

Illinois Tax Brief Discussion Guide

AGENDA:

- Social Time (30 minutes)
- Within each group identify who will be:
 - **Timekeeper** to ensure that everyone has a chance to speak
 - **Scribe** to take a few notes of what has been discussed, and post a summary on the Policy Circle website
 - **Reporter** someone who will report back to the bigger group what was discussed
 - **Facilitator** to keep the conversation going around the circle, asking some questions from this guide if necessary. The role of the facilitator is to invite each member to share her perspective, and help focus the conversation on understanding the issue and how to become an influencer.
- #CircleUp: Circle discussion (45-60min)
- Circle Recap (20min): the reporter and the scribe report back to the bigger group what was discussed
- Next Steps (15min):
 - Discuss how to influence policy making, e.g., attend town hall meetings of representatives, op-eds
 - Fix meeting date of the next meeting
 - Decide on topic for next meeting - see the [Year of Conversations](#) on The Policy Circle website

QUESTIONS FOR DISCUSSION:

- What policies can Illinois residents advocate for to reduce their property-tax burden?
- Are you in favor of a property-tax freeze as a first step/temporary solution? What do you think would need to be done in addition to a freeze to fix the problem?
- What are other ways that Illinois' local governments should/could raise revenue (especially to fund schools, the biggest driver of IL's property-tax growth)?
- Do you know how many local government bodies you are taxed by? How transparent is your local government regarding budgets and spending?
- How have you/your family experienced and coped with Illinois' growth in property-tax payments, especially as compared to the comparatively lower growth in median income?

KEY FACTS:

Illinois Taxes are among the highest in the nation: In Illinois, property-tax growth has overtaken median income. Property taxes are now outpacing residents' ability to pay for them. As individuals, families, and businesses struggle to pay these taxes, they are prevented from saving and investing, which would lead to more economic growth.

Historic Fact: Since 1963, Illinois property taxes have grown 2.5 times faster than inflation and 14 times faster than the state's population. Looking at residential property taxes alone since 1990 shows:

- Residential property taxes in Illinois have grown 3.3 times faster than median household incomes.
- Illinoisans' residential property-tax burden – as a percentage of median household income – has risen 76 percent.
- If Illinois froze its residential property taxes today, it would take 28 years for residents' property-tax burden to return to 1990 levels.

Facts to Remember:

- Illinois has one of the highest overall tax burdens of any state. It is the ninth-highest state and local tax burden per capita and the 13th-highest burden as a percentage of income.
- Property taxes in Illinois are also very complex, with nearly 7,000 local government districts with the power to levy property taxes.
- Property taxes that fund schools constituted 63 percent of all Illinois property taxes in 2013.
- Along with its high property taxes, Illinois has the third-highest corporate income tax, the fifth-highest cellphone tax, the 10th-highest local and state sales tax, the sixth-highest local and state debt per person, the ninth-highest excise taxes, and is one of only 18 states to impose a capital stock tax.
- Since 1990, total property-tax extensions have grown 181 percent, exceeding the growth in the economy by approximately 10 percent.
- Meanwhile, Illinois' median household income has grown by only 76 percent for an average annual rate of only 2.5 percent. Therefore, property-tax payments have grown 60 percent more than median income.
- The average residential property-tax payment has grown by a factor of 3.1 from 1990 to 2013.



- However, median household income has only grown by a factor of 1.8. When measured against median household income, Illinoisans' residential property-tax burden is 76 percent higher in 2013 than it was in 1990.

ROLE OF GOVERNMENT:

- The state must do more than just moderate the growth in property taxes.
- Illinois should reduce the overall burden of property taxes to make them more affordable for average homeowners and to bring Illinois' effective rates in line with those of other states.
- A universal property-tax freeze would achieve that goal over time.
- Additional steps to reduce the burden of property taxes include reducing the number of taxing districts and requiring taxing districts to implement financial plans to deliver services at lower costs.
- By consolidating some taxing districts, overhead will be reduced, the number of highly paid executives and staff will be streamlined, and the overall burden borne by taxpayers will become more transparent.

BECOMING AN INFLUENCER:

- Track and be engaged with local legislation; write a letter to your local elected representative on some of the following proposals:
 - HB4501 (expands the process for government consolidation)
 - HB4238 (gives power back to the taxpayer by prohibiting municipalities from increasing or creating any new taxes unless approved by taxpayers through referendum)
 - HB5522 (requires local governments to maintain websites with access to documents about budgets, spending and operations)