?

The limitation can be calculated as shown in the example below.

Example

For the 2000 levy year, determine the applicable CPI increase by comparing the December 1999 CPI to the December 1998 CPI.

December 1999 CPI was 168.3

December 1998 CPI was 163.9

Divide the 1999 CPI by the 1998 CPI.

$$168.3 \div 163.9 = 1.027$$

To express the result as a percentage increase, subtract 1 and multiply by 100.

$$(1.027 - 1) \times 100 = 2.7\% \text{ increase}$$

This increase is less than 5 percent; therefore, the limitation for levy year 2000 for taxes paid in 2001 is 2.7 percent, unless voters approve a higher limitation.

Which is limited, the levy, rate, or extension?

The extension is limited under the PTELL.

Is the limitation applied fund by fund, or on the total extension?

The limitation applies to the aggregate extension for those funds subject to the PTELL.

Will Truth-in-Taxation publications and hearings still be necessary?

Yes, Truth-in-Taxation is independent of the PTELL.

Purpose and philosophy

The Property Tax Extension Limitation Law (PTELL) is designed to limit increases in property tax extensions (total taxes billed) for non-home rule taxing districts.

Although the law is commonly referred to as "tax caps," use of this phrase can be misleading. The PTELL does not "cap" either individual property tax bills or individual property assessments. Instead, the PTELL allows a taxing district to receive a limited inflationary increase in tax extensions on existing property, plus an additional amount for new construction, and voter-approved rate increases.

The limitation slows the growth of property tax revenues to taxing districts when property values and assessments are increasing faster than the rate of inflation. As a whole, property owners have some protection from tax bills that increase only because the market value of their property is rising rapidly.

Payments for bonds issued without voter approval are subject to strict limitations.

If a taxing district determines that it needs more money than is allowed under the PTELL, it can ask the voters to approve an increase.

Taxing districts affected

The following districts are subject to the PTELL:

- ☐ Non-home rule taxing districts with a majority of their 1990 EAV in DuPage, Kane, Lake, McHenry, or Will counties;
- ☐ Non-home rule taxing districts with a majority of their 1994 EAV in Cook and the collar counties that were not subject to the PTELL before 1995;
- ☐ Non-home rule taxing districts in other counties if every county in which the district is located has held a referendum asking if voters want the PTELL to be applicable, and if the majority of the EAV of the district is in counties where voters have approved the referendum;
- ☐ Non-home rule taxing districts with part of their EAV in Cook or the collar counties if every other county in which the district is located has held a referendum asking if voters want the PTELL to be applicable, and if the majority of the EAV in the district is in counties where voters have approved the referendum and in Cook and the collar counties.

Note: See Page 16 for information on rescinding the PTELL by referendum.

Referenda under the PTELL

Any referenda authorized under the PTELL are exempt from the limit of three public policy questions for a taxing district at an election.

The Consumer Price Index (CPI)

The CPI used is the national CPI for all urban consumers for all items as published by the United States Department of Labor, Bureau of Labor Statistics. The applicable December to December change is generally available in the middle of January. The web page for the CPI increase is www.bls.gov.

The limitation

Increases in property tax extensions are limited to the lesser of 5 percent or the increase in the CPI for the year preceding the levy year. The limitation for a taxing district can be increased with voter approval.

Increasing the limitation by referendum

Section 18-205 of the Property Tax Code provides that a taxing district may increase the limitation by referendum at any regularly scheduled election in accordance with the Election Code.

The form of the ballot is specified by the law and is worded as follows:

“Shall the extension limitation under the Property Tax Extension Limitation Law for ... (taxing district name) ... be increased from ... (the lesser of 5% or the increase in the Consumer Price Index over the prior levy year) ... % to ... (percentage of proposed increase) ... % for the ... (levy year)?”	YES

	NO

If a majority of voters approves the increase, the increase takes effect for that levy year only.

Effect on individual tax bills

The PTELL limits increases in taxing districts' extensions; however, individual tax bills may still increase or decrease. A partial list of reasons individual tax bills could increase more than 5 percent or the CPI increase is below.

- ☐ A district on the tax bill is not subject to the PTELL.
- ☐ The property is in a taxing district that is able to increase its extension by more than 5% or the CPI increase because it is a home rule municipality or an overlapping taxing district that is not subject to the PTELL.
- ☐ Voters approved an increase in tax rates or in the limitation.
- ☐ Voters approved a bond issue or an increase in the debt service extension base.
- ☐ New bonds were issued before the cutoff date for bonds to be exempt from the PTELL.
- ☐ The property had been underassessed in relation to other properties and is reassessed.
- ☐ The property had a homestead exemption or other exemption that was removed.
- ☐ The property has a greater share of the tax burden because the assessed value of other property was decreased.

Additional increases for taxing districts

Taxing districts are allowed additional increases for

- ☐ new property,
- ☐ annexations to the district,
- ☐ voter-approved increase in the limit,
- ☐ voter-approved increases in maximum tax rates and voter-approved new rates, and
- ☐ the Tax Increment Financing (TIF) increment value when the TIF expires.

The county clerk will include these allowances when calculating the limiting rate at the time of extending taxes.

Limitation

referendum questions

Will the referendum to increase the limitation affect future levy years?

The increased limitation is in effect only for the levy year specified on the ballot. Future levy years will be affected, however, because the base on which future increases are calculated will have been increased by the additional aggregate extensions allowed by the increase.

A municipal library board's levy increases more than 5 percent or the increase in the CPI; the municipality's rate will be above the limiting rate. Who should ask for a referendum to increase the limitation under Section 18-205 of the Property Tax Code?

The municipality is the taxing district submitting the levy to the county clerk; therefore, if a referendum is desired under Section 18-205, the municipality must ask for the referendum.

General Information

Rate questions

What is a "new rate"?

A new rate is any rate for a fund for which the district has never levied in the past.

The statutes allow a district to increase its maximum rate subject to backdoor referendum. To date, a certain taxing district has never done so. Must it go to referendum prior to levying using this increased maximum rate?
Yes.

Is a vote for a rate increase at an annual or special town meeting considered a referendum under Section 18-190 of the Property Tax Code?

No. A referendum under Section 18-190 must be submitted to the voters as specified in Section 28-2 of the Election Code.

Is the 2 cent library building fund levied by municipalities or library districts that the statute makes subject to an annual backdoor referendum now annually subject to a frontdoor referendum as a new rate under Section 18-190 of the Property Tax Code?

A frontdoor referendum will be required under Section 18-190 unless the municipality or library district has levied for the building fund in any of the last three levy years.

Does a taxing body have to go to referendum to sell tax anticipation warrants?

No. Tax anticipation warrants are not subject to the referendum provisions of Section 18-190 of the Property Tax Code.

Other restrictions on extensions in the PTELL

Section 18-190 of the Property Tax Code requires the governing body of a taxing district to submit any new rate to the voters before levying for it. This section also prohibits a taxing district from increasing its maximum rate without voter approval, even if the district is authorized by a law other than the PTELL to increase its maximum rate without referendum.

This provision applies, but is not necessarily limited to, the following situations.

- ☐ The legislature enacts a new rate and the taxing district wishes to levy for this new rate.
- ☐ The legislature previously enacted a new rate for which the district has not previously levied and the taxing district now wishes to levy for this rate.
- ☐ The legislature increased the maximum rate for a fund and the taxing district wishes to levy an amount that will produce a tax rate for the fund which is above the old maximum rate.

This referendum requirement does not apply to a district that is performing a service transferred from another district if the transferee district receives the portion of the transferor district's aggregate extension base for the transferred services under Section 18-215 of the Property Tax Code.

Calculating the rate for tax increment financing districts (TIFs)

Under the TIF tax extension procedure, the tax rate for a fund for a taxing district that includes a TIF is calculated in the same manner as for a district without a TIF, except that the initial EAV in the area in the TIF is used in conjunction with the EAV for the property in the area outside of the TIF. This is roughly equivalent to removing the increment from the tax base when calculating a tax rate. The rate is then extended against the full current year tax base, including the increment. The amount raised from the increment is distributed to the TIF and the amount raised from the rest of the base goes to the taxing district. (See Section 11-74.4-9 of the Illinois Municipal Code.)

The TIF increment is excluded in calculating the limiting rate for a district. Section 18-235 of the Property Tax Code provides that the extensions allocable to the TIF are not included in the district's extension base when computing the numerator of the limiting rate. Likewise, the value of the increment is not included in the current year EAV in the denominator of the limiting rate.

Impact on the TIF

The TIF is not directly limited by the PTELL. The amount the TIF will receive is equal to the tax rate times the incremental increase in the EAV. The limitation may result in a lower tax rate than would otherwise have been extended. If so, the TIF will receive less than it would have without the limitation.

Dissolution of a TIF

When a TIF is dissolved, the taxing district will be able to reclaim the recovered tax increment value under the PTELL. The county clerk will calculate the increment one more year and remove it from the denominator of the limiting rate in the same manner as new property is removed. This will give the taxing district an increase in its aggregate extension base in proportion to the TIF increment for the dissolved TIF.

Key Terms Used

The terminology used in the PTELL is the key to understanding the details of administering this law.

Aggregate extension

The aggregate extension is that portion of a taxing district's total extension that is subject to the limitation. The funds included in the aggregate extension are the annual corporate extension for the taxing district and those special purpose extensions made annually. Some examples of extensions included in the aggregate extension are those for self-insurance, pension plans, unemployment, workers' compensation, and, whether levied annually or not, road district permanent road funds.

Items not in the aggregate extension

Certain items are not included in the aggregate extension under the PTELL. These items are exempt from the limitation. See Section 18-185 of the Property Tax Code.

For example:

- ☐ Special service areas (Article 27 of the Property Tax Code)
- ☐ General obligation bonds issued prior to the cutoff date
- ☐ Bonds issued to refund or to continue to refund bonds that were issued prior to the cutoff date
- ☐ General obligation bonds issued on or after the cutoff date, if approved by referendum
- ☐ Bonds issued to refund or to continue to refund voter-approved general obligation bonds
- ☐ Alternate bonds, sometimes called "double-barreled bonds," issued under Section 15 of the Local Government Debt Reform Act
- ☐ Limited bonds, to the extent the payments do not exceed the debt service extension base minus certain offsetting amounts
- ☐ Building commission leases used to retire bonds issued by the commission before the cutoff date
- ☐ Other exceptions for certain taxing districts (Section 18-185 of the Property Tax Code)

Cutoff dates

Some of the items are exempt if they were issued before a certain cutoff date. The cutoff date varies depending on when the taxing district became subject to the PTELL.

- ☐ For districts that became subject to the PTELL in 1991 because a majority of their 1990 EAV was in the collar counties of DuPage, Kane, Lake, McHenry, and/or Will, the cutoff date was October 1, 1991.
- ☐ For districts that became subject to the PTELL in 1995 because they were in Cook County, or were not previously subject to the PTELL and were in Cook and the collar counties, the cutoff date was March 1, 1995.
- ☐ For districts that have a portion of their EAV in a collar county and became subject to the PTELL on January 1, 1997, under Section 18-213(e)(2) of the Property Tax Code, the cutoff date was March 7, 1997.
- ☐ For districts that become subject to the PTELL by referendum under Section 18-213 of the Property Tax Code, the cutoff date is the date on which the referendum making the district subject to the PTELL is held.

Aggregate extension questions

Are additions to the rate for "loss and cost" subject to the PTELL?

Yes. The aggregate rate for funds, including additions to the rate for "loss and cost," must be less than the limiting rate under the PTELL.

Will extensions used to pay for refunding bonds that refund various bond issues, some of which are and some of which are not included in the limitation, be included in the limitation?

Yes, to the extent the bonds being refunded were already included in the limitation.

Are extensions used to pay for life safety bonds subject to the limitation?

These extensions are subject to the limitation unless the bonds were issued before the cutoff date under the PTELL, or unless the bonds were submitted to referendum under Section 18-190 of the Property Tax Code and the referendum passed. If they are issued as "limited bonds," they will be exempt up to the applicable amount of the debt service extension base.

Are extensions for payments toward an installment contract or a lease/purchase agreement exempt from the PTELL?

Yes, but only if

- ☐ the agreement was made before the cutoff date under the PTELL;
- ☐ the contract or agreement requires the taxing district to purchase the property; and
- ☐ the payments are made from funds levied specifically to pay for the installment contract or lease/purchase agreement.

Does the law apply to special service areas?

No. Special service areas are exempt. See Article 27 of the Property Tax Code.)

Are extensions for insurance, self-insurance, tort liability, IMRF, audit, and FICA subject to the limit?

Yes. All funds are subject to the limitation except those exempted specifically in Section 18-185 of the Property Tax Code.

If a backdoor referendum has been called, the election held, and the issue approved by the voters, are the bonds excluded from the limitation?

Yes.

Key Terms Used

Aggregate extension base questions

Does the aggregate extension base value change from year to year?

The aggregate extension base is generally the prior year's extension as defined in Section 18-185 of the Property Tax Code. This base changes from year to year.

How is the aggregate extension base adjusted for mergers and consolidations?

The aggregate extension bases of the merging or consolidating districts are added together.

Why is there no provision to adjust the aggregate extension base for annexations or disconnections?

The formula for the limiting rate mathematically makes the adjustment for annexation or disconnection. The limiting rate is determined using the current EAV of property in the taxing district in the previous levy year. Taxes, however, are extended on the current EAV of both the property in the district in the previous levy year and newly annexed property. Therefore, an additional extension is allowed in proportion to the amount of property annexed. For disconnections, the extension is similarly reduced proportionally.

When will the highest extension of the last three years be used?

Under Section 18-185 of the Property Tax Code, if, during the previous levy year, a taxing district had a decreased aggregate extension compared to the preceding levy year, the aggregate extension base is the highest aggregate extension in any of the last three preceding levy years.

Does the "highest of the last three years" provision in Section 18-185 apply to reductions due to abatements?

Yes. This provision applies to any reductions in extensions.

Aggregate extension base

The aggregate extension base is used when calculating any increase allowed in a taxing district's extension. For most taxing districts, the aggregate extension base is the previous year's aggregate extension. There are, however, some exceptions.

- If taxing districts merge or consolidate, the aggregate extensions of the consolidating districts are added to arrive at a new aggregate extension for the new district. See Section 18-215 of the Property Tax Code.
- If a taxing district transfers a service to another district, the part of the aggregate extension base used to provide revenues for that service is transferred to the district taking over the service. See Section 18-215 of the Property Tax Code.
- If a new taxing district is formed that does not have an aggregate extension base, or if a taxing district does not have an aggregate extension base because it has never levied for the funds subject to the PTELL, then the voters must approve the aggregate extension by referendum before it levies for the first time. This question may be placed on a ballot at the same election as the referendum creating the new district. See Section 18-210 of the Property Tax Code.
- If, during the previous levy year, a taxing district had a decreased aggregate extension compared to the preceding levy year, the aggregate extension base is the highest aggregate extension in any of the last three preceding levy years. See Section 18-185 of the Property Tax Code.

Example

In extending taxes for 2000, assume a district's aggregate extensions for the three prior years were as follows:

1999 — \$600,000
1998 — \$750,000
1997 — \$720,000

Since the 1999 aggregate extension was reduced from what it had been in 1998, the district's aggregate extension base becomes the highest of the extensions for the three previous years: 1997, 1998, and 1999. The aggregate extension base for the for 2000 levy year for this taxing district is \$750,000.

Note: This is only applicable the **first** year following a reduction in the aggregate extension.

Limiting rate

The limiting rate is calculated by the county clerk to implement the PTELL. The sum of the rates extended for those funds subject to the PTELL cannot exceed this limiting rate. The limiting rate is a further limitation on the rates calculated under Sections 18-45 and 18-105 of the Property Tax Code. The rates calculated under these sections will be referred to in this booklet as “preliminary rates.” After calculating preliminary rates, the county clerk will compare the sum of these rates to the limiting rate. If the sum exceeds the limiting rate, the county clerk will reduce each preliminary rate proportionally, unless instructed by a taxing district to reduce them in a different way.

The limiting rate considers

- ☐ the aggregate extension base;
- ☐ the limitation;
- ☐ any applicable voter-approved new rates, maximum rate increases and decreases;
- ☐ new property; and
- ☐ annexations and disconnections.

Extensions and valuations earmarked for TIFs or enterprise zone abatements are excluded from the calculation of the limiting rate. The year the TIF expires, the TIF increment is treated as if it was new property, and is called the “recovered tax increment value.”

Limiting rate formula

The limiting rate is the key formula used to administer the PTELL. The sum of the rates for a district's funds subject to the PTELL cannot exceed this limiting rate.

The general formula for the limiting rate is set forth below.

$$\text{Limiting rate} = \frac{A \times (1 + L) \times (R)}{\text{CEAV} - \text{NP} - \text{AX} - \text{TIF} + \text{DIS}}$$

Where:

- A = aggregate extension base
- L = limitation
- R = rate increase factor (if any)
- CEAV = current EAV of district used in setting preliminary rates
- NP = new property
- AX = current EAV of any annexations
- TIF = recovered tax increment value (after the TIF expires)
- DIS = current EAV of any disconnections

If the preliminary aggregate rate for the funds subject to the PTELL is greater than the limiting rate, then the preliminary aggregate rate is reduced to the limiting rate. The limiting rate allows for growth in aggregate extensions by the amount of the limit, plus any amounts for voter-approved new rates, voter-approved maximum rate increases, new property, annexations, and the recovered tax increment value for expiring TIFs.

Limiting rate questions

How can a taxing district estimate the property tax revenue that will be available under the PTELL before it levies?

As a short cut, the taxing district might estimate by simply increasing the prior year extension by the limitation and then adding a percentage increase reflecting the district's best estimate of the new property. For example, if the prior extension was \$100,000, the limitation is 2.5 percent, and new property has been about 5 percent of the tax base, the district could estimate its next year's property tax revenues as follows:

$$\$100,000 \times 1.025 \times 1.05 = \$107,625$$

(This assumes no rate increase factor, annexations, expiring TIFs, or disconnections.)

The taxing district can make a more detailed estimate by using its best estimates for the items in the limiting rate formula to estimate its limiting rate, and then applying that rate to its best estimate of the levy year's tax base.

- ☐ The aggregate extension base will be known after taxes are extended for the prior year. The limitation will be known early in the levy year as soon as the CPI for the December prior to the levy year is published.
- ☐ The rate increase factor is calculated if a voter-approved maximum rate change or new rate is first effective for the levy year being estimated. In addition, a factor also may be calculated for the next four years. See the discussion of the rate increase factor on Page 11.
- ☐ The EAV for the levy year for the taxing district will have to be estimated if the tax base is not final before the district levies. New property may be estimated based on recent trends and other available information, such as major new construction in the district.

What procedure should a taxing district use to instruct the county clerk to reduce rates under Section 18-195 of the Property Tax Code?

If a taxing district does not want rates reduced proportionally for each fund subject to the PTELL, it should pass a resolution or ordinance that gives specific instructions to the clerk (*e.g.*, to reduce the corporate rate to a dollar amount or to a percentage of the levy).

Key Terms Used

Limiting rate questions (cont.)

Can separate limiting rates be calculated for one or all of the taxing district's funds?

Generally, no. The law does allow, however, for separate limiting rates to be calculated in the following three circumstances. See Section 18-195 of the Property Tax Code.

- A corporate authority of a village may make a written request to the county clerk to have separate limiting rates calculated for library funds and for the aggregate of other village funds in order to reduce the funds as may be required by the PTELL.
- A county or township community mental health board may request the county clerk to calculate a separate limiting rate for the community mental health funds.
- A county or township board for care and treatment of persons with a developmental disability may direct the county clerk to calculate separate limiting rates for these funds and for the aggregate of the other county or township funds beginning with the 2001 levy year.

Must a municipality levy for the total amount the municipal library board has legally requested?

Yes, according to Section 3-5 of the Local Libraries Act. (75 ILCS 5/3-5)

If the county clerk must reduce a municipality's extension under Section 18-195 of the Property Tax Code, may the municipality direct the county clerk to reduce the amount to be extended for the municipal library?

Generally, the municipality may direct the county clerk to reduce the extensions for the funds under the PTELL. However, if a village board has made a written request of the county clerk under Section 18-195 to treat library funds separately under the PTELL, only the library board can decide which library funds to reduce.

Rate increase factor

Section 18-230 of the Property Tax Code provides for an increase or decrease in the limiting rate if the voters have approved a new rate or an increase or decrease in a maximum rate. If the voters have approved a rate change that is first effective in the levy year, the extension may be increased or decreased proportionally for that levy year. The mechanism for implementing these adjustments is the rate increase factor, which is applied to the numerator of the limiting rate.

First year factor

The rate increase factor for the first year the voter-approved rate increase becomes effective equals a factor, the numerator of which is the total combined rate for the funds that made up the taxing district's aggregate extension for the prior year, plus or minus the rate increase or decrease approved at referendum. The denominator of the factor is the total combined rate for the funds that made up the aggregate extension for the prior year.

Example

Voters approve an increase in the corporate rate of a taxing district from .250 percent to .400 percent, which is an increase of .150 percentage points. The rate increase is first effective for the 2000 levy year.

The rates extended for levy year 1999 for the district were as follows:

Corporate	.250 percent
Fire Protection	.075 percent
Police Protection	.075 percent
Social Security	.100 percent
Bonds (voter approved)	.150 percent
Total rate	.650 percent

Total combined rate for funds in the aggregate extension: .500 percent

Rate adjustment factor for first year referendum is effective = $(.500 + .150) \div .500$

Rate increase factor = 1.300

Factor for four subsequent years

If the taxing district does not use the full maximum rate approved by the voters the first year it is effective, the district is eligible for rate increase factors for the next four years. The numerator of these factors is the total combined rate for the funds that made up the aggregate extension for the taxing district for the year prior to the first effective year of the voter-approved increase plus any portion of the voter-approved increase not used in the prior year. The denominator is the total combined rate for the funds that made up the aggregate extension for the year prior to the first effective year of the voter-approved increase.

Example

Assume in the example above, the taxing district did not use the full .150 increase in the maximum rate approved by the voters. The extension for the corporate fund for 2000 was only .300 percent, leaving .100 percentage point of the .150 increase unused.

The rate adjustment factor for 2001 is calculated as follows:

Rate adjustment factor = $(.500 + .100) \div .500$

Rate adjustment factor = 1.200

In the subsequent three years, the unused portion will be determined each year by examining the rate extended for the preceding year. The rest of the numerator and denominator remain the same.

Note: In determining the unused portion of the rate increase approved by the voters, compare the rate extended for the fund for the previous year to the pre-referendum maximum rate ("old rate"). If the rate extended was equal to or less than the old maximum rate, none of the voter-approved increase was used and the unused portion of the rate increase equals the new maximum rate minus the old maximum rate.

However, if the rate extended was greater than the old maximum rate, then this unused portion is the new maximum rate minus the rate extended for the fund the prior year.

Rate increase factor questions

Will a voter-approved referendum first effective for the 1996 levy year result in a rate increase factor for the 2000 levy year?

If the taxing district did not utilize the full maximum rate for the 1996 levy year, then the district would receive a rate increase factor for 2000, provided there was an unused portion of the rate for 1999. (**Note:** Referenda first effective for 1995 and earlier would not result in a factor for 2000 because the factor is limited to only the first year after the rate became effective and the four subsequent years.)

Key Terms Used

New property

Under the PTELL, taxing districts receive an additional allowance proportional to the new property in the district. See 86 Illinois Administrative Code, Section 110.190.

“New property” includes the assessed value of

- ☐ new improvements or additions to existing improvements on any parcel of real property that increased the assessed value of that real property during the levy year. It does not include maintenance and repair.
- ☐ property that was exempt during the prior levy year but reclassified and assessed as non-exempt during the current levy year.
- ☐ new improvements or additions to existing improvements that increase the assessed value of property during the levy year in an Enterprise Zone only to the extent taxes are not abated on this new property. To the extent taxes are no longer abated on this property, it is new property the first year the abatement ceases.

The value of the new property is limited to the actual assessed value added by the new improvement, multiplied by the state equalization factor (multiplier). See Section 18-185 of the Property Tax Code.

For the first levy year, the dollar amount of new property for each taxing district subject to the PTELL must be reported to the county clerk by the supervisor of assessments or county assessor. The value reported to the county clerk must be the final value for the new property after final board of review actions.

For subsequent levy years, the township assessors, multi-township assessors, supervisors of assessments, county assessors and boards of review enter their assessment of new property located in taxing districts subject to the PTELL in the assessment books in separate columns specifically designated for new property.

“New property” does **not** include

- ☐ property that received a prorated assessment in the prior year as damaged, uninhabitable property under Section 9-180 of the Property Tax Code, or as damaged property in a disaster area under Section 13-5 of the Property Tax Code.
There are, however, three exceptions.
 - 1) If new improvements are added to the parcel, these improvements are new property.
 - 2) If square footage is added to the structure, this addition is new property.
 - 3) If the property was completely destroyed and rebuilt, then the rebuilt structure is new property.
- ☐ property on which the assessment has increased under Section 10-50 of the Property Tax Code (phaseout of historic residence assessment) and property on which the assessment under Section 10-45 of the Property Tax Code (historic residence assessment) has been revoked.
- ☐ property which was exempt on January 1 of the levy year and reclassified and assessed as non-exempt during the levy year.
- ☐ that portion of property receiving the homestead improvement exemption under Section 15-180 of the Property Tax Code.
However, the additional assessment attributable to the removal or expiration of the homestead improvement exemption is new property in the year of the removal or expiration. The value of the new property is the most recent assessed value of that portion for which the homestead improvement exemption is removed or has expired multiplied by the equalization factor.
- ☐ omitted property assessed under Section 9-265 of the Property Tax Code.
- ☐ new improvements or additions to existing improvements on property in a redevelopment project area, as defined in the Tax Increment Allocation Redevelopment Act [65 ILCS 5/Art. II, Div. 74.4], the Industrial Jobs Recovery Law [65 ILCS 5/Art. II, Div. 74.6] or the Economic Development Area Tax Increment Allocation Act [20 ILCS 620], that increased the assessed value of property during the levy year.
- ☐ any increases in the assessment of land.

New property questions

How will the amount of new property be determined?

For the first year the taxing district is subject to the PTELL, new property will be determined by the supervisor of assessments or the county assessor. The method will be similar to that already used in reporting property assessed for the first time to the department. For subsequent years, new property will be listed by assessors in a separate column in the assessment books.

If a farm is subdivided, is the increase in the land's assessed value or the value of the streets, curbs, and sidewalks considered new property?

No, under Section 18-185 of the Property Tax Code, new property is limited to a new improvement or an addition to an existing structure. An increase in land assessment is not new property.

Where there is a long-term building project and the assessor revalues the property each year based on the construction completed on the assessment date, is the annual increase in value considered new property?

Yes, the increase in value due to the amount of construction completed between the prior assessment date and the current assessment date is new property.

How will the homestead improvement exemption affect the amount of new property?

If there is a new improvement built on an owner-occupied residential parcel, or if an addition is built onto an owner-occupied residence, the owner may apply for an exemption on the increase in market value due solely to the improvement or addition. This exemption lasts four years. The amount exempted is not new property in any of the years the exemption is in effect. Instead, the value is added as new property in the year the exemption is taken off. However, any amount of increase due to new construction that is not covered by the exemption is new property in the year it is first assessed.

When a newly constructed residence receives the general homestead exemption, the senior citizens homestead exemption, and the senior citizens assessment freeze homestead exemption, will these amounts be deducted from new property?

No. Under Section 18-185 of the Property Tax Code, the assessed value of new property is the assessment after all board of review action times the multiplier. These homestead exemptions are removed by the county clerk after the board of review has completed its work.

Non-referendum Bonds

Example

For the 1994 levy year, a collar county clerk extended \$100,000 in debt service for bonds issued before the cutoff date without referendum by a taxing district subject to the PTELL. Some of these bonds were retired in 1995, and the extension for these bonds was \$20,000 of the \$100,000 in the debt service extension base. The district issues more non-referendum bonds and identifies them as limited bonds. The debt service on these new limited bonds is scheduled to be \$15,000 annually. The extension for these limited bonds is excluded from the aggregate extension up to the debt service extension base (\$100,000) minus the continuing extension for non-referendum bonds that are excluded from the PTELL (\$80,000). The available exclusion is \$100,000 minus \$80,000, or \$20,000. Since the debt service for the new limited bonds is only \$15,000, the entire \$15,000 is excluded from the aggregate extension base.

Special provisions

A taxing district may have difficulty paying for non-referendum bonds from its aggregate extension. Two special provisions in the PTELL address this problem.

First, a taxing district may submit the question of issuing any bond directly to the voters of the district under Section 18-190 of the Property Tax Code. If the voters approve the bonds, they are excluded from the PTELL limitation; if the voters do not approve the bonds, they may not be issued.

Second, the PTELL allows county clerks to continue to extend taxes for a taxing district's bonds which are issued without referendum at the level established by the debt service extension base.

The debt service extension base is the amount of the extension for a taxing district for a particular year specified by the statute for payment of principal and interest on bonds issued by the district without referendum except for

- ☐ bonds authorized by Public Act 88-503 and issued under Section 20a of the Chicago Park District Act for aquarium and museum projects;
- ☐ bonds issued under Section 15 of the Local Government Debt Reform Act; or
- ☐ refunding obligations issued to refund or to continue to refund obligations initially issued pursuant to referendum.

The levy year establishing the debt service extension base is specified by statute as follows:

- ☐ **1994** — For taxing districts subject to the PTELL in 1995 and prior years
- ☐ **1996** — For districts that have a portion of their EAV in a collar county and became subject to the PTELL on January 1, 1997, under Section 18-213(e)(2) of the Property Tax Code
- ☐ **The year in which the referendum was held making the district subject to the PTELL** — For districts that become subject to the PTELL by referendum under Section 18-231 of the Property Tax Code

The debt service extension base can be established or increased by referendum. Once established, the debt service extension base does not increase except by referendum. It is available to the taxing district even if extensions have not been made using the limited bond exclusion to the PTELL for one or more years preceding the levy year.

Extensions for limited bonds are excluded from the PTELL, provided the extension does not exceed the taxing district's debt service extension base, less the amounts extended for bonds issued without referendum prior to the cutoff date for excluding bonds from the aggregate extension for the district, or for bonds to refund these bonds, or for preexisting revenue bonds being paid from property tax. See Section 18-185 of the Property Tax Code.

Limited bonds are general obligation bonds that are issued without referendum. These bonds must be identified as limited bonds by the governing authority at the time they are issued under Section 3 of the Local Government Debt Reform Act.

The PTELL Referendum

County boards of counties not already subject to the PTELL decide whether or not to allow voters to choose if property tax extension increases should be limited. The county board can place the issue on the ballot at any election other than a consolidated primary election by passing an ordinance or resolution at least 65 days before the election. The referendum provision is in Section 18-213 of the Property Tax Code.

Referenda authorized by the PTELL are exempt from the requirement that taxing districts may have only three public policy questions on a ballot. The question is placed on a separate ballot and is worded as shown below.

“Shall the Property Tax Extension Limitation Law (35 ILCS 200/18-185 through 18-245), which limits annual property tax extension increases, apply to non-home rule taxing districts with all or a portion of their equalized assessed value located in (name of county)?”

The county clerk’s role

Once a county board agrees to have a PTELL referendum, the county clerk has two major responsibilities. One is ensuring that the question is placed on the ballot, either by doing so directly or by sending a certified copy of the ordinance or resolution to the proper election authorities so they can place it on the ballot. The other occurs immediately after the referendum when the county clerk must notify all taxing districts located in the county and the Illinois Department of Revenue that the referendum was held and report its result.

Effect on taxing districts

If the referendum is approved by the voters, the PTELL applies to all non-home rule taxing districts that are located entirely within the county.

A taxing district that overlaps two or more counties is treated differently. Two conditions must be met before the district becomes subject to the PTELL.

- ☐ All counties in which the district is located must have held referenda except for the portion of the district that overlaps in Cook County or the collar counties.
- ☐ A majority of the taxing district’s EAV must be located in counties where voters have approved the referenda. In making this calculation, the EAV of any portion of the district that overlaps in Cook or the collar counties is included with the EAV of the counties where the voters approved the referenda.

If these two conditions are met, the entire district becomes subject to the PTELL, even the portion in any county where voters rejected the referendum. After the final referendum is held, the Illinois Department of Revenue will notify the taxing district and the county clerks of all the counties in which the district is located whether or not the district is subject to the PTELL.

Effective date

For taxing districts located entirely within a county, the PTELL applies to levies for the year immediately following a voter-approved PTELL referendum. For example, if voters approved a referendum in November 2000, districts in the county will first be affected for 2001 taxes, payable in 2002.

For taxing districts that overlap two or more counties, the PTELL applies to levies for the year immediately following the referendum that makes the district subject to the PTELL.

County referendum questions

If a taxing district overlaps three counties, and two of those counties have held referenda at which voters approved the question of applying the PTELL to taxing districts in their county, is the district subject to the PTELL? The third county has not held a referendum. Only 1 percent of the tax base of the district is in the third county.

No, the taxing district is not subject to the PTELL unless all counties in which it is located have held a referendum under Section 18-213 of the Property Tax Code.

Suppose the third county now holds a referendum under Section 18-213 of the Property Tax Code. What happens if the voters do not approve the referendum?

The fact that the third county has held a referendum means that the taxing district is now subject to the PTELL, even though the voters in the third county rejected the PTELL question. This is because a district is subject to the PTELL if

- ☐ all the counties in which it is located have held a referendum under Section 18-213 of the Property Tax Code, and
- ☐ the majority of the EAV of the district is in counties in which voters have approved the referendum.

One county held a referendum in 1996, another in 1998, and the third county in the year 2010. In determining whether the majority of the EAV is in counties where the voters have approved the Section 18-213 referendum, what year’s EAV will be used?

The EAV for the 2009 levy year will be used because it is the levy year immediately preceding the year of the final referendum.

What is the cutoff date for exempting bonds in this example?

Bonds issued before the date of the referendum in 2010 are excluded from the limitation. This is true even though the referendum in 2010 resulted in voters in that county rejecting the PTELL.

What year is used in determining the debt service extension base for the taxing district in this same example?

Extensions for the 2010 levy year will be used in determining the debt service extension base because this is the year of the final referendum.

The PTELL Referendum

Rescinding the referendum

The county board in counties other than Cook and the collar counties may again put the PTELL question to the voters using the same referendum process and ballot question that made taxing districts subject to the PTELL. The provision for rescinding the referendum is in Section 18-214.

“Shall the Property Tax Extension Limitation Law (35 ILCS 200/18-185 through 35 ILCS 200/18-245), which limits annual property tax extension increases, apply to non-home rule taxing districts with all or a portion of their equalized assessed valuation located in (name of county)?”

If the voters reject the PTELL at this referendum, taxing districts located entirely within the county will no longer be subject to the PTELL.

Effect on taxing districts

A taxing district that overlaps two or more counties and that is subject to the PTELL by referendum will no longer be subject to the PTELL if two conditions are met.

- ☐ First, the question must be put on the ballot in each county that is outside Cook or the collar counties in which the district overlaps unless the county's voters rejected the most recent PTELL referendum.
- ☐ Second, a majority of the taxing district's equalized assessed value, other than equalized assessed value in Cook or the collar counties, must be located in counties where voters have rejected the most recent PTELL referendum.

If these two conditions are met, the entire taxing district will no longer be subject to the PTELL, even the portion in any county where voters have approved this referendum. The Department of Revenue will then notify the district and the county clerks of all the counties in which the district is located that the district is no longer subject to the PTELL.

Effective date

The PTELL does not apply to levies made for the year immediately following a referendum that results in a taxing district no longer being subject to the PTELL.

Tax Extension Instructions for County Clerks

Example A - Levy year 2000 extension example (basic steps)

Section 1 Obtain the following for each district subject to the PTELL:

- 1 Extensions for 1999 tax year for the funds that are subject to the PTELL (*i.e.*, aggregate extension base)
- 2 Equalized assessed value (EAV) for 2000 tax year (taxes payable in 2001)
- 3 2000 levies

- 4 Assessed value of new property for the district

Section 2 Extend taxes as follows:

- 5 Compute preliminary tax rates for the district by fund as usual. (These are preliminary rates because they may be reduced by the PTELL. A preliminary rate cannot be greater than the maximum rate for the fund.)
- 6 Add the preliminary rates for those funds subject to the PTELL.
- 7 Compute the numerator of the limiting rate. Multiply the 1999 aggregate extension base by one plus the limit (1.027) or other limitation passed by referendum under Section 18-205 of the Property Tax Code.
- 8 Compute the denominator of the limiting rate by subtracting from the 2000 EAV the product of the assessed value of new property from Line 4 times the multiplier.
- 9 Compute the limiting rate by dividing the numerator from Line 7 by the denominator from Line 8.
- 10 Compare the total of the preliminary rates from Line 6 to the limiting rate from Line 9.

If the total of the preliminary rates from Line 6 is less than or equal to the limiting rate from Line 9, the district is not affected by the PTELL. Do not continue to Lines 11 and 12. Extend taxes as usual.

If the total of the preliminary rates from Line 6 is greater than the limiting rate from Line 9, the district is affected by PTELL. Complete Lines 11 and 12.

- 11 Reduce the preliminary rates from Line 5 that are subject to the PTELL by multiplying them by a factor equal to the limiting rate from Line 9 divided by the total of the preliminary rates from Line 6. *
- 12 Extend taxes using the rates computed in Line 11.

* Under Section 18-195 of the Property Tax Code, a taxing district may direct the county clerk to reduce the extensions by different amounts, provided the limiting rate and the maximum rate for a fund is not exceeded.

**County multiplier is 1.0000. Change in CPI is 2.7%.
Aggregate extension base year is 1999.**

1 Extensions for 1999 tax year: (corporate and recreation)	\$ 270,000
2 2000 EAV:	\$ 10,400,000
3 2000 levies:	
Corporate	\$ 280,000
Recreation	\$ 20,000
Bonds (not subject to the PTELL)	\$ 100,000
4 New property:	\$ 400,000

5 Compute preliminary tax rates:	
Corporate \$ 280,000 ÷ \$ 10,400,000	= .02692
Recreation \$ 20,000 ÷ \$ 10,400,000	= .00192
Bonds \$ 100,000 ÷ \$ 10,400,000	= .00962
6 Add preliminary rates: .02692 + .00192	= .02884

7 Numerator: \$ 270,000 x 1.027	= \$277,290
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8 Denominator:	
\$10,400,000 - (\$400,000 x 1.0000)	= \$10,000,000

9 Limiting rate: \$277,290 ÷ \$10,000,000	= .02773
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- 10 Total of the preliminary rates from Line 6 is greater than the limiting rate from Line 9. District is affected by the law.

11 Factor to reduce rates: *.02773 ÷ .02884	= .9615
New rates:	
Corporate .02692 x .9615	= .02588
Recreation .00192 x .9615	= .00185

12 Extend taxes:	
Corporate .02588 x \$ 10,400,000	= \$ 269,152
Recreation .00185 x \$ 10,400,000	= \$ 19,240
	\$ 288,392
Bonds .00962 x \$ 10,400,000	= \$ 100,048
	\$ 388,440

Tax Extension Instructions for County Clerks

Example B - Levy year 2000 extension example with voter-approved tax rate increase

Section 1 Obtain for each district subject to the PTELL:

- 1 Extensions for 1999 tax year for the funds that are subject to the PTELL (*i.e.*, the aggregate extension base)
- 2 Equalized assessed value (EAV) for 2000 tax year (taxes payable in 2001)
- 3 2000 levies
- 4 Rate increases authorized by a referendum first effective for the 2000 levy year.
- 5 Prior year combined rate for funds subject to the PTELL (This information is needed only if the voters approved either a maximum rate increase or decrease or a new rate for a fund subject to the PTELL.)
- 6 Assessed value of new property for the district

Section 2 Extend taxes as follows:

- 7 Compute preliminary tax rates for the district by fund as usual. (These are preliminary rates because they may be reduced by the PTELL. A preliminary rate cannot be greater than the maximum rate for the fund.)
- 8 Add the preliminary rates for those funds subject to the PTELL.
- 9 Compute the numerator of the limiting rate.
 - a If the voters have approved a rate increase first effective for the 2000 levy year, calculate a rate increase factor. Add the increase in rate from Line 4 to the 1999 combined rate for the funds subject to limitation from Line 5. Divide this sum by the 1999 combined rate from Line 5. (See Section 18-230 of the Property Tax Code for further detail.)
 - b Multiply the 1999 aggregate extension base from Line 1 by the rate increase factor from Line 9a.
 - c Finish computing the numerator of the limiting rate by multiplying the 1999 aggregate extension base as adjusted by the rate increase factor from Line 9b by one plus the limitation (1.027) or other limitation passed by referendum under Section 18-205 of the Property Tax Code.

**County multiplier is 1.0000. Change in CPI is 2.7%
Aggregate extension base year is 1999.**

- | | |
|--|---------------|
| 1 Extensions for 1999 tax year:
(corporate and recreation) | \$ 270,000 |
| 2 2000 EAV: | \$ 10,400,000 |
| 3 2000 levies: | |
| Corporate | \$ 280,000 |
| Recreation | \$ 20,000 |
| Bonds (not subject to the PTELL) | \$ 100,000 |
| 4 Corporate rate increase by referendum | .001 |
| 5 Combined rate for corporate and recreation for the 1999 levy year | .02812 |
| 6 New property | \$ 400,000 |
| 7 Compute preliminary tax rates: | |
| Corporate \$ 280,000 ÷ \$ 10,400,000 = | .02692 |
| Recreation \$ 20,000 ÷ \$ 10,400,000 = | .00192 |
| Bonds \$ 100,000 ÷ \$ 10,400,000 = | .00962 |
| 8 Add preliminary rates: .02692 + .00192 = | .02884 |
| 9 Numerator: | |
| a Calculate rate increase factor:
(.02812 + .001) ÷ .02812 = | 1.0356 |
| b Multiply the prior-year extension by the rate increase factor:
\$270,000 x 1.0356 = | \$279,612 |
| c Numerator of limiting rate:
\$279,612 x 1.027 = | \$287,162 |

Tax Extension Instructions for County Clerks

10 Compute the denominator of the limiting rate by subtracting from the 2000 EAV the product of the assessed value of new property from Line 6 times the multiplier.

11 Compute the limiting rate by dividing the numerator from Line 9c by the denominator from Line 10.

12 Compare the total of the preliminary rates from Line 8 to the limiting rate from Line 11.

If the total of the preliminary rates from Line 8 is less than or equal to the limiting rate from Line 11, the district is not affected by the PTELL. Do not continue to Lines 13 and 14. Extend taxes as usual.

If the total of the preliminary rates from Line 8 is greater than the limiting rate from Line 11, the district is affected by the PTELL. Complete Lines 13 and 14.

13 Reduce the preliminary rates from Line 7 that are subject to the PTELL by multiplying them by a factor equal to the limiting rate from Line 11 divided by the total of the preliminary rates from Line 8.*

14 Extend taxes using the rates computed in Line 13.

* Under Section 18-195 of the Property Tax Code, a taxing district may direct the county clerk to reduce the extensions by different amounts, provided the limiting rate and the maximum rate for a fund is not exceeded.

10 Denominator:

$$\text{\$10,400,000} - (\text{\$400,000} \times 1.0000) = \text{\$10,000,000}$$

11 Limiting rate: $\text{\$287,162} \div \text{\$10,000,000} = .02872$

12 Total of preliminary rates from Line 8 is greater than the limiting rate from Line 11. District is affected by the law.

13 Factor to reduce rates: $.02872 \div .02884 = .9958$

New rates:

Corporate	.02692	x	.9958	=	.02681
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Recreation	.00192	x	.9958	=	.00191
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14 Extend taxes:

Corporate	.02681	x	\\$ 10,400,000	=	\\$ 278,824
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Recreation	.00191	x	\\$ 10,400,000	=	\\$ 19,864
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				=	\\$ 298,688
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Bonds	.00962	x	\\$ 10,400,000	=	\\$ 100,048
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				=	\\$ 398,736
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Tax Extension Instructions for County Clerks

Example C - Levy year 2000 extension example with TIF

Section 1 Obtain the following for each district subject to the PTELL:

- 1 Extensions for 1999 tax year for funds subject to the PTELL (excluding extensions for the TIF increment)
- 2 Equalized assessed value (EAV) for 2000 tax year (taxes payable in 2001), including TIF increment
- 3 2000 levies
- 4 Assessed value of new property located inside the district but outside of the TIF
- 5 TIF increment

Section 2 Extend taxes as follows:

- 6 Compute preliminary tax rates for the district by fund as usual. (These are preliminary rates because they may be reduced by the PTELL. A preliminary rate cannot be greater than the maximum rate for the fund.)

Divide the levy for each fund by the 2000 EAV minus the TIF increment.

- 7 Add the preliminary rates for those funds subject to the PTELL.
- 8 Compute the numerator of the limiting rate. Multiply the 1999 aggregate extension base (excluding extensions for the TIF increment) by one plus the limitation (1.027) or other limitation passed by referendum under Section 18-205 of the Property Tax Code.
- 9 Compute the denominator of the limiting rate by subtracting from the 2000 EAV (excluding the TIF increment) the product of the assessed value of new property from Line 4 (located inside the district but outside of the TIF) times the multiplier. (New construction which is a part of the TIF increment is not new property under the PTELL.)
- 10 Compute the limiting rate by dividing the numerator from Line 8 by the denominator from Line 9.

**County multiplier is 1.0000. Change in CPI is 2.7%
Aggregate extension base year is 1999.**

1 1999 extensions, excluding TIF extensions	\$ 260,000
2 2000 EAV	\$10,000,000
3 2000 Levies:	
Corporate	\$ 264,000
Tort liability	\$ 23,000
Bonds (not subject to the law)	\$ 90,000
4 New property	\$ 100,000
5 TIF increment	\$ 1,000,000

- 6 Compute preliminary tax rates:

Corporate	
$\$264,000 \div (\$10,000,000 - \$1,000,000) =$.02933
Tort liability	
$\$23,000 \div (\$10,000,000 - \$1,000,000) =$.00256
Bonds	
$\$90,000 \div (\$10,000,000 - \$1,000,000) =$.01000

- 7 Add preliminary rates: .02933 + .00256 = .03189

- 8 Numerator: $\$260,000 \times 1.027 = \$267,020$

- 9 Denominator:
 $\$9,000,000 - (\$100,000 \times 1.0000) = \$8,900,000$

- 10 Limiting rate: $\$267,020 \div \$8,900,000 = .03000$

Tax Extension Instructions for County Clerks

- 11** Compare the total of the preliminary rates from Line 9 to the limiting rate from Line 12.

If the total of the preliminary rates from Line 9 is less than or equal to the limiting rate from Line 12, the district is not affected by the PTELL. Do not continue to Lines 14 and 15. Extend taxes as usual.

If the total of the preliminary rates from Line 9 is greater than the limiting rate from Line 12, the district is affected by the PTELL. Complete Lines 14 and 15.

- 12** Reduce the preliminary rates from Line 8 that are subject to the PTELL by multiplying them by a factor equal to the limiting rate from Line 12 divided by the total of the preliminary rates from Line 9.*

- 13** Extend taxes using the rates computed in Line 14.

* Under Section 18-195 of the Property Tax Code, a taxing district may direct the county clerk to reduce the extensions by different amounts, provided the limiting rate and the maximum rate for a fund is not exceeded.

- 11** Total of the preliminary rates from Line 9 is greater than the limiting rate from Line 12. District is affected by the PTELL.

- 12** Factor to reduce rates: $.03000 \div .03189 = .9407$
New rates:

Corporate	.02933	x .9407	=	.02759
Tort liability	.00256	x .9407	=	.00241

- 13** Extend taxes:

Total extension to district and TIF:

Corporate	.02759	x \$ 10,000,000	=	\$275,900
Tort liability	.00241	x \$ 10,000,000	=	\$ 24,100
Bonds	.01000	x \$ 10,000,000	=	\$100,000
Total				\$400,000

Extension to district only (rates multiplied by 2000
EAV without TIF increment)

Corporate	.02759	x \$ 9,000,000	=	\$ 248,310
Tort liability	.00241	x \$ 9,000,000	=	\$ 21,690
Bonds	.01000	x \$ 9,000,000	=	\$ 90,000
Total				\$ 360,000

PTELL Legislation History

Note: The descriptions do not provide a comprehensive listing of every detail in the legislation. The Illinois Department of Revenue, its employees, other agencies of the State of Illinois, and the State of Illinois make no warranty and assume no liability or responsibility for the completeness, accuracy, format, and nature of the information contained in this publication or its use or misuse.

Public Act 87-17

Effective October 1, 1991

Enacted the Property Tax Extension Limitation Act (PTELA), effective for the 1991 levy year for all non-home rule taxing districts with a majority of their 1990 EAV in the collar counties of DuPage, Kane, Lake, McHenry, or Will.

Exempted from the limitation the extensions for bonds issued before October 1, 1991, and certain other commitments made before this cutoff date.

Provided that referenda made under the PTELA are exempt from the requirement that taxing districts may have only three referenda on a ballot as mandated in the Election Code.

Provided authority for taxing districts to put any bond, even a non-referendum bond, on the ballot. Required voter-approval before levying any new rate, or taking advantage of a new maximum rate.

Provided an extension limitation for Cook County based on the prior year EAV of a taxing district.

Added a uniform levy date of the last Tuesday in December for all taxing districts.

Public Act 88-455

Effective January 1, 1994

Recodified the Revenue Act of 1939 into the Property Tax Code. (The limitation became The Property Tax Extension Limitation Law [PTELL] in the Property Tax Code.)

Public Act 89-1

Effective February 12, 1995

Subjected Cook County taxing districts to the PTELL as follows:

- Beginning with the 1994 levy year, the new One-Year Property Tax Extension Limitation Law applied to non-home rule districts in Cook and the collar counties that were not previously subject to the PTELL effective for the 1994 levy year. (The limitation for the 1994 levy year was 5 percent.)
- Cook County taxing districts were subjected to the PTELL beginning with the 1995 levy year.

Exempted from the limitation the extensions for bonds issued before March 1, 1995, and certain other commitments made before this cutoff date for taxing districts added by this Public Act.

Deleted Section 18-220 concerning disconnected property and added disconnected property to Section 18-225 of the Property Tax Code.

Public Act 89-138

Effective July 14, 1995

Revised the definition of new property to include property exempt in the immediately prior year which is not now exempt.

Public Act 89-385

Effective August 18, 1995

Allowed a taxing district to continue to extend taxes for non-referendum bonds at the same level as it did in 1994. That level was defined as the "debt service extension base."

Provided for increasing or establishing the debt service base by referendum. Bonds to be paid under this provision must be labeled "limited bonds" under the Local Government Debt Reform Act.

Exempted alternate bonds or double-barreled bonds issued under Section 15 of the Local Government Debt Reform Act from the limitation.

Public Act 89-436

Effective January 1, 1996

Created a deduction from the denominator of the limiting rate for the recovered tax increment value, thus allowing capped taxing districts to access the TIF increment as though it was new construction after a TIF is dissolved.

Public Act 89-510

Effective July 11, 1996

Allowed county boards to call for a referendum to establish the PTELL for non-home rule districts in the county, effective for the levy year after the referendum is held.

Exempted from the limitation the extensions for bonds issued before the date of the referendum making the district subject to the PTELL and certain other commitments made before this cutoff date.

Established the debt service extension base for non-referendum bonds for taxing districts made subject to the PTELL by referendum as the extension for this type of bond for the levy year in which the referendum is held.

Public Act 89-718

Effective March 7, 1997

Allowed county boards of counties that are subject to the PTELL by referendum to give voters the opportunity to rescind the PTELL using the same referendum process as that used to make the county subject to the PTELL. A referendum can be held in a county only at the request of the county board.

Public Act 90-056**Effective June 30, 1999**

Amends the PTELL to provide that notices required in connection with the submission of public questions on or after July 1, 1999, shall be as set forth in Section 12-5 of the Election Code.

Public Act 90-320**Effective January 1, 1998**

Beginning on January 1, 1998 and thereafter, the EAV of all property for the computation of the amount to be extended within Cook County is the sum of (i) the EAV of such property for the year immediately preceding the levy year as established by the assessment and equalization process for the year immediately prior to the levy year, (ii) the EAV of any property that qualifies as new property, as defined in Section 18-185, or annexed property, as defined in Section 18-225, for the current levy year, and (iii) any recovered tax increment value, as defined in Section 18-185, for the current levy year, less the EAV of any property that qualifies as disconnected property, as defined in Section 18-225, for the current levy year.

Public Act 90-339**Effective August 8, 1997**

Amends the PTELL to provide that, upon written request of a corporate authority of a village, the county clerk shall calculate separate limiting rates for library funds and for the aggregate of other village funds in order to reduce the funds as may be required by the PTELL.

Public Act 90-485**Effective January 1, 1998**

The amount of bonds issued under the Metropolitan Water Reclamation District Act as limited bonds and paid for from the debt service extension base is increased. The bonds excluded from the PTELL in Section (h) are treated as though they had been issued by referendum. Therefore, the payments on these bonds are not deducted from the debt service extension base amount in calculating the amount of limited bonds payments that can be exempt from the PTELL.

Public Act 90-511**Effective August 22, 1997**

Extensions made by a school district that participates in the Special Education District of Lake County (SEDLC) are excluded from the PTELL to the extent of the school district's contribution to the SEDLC's required contribution to the Illinois Municipal Retirement Fund. The school district must certify the amount of the extension to the county clerk.

Public Act 90-568**Effective January 1, 1999**

When taxes are extended for the 1997 levy year, a non-home rule taxing district's recovered tax increment (TIF) must be increased by an amount equal to the 1994 EAV of each taxable lot, block, tract, or parcel of real property in the redevelopment project area above the initial EAV of each property in the redevelopment project area if the following conditions are met:

- ☐ The taxing district became subject to the PTELL for the 1995 levy year because a majority of its 1994 EAV was in an affected county.
- ☐ The municipality terminated the designation of an area in 1993 as a redevelopment project area previously established under the Tax Increment Allocation Act, Industrial Jobs Recovery Law, or the Economic Development Area Tax Increment Allocation Act.

Public Act 90-616**Effective July 10, 1998**

When computing the limiting rate for the PTELL, the Cook County clerk must include any recovered tax increment value that was applicable to the 1995 tax year calculations in the 1997 recovered tax increment value for any school district.

Public Act 90-652**Effective July 28, 1998**

Beginning with the 1998 levy year, a county or township community mental health board may request the county clerk to calculate a separate limiting rate for the community health funds.

Public Act 90-653**Effective July 29, 1998**

Qualifying school districts subject to property tax extension limitations as imposed under the provisions of the PTELL may receive a general state aid adjustment grant. Eligibility for this grant is determined annually and claims for grant payments are paid subject to appropriations made. One of the qualifications to receive this grant is to certify that the school district had its Preliminary Tax Rate extension for the Base Tax Year reduced as a result of the Property Tax Extension Limitation Law.

PTELL Legislation History**Public Act 90-655****Effective July 1, 1998**

First 1998 General Revisory Act

Public Act 90-719**Effective August 7, 1998**

The provisions of Section 18-190 requiring a referendum to establish a new levy do not apply when two or more taxing districts merge and the service and the corresponding portion of the aggregate extension base transferred to a taxing district are for a service for which the transferee taxing district does not currently levy.

Public Act 90-812**Effective January 26, 1999**

Amends the Local Government Debt Reform Act, the Property Tax Code, the Illinois Pension Code, the Illinois Municipal Code, and the Public Library District Act of 1991, to require a notice of publication 10 to 45 days prior to the election, rather than the current 10 to 30 day notice requirement. This requirement affects elections held on or after November 1, 1998.

Also amends the School Code to provide three alternatives for the notice of bond referendum, instead of the one provided by current law.

Public Act 91-57**Effective June 30, 1999**

Amends the PTELL to provide that notices required in connection with the submission of public questions on or after July 1, 1999, shall be as set forth in Section 12-5 of the Election Code.

Public Act 91-111**Effective July 14, 1999**

Amends the School Code to provide that local resources, as a component of the school aid formula, shall be determined using an equalized assessed valuation of the district's taxable property with consideration given to the limitations of the PTELL on the growth in district property tax revenues. For school districts having a majority of their EAV in any county except Cook, DuPage, Kane, Lake, McHenry, or Will, if the amount of general state aid allocated to the school district for the 1999-2000 school year is less than the amount of general state aid allocated to the district for the 1998-1999 school year, then the general state aid of the district for the 1999-2000 school shall be increased by the difference between these amounts.

Requires that the State Board of Education secure from the Illinois Department of Revenue the limiting rate for all school districts subject to limitations under the PTELL.

Public Act 91-357**Effective July 29, 1999**

First 1999 General Revisory Act

Public Act 91-478**Effective November 1, 1999**

Amends the Property Tax Code to provide that in the first year after a municipality removes taxable property from a redevelopment project area the "recovered tax increment value" means the amount of the current year's equalized assessed value (EAV) of the property removed, less the initial EAV of that real property before removal from the redevelopment project area.

Public Act 91-493**Effective August 13, 1999**

Amends the Local Government Debt Reform Act to allow local governments to either purchase or lease real or personal property under installment agreements that may not exceed 20 years or a greater length of time that is authorized by law.

The governmental units are allowed to issue certificates of indebtedness evidencing the agreement. The certificates are valid regardless of whether there is an appropriation made in a budget adopted by the governmental unit. In addition, provides that governmental units may acquire or dispose of either real or personal property in "any manner, as the governing body shall determine, if the governmental unit will lease the property." Allows limited bonds to be levied at any time before March 1. Provides that bonds authorized by referendum or subject to backdoor referendum must be issued within five years after the referendum or three years after the end of the petition period for a backdoor referendum.

Amends the Municipal Code to extend from 10 to 20 years the time period in which a city with a population fewer than 1,000,000 must pay off a purchase or lease installment contract.

Public Act 91-859**Effective June 22, 2000**

Authorizes a county or township board, for care and treatment of persons with a developmental disability, to direct the county clerk to calculate separate limiting rates for these funds and for the aggregate of the other county or township funds under the PTELL beginning with the 2001 levy year.

Public Act 91-868

Effective June 22, 2000

Provides that an authorizing ordinance adopted by local governments regarding bonds, subject to back-door referendum, must be published at least once in a newspaper of general circulation in the governmental unit. The bill also allows, but does not require, the notice to be posted on the unit's Internet page.

Sets forth an alternate bond approval referendum that can be used for any front door or back door referendum, for any election after July 1, 2000, which includes information, *i.e.*, a school district that has received a grant entitlement from the Illinois State Board of Education (ISBE), per the School Construction Law, to be financed in part with proceeds of a bond authorized by referendum, and provides wording for the ballot.

Further provides that debt services on alternate bonds issued as variable rate bonds shall be projected based on the rate for the most recent date shown in the General Obligation Bond Index of average municipal bond yields as published in the most recent edition of The Bond Buyer. This bill also provides that amounts payable by a governmental unit and calculated at an agreed rate pursuant to an agreement in connection with the alternate bonds entered into at the time of issuance must be projected based on the agreed rate.

Amends the Public Library District Act of 1991 to provide that a library district may extend taxes to pay the principal and interest on bonds issued to refund general obligation bonds on taxable property that was in the district on the date that the bonds being refunded were issued. Further provides that the net interest rate on the refunding bonds may not exceed the net interest rate on the refunded bonds, the final maturity date of the refunding bonds may not extend beyond the final maturity date of the refunded bonds, and the debt service payable on the refunding bonds in any year may not exceed the debt service that would have been payable on the refunded bonds in that year.

Public Act 91-885

Effective July 6, 2000

Amends the Property Tax Code to allow for the abatement, not to exceed 10 years, of property taxes for property that is used for a municipal airport, subject to certain leasehold assessments, and is sublet from a park district from a municipality, but only if the property is used exclusively for recreational facilities or parking lots for those facilities.

Amends the Illinois Municipal Code to provide that if property within a municipality also lies within a park district and is taxed for park or recreational purposes by both the municipality and the park district, the municipality may pay all or part of the park district tax for a period not to exceed 10 years.

Provides that for purposes of the PTELL, that the amount of the extension abatement shall continue to be included in the park district's aggregate extension base.

Amends the Park District Code and the Chicago Park District Act regarding criminal background investigations for applications for employment.

Special Provisions for Cook County

Prior year EAV questions

Should the denominator used for the limiting rate by a Cook County taxing district contain the current year EAV of the district or the prior year EAV?

The denominator of the limiting rate is based on the current year EAV of the taxing district.

A Cook County taxing district had a referendum at which the voters approved an increase in the maximum rate from .25 percent to .40 percent. The first year the rate increase was effective, the county clerk extended a rate of .37 percent because of the prior year EAV provision (*i.e.*, the county clerk reduced the levy to an amount equal to .40 percent of the prior year EAV of the taxing district before calculating the preliminary rate). Is the taxing district entitled to a rate increase factor for subsequent years because the extension was at a lower rate than the maximum rate approved?

No. The taxing district used all of its new maximum rate of .40 percent the first year it was effective because the amount extended was based on the .40 percent maximum rate.

This appendix considers the interaction between the PTELL and the prior year EAV provision for Cook County. See Section 18-145 of the Property Tax Code.

Counties and taxing districts affected by prior year EAV provisions

All non-home rule taxing districts in Cook County are affected. All non-home rule taxing districts overlapping Cook County are affected.

Use of prior year EAV

The Cook County clerk uses the prior year EAV to compute the taxing district's maximum allowable levy under Section 18-45 of the Property Tax Code. The most that can be raised for a fund is the maximum tax rate for that fund multiplied by the prior year EAV for all property currently in the district. Beginning January 1, 1998, the prior year EAV includes the prior year EAV plus the EAV of any new property, the current year value of any annexed property, and any recovered tax increment value, minus any disconnected property for the current year under the PTELL as provided in Public Act 90-320.

For taxing districts overlapping in other counties, the maximum allowable levy is computed using the prior year EAV for the Cook County portion of the district as explained above and the current year EAV for the rest of the district.

The tax rate for a fund is calculated by dividing the maximum amount that can be extended under the prior year EAV provision (*i.e.*, the lesser of the levy or the prior year EAV times the maximum rate) by the current year EAV. The resulting rate is the preliminary rate unless it exceeds the maximum rate, in which case the maximum rate is the preliminary rate.

Tax bills under prior year EAV provisions

The taxes are extended against the current year EAV for the entire taxing district using the rates calculated as indicated above in accordance with Section 18-140 of the Property Tax Code. The effect in districts with increasing EAVs is to lower the tax rate for those districts that are already at their maximum tax rate for a given fund.

Use of the prior year EAV limitation and the PTELL both limit growth in extensions, but in different ways.

Combining prior year EAV and the PTELL

The PTELL is applied after the prior year EAV limitation. The use of prior year EAV to limit the allowable tax levy may reduce tax rates for funds that are at or near their maximum rates in districts with rising EAVs. These reduced rates and all other rates for those funds subject to the PTELL are added together, which results in the aggregate preliminary rate. The aggregate preliminary rate is then compared to the limiting rate. If the limiting rate is more than the aggregate preliminary rate, there is no further reduction in rates due to the PTELL. If the limiting rate is less than the aggregate preliminary rate, the aggregate preliminary rate is further reduced to the limiting rate.

One or both of these limitations may limit the extensions for a taxing district. All other limits remain in effect, including maximum rate limits. Truth-in-Taxation is based on levies and is not affected by prior year EAV and the PTELL.

In all cases, taxes are extended using current year EAV under Section 18-140 of the Property Tax Code.

Special Provisions for Cook County

Steps in applying the PTELL and the prior year EAV provision to a tax extension

(Applicable to taxing districts in Cook County, or overlapping into Cook County.)

- 1) Receive and examine levies.
- 2) Apply prior year limitation to each fund. (See Section 18-45 of the Property Tax Code.)
- 3) Calculate preliminary tax rate for each fund using current year EAV.
- 4) Add preliminary tax rates for those funds in the aggregate extension.
- 5) Calculate limiting rate for the PTELL.
- 6) Compare limiting rate to sum of preliminary tax rates from Step 4.
- 7) Reduce tax rates from Step 3 (if necessary) so the sum of the preliminary rates is not more than the limiting rate.
- 8) Extend taxes.

Explanation of steps

- 1) **Receive and examine levies.** Taxing districts file the levy with the Cook County Clerk by the last Tuesday in December.
- 2) **Apply prior year limitation to each fund.** Property Tax Code, Section 18-45, last sentence.
Determine the maximum amount that can be extended under the prior year EAV provision:
For each fund with a rate limit, multiply the rate limit by the prior year's EAV (which, beginning January 1, 1998, includes the prior year EAV plus the EAV of any new property, the current year value of any annexed property, and any recovered tax increment value, minus any disconnected property for the current year under the PTELL as provided in Public Act 90-320) for any portion of the taxing district in Cook County, and add the result to the rate limit multiplied by the current year's EAV for any portion of the taxing district in any other county. This sum is the maximum amount that can be extended.
- 3) **Calculate preliminary tax rate for each fund using current year EAV.** Property Tax Code, Section 18-140.
Divide the maximum amount that can be extended under the prior year EAV provision (*i.e.*, the lesser of the levy or the maximum amount as calculated in Step 2) by the current year EAV. Examine the rate. Reduce this figure to the maximum allowable rate if it exceeds that rate. The result is the preliminary rate for each fund.
- 4) **Add the preliminary tax rates for those funds in the aggregate extension together.** Property Tax Code, Section 18-145, "Aggregate Extension."
Determine which funds are to be included in the aggregate extension. Add the preliminary rates as calculated in Step 3 for these funds.
- 5) **Calculate limiting rate for the PTELL.** Property Tax Code, Section 18-185, "Limiting Rate."
 - a) Determine the limitation. For most taxing districts, this is the change in CPI for the year prior to the levy year or 5 percent, whichever is less. However, for any district that has held a successful referendum under Section 18-205 of the Property Tax Code, it is the limitation approved by the voters.
 - b) Determine the assessed value of new property for the taxing district as certified by the board of review. Multiply the assessed value by the state multiplier. The result is the new property for the limiting rate.
 - c) If this is the first year after a TIF expiration within the taxing district, calculate a recovered tax increment value by subtracting the initial EAV of the TIF from the current year value of the TIF area.
 - d) Calculate the numerator of the limiting rate. This is equal to the aggregate extension base multiplied by (1 + the limitation) multiplied by any rate adjustment factor that may apply.
 - e) Calculate the denominator of the limiting rate. This is equal to the current EAV used for determining the preliminary rates, minus the current EAV of any newly annexed territory, plus the current EAV of any newly disconnected territory, minus the new property calculated in Step 5(b), minus any recovered tax increment value from Step 5(c).
 - f) Calculate the limiting rate by dividing the numerator from Step 5(d) by the denominator from Step 5(e).
- 6) **Compare limiting rate to sum of preliminary tax rates from Step 4.** Property Tax Code, Section 18-195.
Compare the limiting rate from Step 5(f) to the sum of the preliminary tax rates from Step 4.
- 7) **Reduce tax rates from Step 3 (if necessary) so the sum of the preliminary rates is not more than the limiting rate.** Property Tax Code, Section 18-195.
If the limiting rate is greater than the sum of the preliminary rates, no reduction under the PTELL is necessary. If the limiting rate is less than the sum of the preliminary rates, the preliminary rates must be reduced. Unless the taxing district has directed otherwise, they are to be reduced proportionally. Multiply each fund's rate by a factor using a numerator equal to the limiting rate and the denominator equal to the sum of the preliminary rates.
- 8) **Extend taxes.** Property Tax Code, Section 18-195.
Extend the rates against the current year EAV.

PTELL Statute

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Division 5. Property Tax Extension Limitation Law

(35 ILCS 200/18-185)

Sec. 18-185. Short title; definitions.

This Division 5 may be cited as the Property Tax Extension Limitation Law. As used in this Division 5:

“Consumer Price Index” means the Consumer Price Index for All Urban Consumers for all items published by the United States Department of Labor.

“Extension limitation” means (a) the lesser of 5% or the percentage increase in the Consumer Price Index during the 12-month calendar year preceding the levy year or (b) the rate of increase approved by voters under Section 18-205.

“Affected county” means a county of 3,000,000 or more inhabitants or a county contiguous to a county of 3,000,000 or more inhabitants.

“Taxing district” has the same meaning provided in Section 1-150, except as otherwise provided in this Section. For the 1991 through 1994 levy years only, “taxing district” includes only each non-home rule taxing district having the majority of its 1990 equalized assessed value within any county or counties contiguous to a county with 3,000,000 or more inhabitants. Beginning with the 1995 levy year, “taxing district” includes only each non-home rule taxing district subject to this Law before the 1995 levy year and each non-home rule taxing district not subject to this Law before the 1995 levy year having the majority of its 1994 equalized assessed value in an affected county or counties. Beginning with the levy year in which this Law becomes applicable to a taxing district as provided in Section 18-213, “taxing district” also includes those taxing districts made subject to this Law as provided in Section 18-213.

“Aggregate extension” for taxing districts to which this Law applied before the 1995 levy year means the annual corporate extension for the taxing district and those special purpose extensions that are made annually for the taxing district, excluding special purpose extensions: (a) made for the taxing district to pay interest or principal on general obligation bonds that were approved by referendum; (b) made for any taxing district to pay interest or principal on general obligation bonds issued before October 1, 1991; (c) made for any taxing district to pay interest or principal on bonds issued to refund or continue to refund those bonds issued before October 1, 1991; (d) made for any taxing district to pay interest or principal on bonds issued to refund or continue to refund bonds issued after October 1,

1991 that were approved by referendum; (e) made for any taxing district to pay interest or principal on revenue bonds issued before October 1, 1991 for payment of which a property tax levy or the full faith and credit of the unit of local government is pledged; however, a tax for the payment of interest or principal on those bonds shall be made only after the governing body of the unit of local government finds that all other sources for payment are insufficient to make those payments; (f) made for payments under a building commission lease when the lease payments are for the retirement of bonds issued by the commission before October 1, 1991, to pay for the building project; (g) made for payments due under installment contracts entered into before October 1, 1991; (h) made for payments of principal and interest on bonds issued under the Metropolitan Water Reclamation District Act to finance construction projects initiated before October 1, 1991; (i) made for payments of principal and interest on limited bonds, as defined in Section 3 of the Local Government Debt Reform Act, in an amount not to exceed the debt service extension base less the amount in items (b), (c), (e), and (h) of this definition for non-referendum obligations, except obligations initially issued pursuant to referendum; (j) made for payments of principal and interest on bonds issued under Section 15 of the Local Government Debt Reform Act; and (k) made by a school district that participates in the Special Education District of Lake County, created by special education joint agreement under Section 10-22.31 of the School Code, for payment of the school district's share of the amounts required to be contributed by the Special Education District of Lake County to the Illinois Municipal Retirement Fund under Article 7 of the Illinois Pension Code; the amount of any extension under this item (k) shall be certified by the school district to the county clerk.

“Aggregate extension” for the taxing districts to which this Law did not apply before the 1995 levy year (except taxing districts subject to this Law in accordance with Section 18-213) means the annual corporate extension for the taxing district and those special purpose extensions that are made annually for the taxing district, excluding special purpose extensions: (a) made for the taxing district to pay interest or principal on general obligation bonds that were approved by referendum; (b) made for any taxing district to pay interest or principal on general obligation bonds issued before March 1, 1995; (c) made for any taxing district to pay interest or principal on bonds issued to refund or continue to refund those bonds issued before March 1, 1995; (d) made for any taxing district to pay interest or principal on

bonds issued to refund or continue to refund bonds issued after March 1, 1995 that were approved by referendum; (e) made for any taxing district to pay interest or principal on revenue bonds issued before March 1, 1995 for payment of which a property tax levy or the full faith and credit of the unit of local government is pledged; however, a tax for the payment of interest or principal on those bonds shall be made only after the governing body of the unit of local government finds that all other sources for payment are insufficient to make those payments; (f) made for payments under a building commission lease when the lease payments are for the retirement of bonds issued by the commission before March 1, 1995 to pay for the building project; (g) made for payments due under installment contracts entered into before March 1, 1995; (h) made for payments of principal and interest on bonds issued under the Metropolitan Water Reclamation District Act to finance construction projects initiated before October 1, 1991; (i) made for payments of principal and interest on limited bonds, as defined in Section 3 of the Local Government Debt Reform Act, in an amount not to exceed the debt service extension base less the amount in items (b), (c), and (e) of this definition for non-referendum obligations, except obligations initially issued pursuant to referendum and bonds described in subsection (h) of this definition; (j) made for payments of principal and interest on bonds issued under Section 15 of the Local Government Debt Reform Act; (k) made for payments of principal and interest on bonds authorized by Public Act 88-503 and issued under Section 20a of the Chicago Park District Act for aquarium or museum projects; and (l) made for payments of principal and interest on bonds authorized by Public Act 87-1191 and issued under Section 42 of the Cook County Forest Preserve District Act for zoological park projects.

“Aggregate extension” for all taxing districts to which this Law applies in accordance with Section 18-213, except for those taxing districts subject to paragraph (2) of subsection (e) of Section 18-213, means the annual corporate extension for the taxing district and those special purpose extensions that are made annually for the taxing district, excluding special purpose extensions: (a) made for the taxing district to pay interest or principal on general obligation bonds that were approved by referendum; (b) made for any taxing district to pay interest or principal on general obligation bonds issued before the date on which the referendum making this Law applicable to the taxing district is held; (c) made for any taxing district to pay interest or principal on bonds issued to refund or continue to refund those bonds issued before the date on which the referendum making this Law applicable to the taxing district is held; (d) made for any taxing district to pay interest or principal on bonds issued to refund or continue to refund bonds issued after the date on which the referendum making this Law applicable to the taxing district is held if the bonds were approved by referendum after the date on which the referendum making this Law applicable to the taxing district

is held; (e) made for any taxing district to pay interest or principal on revenue bonds issued before the date on which the referendum making this Law applicable to the taxing district is held for payment of which a property tax levy or the full faith and credit of the unit of local government is pledged; however, a tax for the payment of interest or principal on those bonds shall be made only after the governing body of the unit of local government finds that all other sources for payment are insufficient to make those payments; (f) made for payments under a building commission lease when the lease payments are for the retirement of bonds issued by the commission before the date on which the referendum making this Law applicable to the taxing district is held to pay for the building project; (g) made for payments due under installment contracts entered into before the date on which the referendum making this Law applicable to the taxing district is held; (h) made for payments of principal and interest on limited bonds, as defined in Section 3 of the Local Government Debt Reform Act, in an amount not to exceed the debt service extension base less the amount in items (b), (c), and (e) of this definition for non-referendum obligations, except obligations initially issued pursuant to referendum; (i) made for payments of principal and interest on bonds issued under Section 15 of the Local Government Debt Reform Act; and (j) made for a qualified airport authority to pay interest or principal on general obligation bonds issued for the purpose of paying obligations due under, or financing airport facilities required to be acquired, constructed, installed or equipped pursuant to, contracts entered into before March 1, 1996 (but not including any amendments to such a contract taking effect on or after that date).

“Aggregate extension” for all taxing districts to which this Law applies in accordance with paragraph (2) of subsection (e) of Section 18-213 means the annual corporate extension for the taxing district and those special purpose extensions that are made annually for the taxing district, excluding special purpose extensions: (a) made for the taxing district to pay interest or principal on general obligation bonds that were approved by referendum; (b) made for any taxing district to pay interest or principal on general obligation bonds issued before the effective date of this amendatory Act of 1997; (c) made for any taxing district to pay interest or principal on bonds issued to refund or continue to refund those bonds issued before the effective date of this amendatory Act of 1997; (d) made for any taxing district to pay interest or principal on bonds issued to refund or continue to refund bonds issued after the effective date of this amendatory Act of 1997 if the bonds were approved by referendum after the effective date of this amendatory Act of 1997; (e) made for any taxing district to pay interest or principal on revenue bonds issued before the effective date of this amendatory Act of 1997 for payment of which a property tax levy or the full faith and credit of the unit of local government is pledged; however, a tax for the payment of interest or principal on those bonds shall be made only after the governing body

Appendix C

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of the unit of local government finds that all other sources for payment are insufficient to make those payments; (f) made for payments under a building commission lease when the lease payments are for the retirement of bonds issued by the commission before the effective date of this amendatory Act of 1997 to pay for the building project; (g) made for payments due under installment contracts entered into before the effective date of this amendatory Act of 1997; (h) made for payments of principal and interest on limited bonds, as defined in Section 3 of the Local Government Debt Reform Act, in an amount not to exceed the debt service extension base less the amount in items (b), (c), and (e) of this definition for non-referendum obligations, except obligations initially issued pursuant to referendum; (i) made for payments of principal and interest on bonds issued under Section 15 of the Local Government Debt Reform Act; and (j) made for a qualified airport authority to pay interest or principal on general obligation bonds issued for the purpose of paying obligations due under, or financing airport facilities required to be acquired, constructed, installed or equipped pursuant to, contracts entered into before March 1, 1996 (but not including any amendments to such a contract taking effect on or after that date).

“Debt service extension base” means an amount equal to that portion of the extension for a taxing district for the 1994 levy year, or for those taxing districts subject to this Law in accordance with Section 18-213, except for those subject to paragraph (2) of subsection (e) of Section 18-213, for the levy year in which the referendum making this Law applicable to the taxing district is held, or for those taxing districts subject to this Law in accordance with paragraph (2) of subsection (e) of Section 18-213 for the 1996 levy year, constituting an extension for payment of principal and interest on bonds issued by the taxing district without referendum, but not including (i) bonds authorized by Public Act 88-503 and issued under Section 20a of the Chicago Park District Act for aquarium and museum projects; (ii) bonds issued under Section 15 of the Local Government Debt Reform Act; or (iii) refunding obligations issued to refund or to continue to refund obligations initially issued pursuant to referendum. The debt service extension base may be established or increased as provided under Section 18-212.

“Special purpose extensions” include, but are not limited to, extensions for levies made on an annual basis for unemployment and workers' compensation, self-insurance, contributions to pension plans, and extensions made pursuant to Section 6-601 of the Illinois Highway Code for a road district's permanent road fund whether levied annually or not. The extension for a special service area is not included in the aggregate extension.

“Aggregate extension base” means the taxing district's last preceding aggregate extension as adjusted under Sections 18-215 through 18-230.

“Levy year” has the same meaning as “year” under Section 1-155.

“New property” means (i) the assessed value, after final board of review or board of appeals action, of new improvements or additions to existing improvements on any parcel of real property that increase the assessed value of that real property during the levy year multiplied by the equalization factor issued by the Department under Section 17-30 and (ii) the assessed value, after final board of review or board of appeals action, of real property not exempt from real estate taxation, which real property was exempt from real estate taxation for any portion of the immediately preceding levy year, multiplied by the equalization factor issued by the Department under Section 17-30. In addition, the county clerk in a county containing a population of 3,000,000 or more shall include in the 1997 recovered tax increment value for any school district, any recovered tax increment value that was applicable to the 1995 tax year calculations.

“Qualified airport authority” means an airport authority organized under the Airport Authorities Act and located in a county bordering on the State of Wisconsin and having a population in excess of 200,000 and not greater than 500,000.

“Recovered tax increment value” means, except as otherwise provided in this paragraph, the amount of the current year's equalized assessed value, in the first year after a municipality terminates the designation of an area as a redevelopment project area previously established under the Tax Increment Allocation Development Act in the Illinois Municipal Code, previously established under the Industrial Jobs Recovery Law in the Illinois Municipal Code, or previously established under the Economic Development Area Tax Increment Allocation Act, of each taxable lot, block, tract, or parcel of real property in the redevelopment project area over and above the initial equalized assessed value of each property in the redevelopment project area. For the taxes which are extended for the 1997 levy year, the recovered tax increment value for a non-home rule taxing district that first became subject to this Law for the 1995 levy year because a majority of its 1994 equalized assessed value was in an affected county or counties shall be increased if a municipality terminated the designation of an area in 1993 as a redevelopment project area previously established under the Tax Increment Allocation Development Act in the Illinois Municipal Code, previously established under the Industrial Jobs Recovery Law in the Illinois Municipal Code, or previously established under the Economic Development Area Tax Increment Allocation Act, by an amount equal to the 1994 equalized assessed value of each taxable lot, block, tract, or parcel of real property in the redevelopment project area over and above the initial equalized assessed value of each property in the redevelopment project area. In the first year after a municipality removes a taxable lot, block, tract, or parcel of real property from a redevelopment project area established

under the Tax Increment Allocation Development Act in the Illinois Municipal Code, the Industrial Jobs Recovery Law in the Illinois Municipal Code, or the Economic Development Area Tax Increment Allocation Act, “recovered tax increment value” means the amount of the current year’s equalized assessed value of each taxable lot, block, tract, or parcel of real property removed from the redevelopment project area over and above the initial equalized assessed value of that real property before removal from the redevelopment project area.

Except as otherwise provided in this Section, “limiting rate” means a fraction the numerator of which is the last preceding aggregate extension base times an amount equal to one plus the extension limitation defined in this Section and the denominator of which is the current year’s equalized assessed value of all real property in the territory under the jurisdiction of the taxing district during the prior levy year. For those taxing districts that reduced their aggregate extension for the last preceding levy year, the highest aggregate extension in any of the last 3 preceding levy years shall be used for the purpose of computing the limiting rate. The denominator shall not include new property. The denominator shall not include the recovered tax increment value.

(Source: P.A. 90-485, eff. 1-1-98; 90-511, eff. 8-22-97; 90-568, eff. 1-1-99; 90-616, eff. 7-10-98; 90-655, eff. 7-30-98; 91-357, eff. 7-29-99; 91-478, eff. 11-1-99.)

(35 ILCS 200/18-190)

Sec. 18-190. Direct referendum; new rate or increased rate.

If a new rate or a rate increase is authorized by statute to be imposed without referendum or is subject to a backdoor referendum, as defined in Section 28-2 of the Election Code, the governing body of the affected taxing district before levying the new rate or rate increase shall submit the new rate or rate increase to direct referendum under the provisions of Article 28 of the Election Code. Rates required to extend taxes on levies subject to a backdoor referendum in each year there is a levy are not new rates or rate increases under this Section if a levy has been made for the fund in one or more of the preceding 3 levy years. Changes made by this amendatory Act of 1997 to this Section in reference to rates required to extend taxes on levies subject to a backdoor referendum in each year there is a levy are declarative of existing law and not a new enactment. Whenever other applicable law authorizes a taxing district subject to the limitation with respect to its aggregate extension provided for in this Law to issue bonds or other obligations either without referendum or subject to backdoor referendum, the taxing district may elect for each separate bond issuance to submit the question of the issuance of the bonds or obligations directly to the voters of the taxing district, and if the referendum passes the taxing district is not required to comply with any backdoor referendum procedures or requirements set forth in the other applicable law.

The direct referendum shall be initiated by ordinance or resolution of the governing body of the taxing district, and the question shall be certified to the proper election authorities in accordance with the provisions of the Election Code.

(Source: P.A. 88-455; 88-670, eff. 12-2-94; 89-385, eff. 8-18-95; 89-718, eff. 3-7-97.)

(35 ILCS 200/18-195)

Sec. 18-195. Limitation.

Tax extensions made under Sections 18-45 and 18-105 are further limited by the provisions of this Law.

For those taxing districts that have levied in any previous levy year for any funds included in the aggregate extension, the county clerk shall extend a rate for the sum of these funds that is no greater than the limiting rate.

For those taxing districts that have never levied for any funds included in the aggregate extension, the county clerk shall extend an amount no greater than the amount approved by the voters in a referendum under Section 18-210.

If the county clerk is required to reduce the aggregate extension of a taxing district by provisions of this Law, the county clerk shall proportionally reduce the extension for each fund unless otherwise requested by the taxing district.

Upon written request of the corporate authority of a village, the county clerk shall calculate separate limiting rates for the library funds and for the aggregate of the other village funds in order to reduce the funds as may be required under provisions of this Law. In calculating the limiting rate for the library, the county clerk shall use only the part of the aggregate extension base applicable to the library, and for any rate increase or decrease factor under Section 18-230 the county clerk shall use only any new rate or rate increase applicable to the library funds and the part of the rate applicable to the library in determining factors under that Section. The county clerk shall calculate the limiting rate for all other village funds using only the part of the aggregate extension base not applicable to the library, and for any rate increase or decrease factor under Section 18-230 the county clerk shall use only any new rate or rate increase not applicable to the library funds and the part of the rate not applicable to the library in determining factors under that Section. If the county clerk is required to reduce the aggregate extension of the library portion of the levy, the county clerk shall proportionally reduce the extension for each library fund unless otherwise requested by the library board. If the county clerk is required to reduce the aggregate extension of the portion of the levy not applicable to the library, the county clerk shall proportionally reduce the extension for each fund not applicable to the library unless otherwise requested by the village.

Beginning with the 1998 levy year upon written direction of a county or township community mental health board, the county clerk shall calculate sepa-

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rate limiting rates for the community mental health funds and for the aggregate of the other county or township funds in order to reduce the funds as may be required under provisions of this Law. In calculating the limiting rate for the community mental health funds, the county clerk shall use only the part of the aggregate extension base applicable to the community mental health funds; and for any rate increase or decrease factor under Section 18-230, the county clerk shall use only any new rate or rate increase applicable to the community mental health funds and the part of the rate applicable to the community mental health board in determining factors under that Section. The county clerk shall calculate the limiting rate for all other county or township funds using only the part of the aggregate extension base not applicable to community mental health funds; and for any rate increase or decrease factor under Section 18-230, the county clerk shall use only any new rate or rate increase not applicable to the community mental health funds and the part of the rate not applicable to the community mental health board in determining factors under that Section. If the county clerk is required to reduce the aggregate extension of the community mental health board portion of the levy, the county clerk shall proportionally reduce the extension for each community mental health fund unless otherwise directed by the community mental health board. If the county clerk is required to reduce the aggregate extension of the portion of the levy not applicable to the community mental health board, the county clerk shall proportionally reduce the extension for each fund not applicable to the community mental health board unless otherwise directed by the county or township.

Beginning with the 2001 levy year upon written direction of a county or township board for care and treatment of persons with a developmental disability, the county clerk shall calculate separate limiting rates for the funds for persons with a developmental disability and for the aggregate of the other county or township funds in order to reduce the funds as may be required under provisions of this Law. In calculating the limiting rate for the funds for persons with a developmental disability, the county clerk shall use only the part of the aggregate extension base applicable to the funds for persons with a developmental disability; and for any rate increase or decrease factor under Section 18-230, the county clerk shall use only any new rate or rate increase applicable to the funds for persons with a developmental disability and the part of the rate applicable to the board for care and treatment of persons with a developmental disability in determining factors under that Section. The county clerk shall calculate the limiting rate for all other county or township funds using only the part of the aggregate extension base not applicable to funds for persons with a developmental disability; and for any rate increase or decrease factor under Section 18-230, the county clerk shall use only any new rate or rate increase not applicable to the funds for persons with a developmental disability and the part of the rate not applicable to the board for care and treatment of persons

with a developmental disability in determining factors under that Section. If the county clerk is required to reduce the aggregate extension of the board for care and treatment of persons with a developmental disability portion of the levy, the county clerk shall proportionally reduce the extension for each fund for persons with a developmental disability unless otherwise directed by the board for care and treatment of persons with a developmental disability. If the county clerk is required to reduce the aggregate extension of the portion of the levy not applicable to the board for care and treatment of persons with a developmental disability, the county clerk shall proportionally reduce the extension for each fund not applicable to the board for care and treatment of persons with a developmental disability unless otherwise directed by the county or township.

(Source: P.A. 90-339, eff. 8-8-97; 90-652, eff. 7-28-98; 91-859, eff. 6-22-00.)

(35 ILCS 200/18-200) **Sec. 18-200. School Code.**

A school district's State aid shall not be reduced under the computation under subsections 5(a) through 5(h) of Part A of Section 18-8 of the School Code due to the operating tax rate falling from above the minimum requirement of that Section of the School Code to below the minimum requirement of that Section of the School Code due to the operation of this Law.

(Source: P.A. 87-17; 88-455.)

(35 ILCS 200/18-205) **Sec. 18-205. Referendum to increase the extension limitation.**

A taxing district is limited to an extension increase of 5% or the percentage increase in the Consumer Price Index during the 12-month calendar year preceding the levy year, whichever is less. A taxing district may increase its extension limitation for a current levy year if that taxing district holds a referendum before the levy date at which a majority of voters voting on the issue approves adoption of a higher extension limitation. Referenda shall be conducted at a regularly scheduled election in accordance with the Election Code provided that notice of the referendum, if held before July 1, 1999, has been given in accordance with the provisions of Section 12-5 of the Election Code in effect at the time of the bond referendum, at least 10 and not more than 45 days before the date of the election, notwithstanding the time for publication otherwise imposed by Section 12-5. Notices required in connection with the submission of public questions on or after July 1, 1999 shall be as set forth in

Section 12-5 of the Election Code. The question shall be presented in substantially the following manner:

Shall the extension limitation
under the Property Tax Extension
Limitation Law for ... YES
(taxing district name) ... be increased
from ... (the lesser of 5% or the -----
increase in the Consumer Price Index over
the prior levy year) ...% to ... (percentage
of proposed increase) ...% for the ... NO
(levy year) ... levy year?

If a majority of voters voting on the issue approves the adoption of the increase, the increase shall be applicable for the levy year specified.

(Source: P.A. 90-812, eff. 1-26-99; 91-57, eff. 6-30-99.)

(35 ILCS 200/18-210)

Sec. 18-210. Establishing a new levy.

Except as provided in Section 18-215, as it relates to a transfer of a service, before a county clerk may extend taxes for funds subject to the limitations of this Law, a new taxing district or a taxing district with an aggregate extension base of zero shall hold a referendum establishing a maximum aggregate extension for the levy year. The maximum aggregate extension is established for the current levy year if a taxing district has held a referendum before the levy date at which the majority voting on the issue approves its adoption. The referendum under this Section may be held at the same time as the referendum on creating a new taxing district. The question shall be submitted to the voters at a regularly scheduled election in accordance with the Election Code provided that notice of referendum, if held before July 1, 1999, has been given in accordance with the provisions of Section 12-5 of the Election Code in effect at the time of the bond referendum, at least 10 and not more than 45 days before the date of the election, notwithstanding the time for publication otherwise imposed by Section 12-5. Notices required in connection with the submission of public questions on or after July 1, 1999 shall be as set forth in Section 12-5 of the Election Code. The question shall be submitted in substantially the following form:

Under the Property Tax Extension
Limitation Law, may an
aggregate extension not to exceed ... YES
(aggregate extension amount) ... -----
be made for the ... (taxing
district name) ... for the NO
... (levy year) ... levy year?

If a majority of voters voting on the increase approves the adoption of the aggregate extension, the extension shall be effective for the levy year specified.

(Source: P.A. 90-812, eff. 1-26-99; 91-57, eff. 6-30-99.)

(35 ILCS 200/18-212)

Sec. 18-212. Referendum on debt service extension base.

A taxing district may establish or increase its debt service extension base if (i) that taxing district holds a referendum before the date on which the levy must be filed with the county clerk of the county or counties in which the taxing district is situated and (ii) a majority of voters voting on the issue approves the establishment of or increase in the debt service extension base. Referenda under this Section shall be conducted at a regularly scheduled election in accordance with the Election Code. The governing body of the taxing district shall certify the question to the proper election authorities who shall submit the question to the electors of the taxing district in substantially the following form:

"Shall the debt service extension base under the Property Tax Extension Limitation Law for ... (taxing district name) ... for payment of principal and interest on limited bonds be ((established at \$) . (or) (increased from \$ to \$)) .. for the levy year and all subsequent levy years?"

Votes on the question shall be recorded as "Yes" or "No".

If a majority of voters voting on the issue approves the establishment of or increase in the debt service extension base, the establishment of or increase in the debt service extension base shall be applicable for the levy years specified.

(Source: P.A. 89-385, eff. 8-18-95.)

(35 ILCS 200/18-213)

Sec. 18-213. Referenda on applicability of the Property Tax Extension Limitation Law.

(a) The provisions of this Section do not apply to a taxing district subject to this Law because a majority of its 1990 equalized assessed value is in a county or counties contiguous to a county of 3,000,000 or more inhabitants, or because a majority of its 1994 equalized assessed value is in an affected county and the taxing district was not subject to this Law before the 1995 levy year.

(b) The county board of a county that is not subject to this Law may, by ordinance or resolution, submit to the voters of the county the question of whether to make all non-home rule taxing districts that have all or a portion of their equalized assessed valuation situated in the county subject to this Law in the manner set forth in this Section.

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For purposes of this Section only:

"Taxing district" has the same meaning provided in Section 1-150.

"Equalized assessed valuation" means the equalized assessed valuation for a taxing district for the immediately preceding levy year.

(c) The ordinance or resolution shall request the submission of the proposition at any election, except a consolidated primary election, for the purpose of voting for or against making the Property Tax Extension Limitation Law applicable to all non-home rule taxing districts that have all or a portion of their equalized assessed valuation situated in the county.

The question shall be placed on a separate ballot and shall be in substantially the following form:

Shall the Property Tax Extension Limitation Law (35 ILCS 200/18-185 through 18-245), which limits annual property tax extension increases, apply to non-home rule taxing districts with all or a portion of their equalized assessed valuation located in (name of county)?

Votes on the question shall be recorded as "yes" or "no".

(d) The county clerk shall order the proposition submitted to the electors of the county at the election specified in the ordinance or resolution. If part of the county is under the jurisdiction of a board or boards of election commissioners, the county clerk shall submit a certified copy of the ordinance or resolution to each board of election commissioners, which shall order the proposition submitted to the electors of the taxing district within its jurisdiction at the election specified in the ordinance or resolution.

(e) (1) With respect to taxing districts having all of their equalized assessed valuation located in the county, if a majority of the votes cast on the proposition are in favor of the proposition, then this Law becomes applicable to the taxing district beginning on January 1 of the year following the date of the referendum.

(2) With respect to taxing districts that meet all the following conditions this Law shall become applicable to the taxing district beginning on January 1, 1997. The districts to which this paragraph (2) is applicable

(A) do not have all of their equalized assessed valuation located in a single county,

(B) have equalized assessed valuation in an affected county,

(C) meet the condition that each county, other than an affected county, in which any of the equalized assessed valuation of the taxing district is located has held a referendum under this Section at any election, except a consolidated primary election, held prior to the effective date of this amendatory Act of 1997, and

(D) have a majority of the district's equalized assessed valuation located in one or more counties in each of which the voters have approved a referendum under this Section prior to the effective date of this amendatory Act of 1997. For purposes of this Section, in determining whether a majority of the equalized assessed valuation of the taxing district is located in one or more counties in which the voters have approved a referendum under this Section, the equalized assessed valuation of the taxing district in any affected county shall be included with the equalized assessed value of the taxing district in counties in which the voters have approved the referendum.

(3) With respect to taxing districts that do not have all of their equalized assessed valuation located in a single county and to which paragraph (2) of subsection (e) is not applicable, if each county other than an affected county in which any of the equalized assessed valuation of the taxing district is located has held a referendum under this Section at any election, except a consolidated primary election, held in any year and if a majority of the equalized assessed valuation of the taxing district is located in one or more counties that have each approved a referendum under this Section, then this Law shall become applicable to the taxing district on January 1 of the year following the year in which the last referendum in a county in which the taxing district has any equalized assessed valuation is held. For the purposes of this Law, the last referendum shall be deemed to be the referendum making this Law applicable to the taxing district. For purposes of this Section, in determining whether a majority of the equalized assessed valuation of the taxing district is located in one or more counties that have approved a referendum under this Section, the equalized assessed valuation of the taxing district in any affected county shall be included with the equalized assessed value of the taxing district in counties that have approved the referendum.

(f) Immediately after a referendum is held under this Section, the county clerk of the county holding the referendum shall give notice of the referendum having been held and its results to all taxing districts that have all or a portion of their equalized assessed valuation located in the county, the county clerk of any other county in which any of the equalized assessed valuation of any taxing district is located, and the Department of Revenue. After the last referendum affecting a multi-county taxing district is held, the Department of Revenue shall determine whether the taxing district is subject to this Law and, if so, shall notify the taxing district and the county clerks of all of the counties in which a portion of the equalized assessed valuation of the taxing district is located that, beginning the following January 1, the taxing district is subject to this Law.

For each taxing district subject to paragraph (2) of subsection (e) of this Section, the Department of Revenue shall notify the taxing district and the county clerks of all of the counties in which a portion of the equalized assessed valuation of the taxing district is located that, beginning January 1, 1997, the taxing district is subject to this Law.

(g) Referenda held under this Section shall be conducted in accordance with the Election Code.

(Source: P.A. 89-510, eff. 7-11-96; 89-718, eff. 3-7-97.)

(35 ILCS 200/18-214)

Sec. 18-214. Referenda on removal of the applicability of the Property Tax Extension Limitation Law to non-home rule taxing districts.

(a) The provisions of this Section do not apply to a taxing district that is subject to this Law because a majority of its 1990 equalized assessed value is in a county or counties contiguous to a county of 3,000,000 or more inhabitants, or because a majority of its 1994 equalized assessed value is in an affected county and the taxing district was not subject to this Law before the 1995 levy year.

(b) For purposes of this Section only:

"Taxing district" means any non-home rule taxing district that became subject to this Law under Section 18-213 of this Law.

"Equalized assessed valuation" means the equalized assessed valuation for a taxing district for the immediately preceding levy year.

(c) The county board of a county that became subject to this Law by a referendum approved by the voters of the county under Section 18-213 may, by ordinance or resolution, in the manner set forth in this Section, submit to the voters of the county the question of whether this Law applies to all non-home rule taxing districts that have all or a portion of their equalized assessed valuation situated in the county in the manner set forth in this Section.

(d) The ordinance or resolution shall request the submission of the proposition at any election, except a consolidated primary election, for the purpose of voting for or against the continued application of the Property Tax Extension Limitation Law to all non-home rule taxing districts that have all or a portion of their equalized assessed valuation situated in the county.

The question shall be placed on a separate ballot and shall be in substantially the following form:

Shall the Property Tax Extension Limitation Law (35 ILCS 200/18-185 through 35 ILCS 200/18-245), which limits annual property tax extension increases, apply to non-home rule taxing districts with all or a portion of their equalized assessed valuation located in (name of county)?

Votes on the question shall be recorded as "yes" or "no".

(e) The county clerk shall order the proposition submitted to the electors of the county at the election specified in the ordinance or resolution. If part of the county is under the jurisdiction of a board or boards of election commissioners, the county clerk shall submit a certified copy of the ordinance or resolution to each board of election commissioners, which shall order the proposition submitted to the electors of the taxing district within its jurisdiction at the election specified in the ordinance or resolution.

(f) With respect to taxing districts having all of their equalized assessed valuation located in one county, if a majority of the votes cast on the proposition are against the proposition, then this Law shall not apply to the taxing district beginning on January 1 of the year following the date of the referendum.

(g) With respect to taxing districts that do not have all of their equalized assessed valuation located in a single county, if both of the following conditions are met, then this Law shall no longer apply to the taxing district beginning on January 1 of the year following the date of the referendum.

(1) Each county in which the district has any equalized assessed valuation must either, (i) have held a referendum under this Section, (ii) be an affected county, or (iii) have held a referendum under Section 18-213 at which the voters rejected the proposition at the most recent election at which the question was on the ballot in the county.

(2) The majority of the equalized assessed valuation of the taxing district, other than any equalized assessed valuation in an affected county, is in one or more counties in which the voters rejected the proposition. For purposes of this Section, in determining whether a majority of the equalized assessed valuation of the taxing district is located in one or more counties in which the voters have rejected the proposition under this Section, the equalized assessed valuation of any taxing district in a county which has held a referendum under Section 18-213 at which the voters rejected that proposition, at the most recent election at which the question was on the ballot in the county, will be included with the equalized assessed value of the taxing district in counties in which the voters have rejected the referendum held under this Section.

(h) Immediately after a referendum is held under this Section, the county clerk of the county holding the referendum shall give notice of the referendum having been held and its results to all taxing districts that have all or a portion of their equalized assessed valuation located in the county, the county clerk of any other county in which any of the equalized assessed valuation of any such taxing district is located, and the Department of Revenue. After the last referendum affecting a multi-county taxing district is held, the Department of Revenue shall determine whether the taxing district is no longer subject to this Law and, if the taxing district is no longer subject to this Law, the Department of

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Revenue shall notify the taxing district and the county clerks of all of the counties in which a portion of the equalized assessed valuation of the taxing district is located that, beginning on January 1 of the year following the date of the last referendum, the taxing district is no longer subject to this Law.

(Source: P.A. 89-718, eff. 3-7-97.)

(35 ILCS 200/18-215)

Sec. 18-215. Merging and consolidating taxing districts; transfer of service.

For purposes of this Law, when 2 or more taxing districts merge or consolidate, the sum of the last preceding aggregate extensions for each taxing district shall be combined for the resulting merged or consolidated taxing district. When a service performed by one taxing district is transferred to another taxing district, that part of the aggregate extension base for that purpose shall be transferred and added to the aggregate extension base of the transferee taxing district for purposes of this Law and shall be deducted from the aggregate extension base of the transferor taxing district. If the service and corresponding portion of the aggregate extension base transferred to the taxing district are for a service that the transferee district does not currently levy for, the provisions of Section 18-190 of this Law requiring a referendum to establish a new levy shall not apply.

(Source: P.A. 90-719, eff. 8-7-98.)

(35 ILCS 200/18-220)

Sec. 18-220. (Repealed).

(Source: Repealed by P.A. 89-1, eff. 2-12-95.)

(35 ILCS 200/18-225)

Sec. 18-225. Annexed or disconnected property.

If property is annexed into the taxing district or is disconnected from a taxing district during the current levy year, the calculation of the limiting rate under Section 18-185 is not affected. The rates as limited under this Law are applied to all property in the district for the current levy year, excluding property that was annexed after the adoption of the levy for the current levy year.

(Source: P.A. 88-455; 89-1, eff. 2-12-95.)

(35 ILCS 200/18-230)

Sec. 18-230. Rate increase or decrease factor.

When a new rate or a rate increase or decrease first effective for the current levy year has been approved by referendum, the aggregate extension base, as adjusted in Sections 18-215 and 18-220, shall be multiplied by a rate increase (or decrease) factor. The numerator of the rate increase (or decrease) factor is the total combined rate for the funds that made up the aggregate extension for the taxing district for the prior year plus the rate increase approved or minus the rate decrease approved. The

denominator of the rate increase or decrease factor is the total combined rate for the funds that made up the aggregate extension for the prior year. For those taxing districts for which a new rate or a rate increase has been approved by referendum held after December 31, 1988, and that did not increase their rate to the new maximum rate for that fund, the rate increase factor shall be adjusted for 4 levy years after the year of the referendum by a factor the numerator of which is the portion of the new or increased rate for which taxes were not extended plus the aggregate rate in effect for the levy year prior to the levy year in which the referendum was passed and the denominator of which is the aggregate rate in effect for the levy year prior to the levy year in which the referendum was passed.

(Source: P.A. 87-17; 88-455.)

(35 ILCS 200/18-235)

Sec. 18-235. Tax increment financing districts.

Extensions allocable to a special tax allocation fund and the amount of taxes abated under Sections 18-165 and 18-170 are not included in the aggregate extension base when computing the limiting rate.

(Source: P.A. 87-17; 88-455.)

(35 ILCS 200/18-240)

Sec. 18-240. Certification of new property.

(a) The township assessor, the multi-township assessor, the chief county assessment officer, the board of review, and the board of appeals shall cause the assessed value attributable to new property to be entered and certified in the assessment books under rules promulgated by the Department.

(b) For the levy year in which this Law first becomes applicable to a county pursuant to Section 18-213, the chief county assessment officer shall certify to the county clerk, after all changes by the board of review or board of appeals, as the case may be, the assessed value of new property by taxing districts for that levy year under rules promulgated by the Department.

(Source: P.A. 88-455; 89-510, eff. 1-1-97.)

(35 ILCS 200/18-243)

Sec. 18-243. Severability.

The provisions of the Property Tax Extension Limitation Law are severable under Section 1.31 of the Statute on Statutes.

(Source: P.A. 89-1, eff. 2-12-95.)

(35 ILCS 200/18-245)

Sec. 18-245. Rules.

The Department shall make and promulgate reasonable rules relating to the administration of the purposes and provisions of Sections 18-185 through 18-240 as may be necessary or appropriate.

(Source: P.A. 87-17; 88-455.)

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Title 86: Revenue

Part 110

Property Tax Code

Section 110.190 Property Tax Extension Limitation

a) New Property

- 1) New property as defined in Section 18-185 of the Property Tax Code [35 ILCS 200/18-185] includes only:
 - A) New improvements or additions to existing improvements on any parcel of real property that increased the assessed value of that real property during the levy year. It does not include maintenance and repair. The amount of value shall be limited to the actual value added by the new improvement, and
 - B) property that was exempt for any portion of the prior year and reclassified and assessed as non-exempt for the levy year.
- 2) The township assessors, multi-township assessors, Supervisors of Assessments, County Assessors, Boards of Review and Board of Appeals shall enter their assessments of new property located in taxing districts subject to the Property Tax Extension Limitation Law [35 ILCS 200/Art. 18, Div. 5] in separate columns specifically designated for new property in the assessment books.
- 3) The following special situations are new property under the circumstances described:
 - A) New improvements or additions to existing improvements that increased the assessed value of property during the levy year in an Enterprise Zone comprise new property for that levy year only to the extent that taxes are not abated on this new property. To the extent taxes are no longer abated on this property, it is new property in the first year the abatement ceases.
 - B) Property which receives a prorated assessment under Section 9-180 of the Property Tax Code [35 ILCS 200/9-180] because of the construction of new or added buildings, structures or other improvements which were substantially completed or initially occupied or initially used during the levy year is new property and the amount of new property for that levy year is the amount of the equalized prorated assessment. When this property receives the full assessment in

the next levy year, the difference between the equalized prorated assessment and the next levy year's equalized assessment which is due to the new or added buildings, structures or other improvements which were substantially completed or initially occupied or initially used is the amount of new property for the next levy year.

4) New property does not include:

- A) Property which in the prior year received a prorated assessment as damaged, uninhabitable property under Section 9-180 of the Property Tax Code [35 ILCS 200/9-180] or as damaged property under Section 13-5 of the Property Tax Code [35 ILCS 200/13-5] (disaster area). However, there are three exceptions:
 - i) If new improvements are added to the parcel, these new improvements are new property.
 - ii) If square footage is added to the structure, this addition to the structure is new property.
 - iii) If the property was completely destroyed and rebuilt, then the completely rebuilt structure is new property.
- B) Property on which the assessment has increased under Section 10-50 of the Property Tax Code [35 ILCS 200/10-50] (phaseout of historic residence assessment) and property on which the assessment under Section 10-45 of the Property Tax Code [35 ILCS 200/10-45] (historic residence assessment) has been revoked.
- C) Property which was exempt on January 1 of the levy year and reclassified and assessed as non-exempt during the levy year.
- D) That portion of property receiving the homestead improvement exemption under Section 15-180 of the Property Tax Code [35 ILCS 200/15-180]. However, the additional assessment attributable to the removal or expiration of the homestead improvement exemption is new property in the year of the removal or expiration. The value of the new property shall be the most recent assessed value of that portion for which the homestead improvement exemption has expired or is removed times the equalization factor.

Appendix D

PTELL Rules

- E) Omitted property assessed under Section 9-265 of the Property Tax Code [35 ILCS 200/9-265].
- F) New improvements or additions to existing improvements on property in a redevelopment project area, as defined in the Tax Increment Allocation Redevelopment Act [65 ILCS 5/Art. II, Div. 74.4], the Industrial Jobs Recovery Law [65 ILCS 5/Art. II, Div. 74.6] or the Economic Development Area Tax Increment Allocation Act [20 ILCS 620], that increased the assessed value of property during the levy year.
- G) All increases in the assessment of land.
- b) Levies Subject to Annual Backdoor Referendum
- 1) Section 18-190 of the Property Tax Code [35 ILCS 200/18-190] requires that a new rate or a rate increase be approved at a direct referendum before it becomes effective for an affected taxing district subject to the Property Tax Extension Limitation Law.
 - 2) Rates required to extend taxes on levies subject to a backdoor referendum in each year there is a levy are not new rates or rate increases under Section 18-190 if a levy has been made for the fund in one or more of the preceding three levy years.
 - 3) If a higher statutory rate limit for the fund is enacted and a levy causes the rate to be above the previous statutory rate limit, this is a rate increase under Section 18-190 which must be submitted to direct referendum in order to become effective.
 - 4) When a levy for a specific fund is made for the first time, this is a new rate under Section 18-190 without regard to whether it is a new statutory authorization.
- c) Computation of the Limiting Rate
- 1) When computing the limiting rate, the incremental equalized assessed value in a tax increment financing district is not included in the current year's equalized assessed value of all real property in the territory under the jurisdiction of the taxing district during the prior levy year.
 - 2) When computing the limiting rate, the equalized assessed value in an Enterprise Zone is not included in the current year's equalized assessed value of all real property in the territory under the jurisdiction of the taxing district during the prior levy year to the extent that taxes are abated on this property.

(Source: Amended 20 Ill. Reg. 13611, effective October 3, 1996)

Section 110.192 Property Tax Extension Limitation Law Notification and Determination Requirements After Referendum Under Section 18- 213 or 18-214 of the Property Tax Code

- a) Definitions. For purposes of this Section, the terms used in Section 18-213 and 18-214 of the Property Tax Code [35 ILCS 200/18-213 and 18-214] are defined as follows:

"Immediately preceding levy year" means the levy year prior to the year in which the referendum is held.

"Multi-county taxing district" means any taxing district that has equalized assessed valuation for the immediately preceding levy year in more than one county.

- b) Notice of referendum results. The notice of referendum results required from the county clerks under Section 18-213 or 18-214 shall be in substantially the following form:

To: The Illinois Department of Revenue

From: (name)

County Clerk of _____ County

On (date) a referendum was held under (select either Section 18-213 or 18-214) in

_____ County on the applicability of the Property Tax Extension Limitation Law to non-home rule taxing districts in _____ County. The result of the referendum was that the question was (approved or not approved).

Following is a list including (1) the name of each non-home rule multi-county taxing district with any portion of its equalized assessed valuation for the immediately preceding levy year in this county in which the referendum was held, (2) the name and address of the governing authority of each such district, and (3) a list of all counties in which any portion of the equalized assessed valuation of each such district is situated:

(Name of non-home rule multi-county taxing district)	(Name, address of governing authority of the district)	(Counties in which any EAV of the district is situated)
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(Include list here)

The undersigned County Clerk of _____ County, Illinois, hereby verifies that the information in this notice is accurate and complete.

(date) _____

(Seal of County Clerk) County Clerk

- c) Applicability of Property Tax Extension Limitation Law to Non-Home Rule Multi-County Taxing District - Determination and Notification
- 1) After the Department receives notification of referendum results, the Department shall determine if a non-home rule multi-county taxing district is subject to the Property Tax Extension Limitation Law. When the Department determines that a non-home rule multi-county taxing district becomes subject to the Property Tax Extension Limitation Law, the Department shall notify the governing authority of each such non-home rule multi-county taxing district and the county clerks of all counties in which a portion of the equalized assessed valuation of the district is located that the district is subject to the Property Tax Extension Limitation Law beginning on January 1 of the year following the year in which the referendum was held.
 - 2) When the Department determines that a non-home rule multi-county taxing district that was subject to the PTELL is no longer subject to the PTELL, the Department shall notify the governing authority of each such non-home rule multi-county taxing district and the county clerks of all counties in which a portion of the equalized assessed valuation of the district is located that the district is no longer subject to the PTELL beginning on January 1 of the year following the year in which the referendum was held.
 - 3) In making the determination of whether the Property Tax Extension Limitation Law is applicable to a non-home rule multi-county taxing district, the Department shall consider the equalized assessed valuation of the district for the immediately preceding levy year as reported to the Department by the county clerks under Section 18-255 of the Property Tax Code.
 - 4) Changes in the equalized assessed valuation of the district for the immediately preceding levy year, including but not limited to changes due to the assessment of omitted property, the exemption of property from taxation, or a change in the equalized assessed valuation of any property in the district, shall not change the Department's determination or the applicability of the Property Tax Extension Limitation Law to that district.

(Source: Added at 21 Ill. Reg. 6921, effective May 22, 1997)

