



# THE CIVIC FEDERATION

## 2004 Legislative Priorities

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The Civic Federation is an independent, non-partisan government research organization founded in 1894. The Federation's membership includes business and professional leaders from a wide range of Chicago area corporations, professional service firms and institutions.

### 1. SUBURBAN COOK COUNTY TB SANITARIUM DISTRICT

The Civic Federation calls on the General Assembly to eliminate the Suburban Cook County Tuberculosis Sanitarium District and transfer both the assets of the District and the responsibility for tuberculosis treatment and prevention to the Cook County Department of Public Health. At the time the District was created, treatment options for tuberculosis were limited and Cook County was not in a position to fund the necessary services. Both modern medicine and the 1970 Illinois State Constitution have eliminated these impediments to the County's ability to integrate tuberculosis care and prevention into the Department of Public Health. Additionally, the financial management of the District in recent years raises questions about how the District's stewardship of public funds. We believe both taxpayers and tuberculosis patients would be better served by integrating the District's services into the functions of the Cook County public health services, which already provide a full range of health care services.

### 2. PROPERTY TAX ASSESSMENT APPEALS

The Civic Federation continues to support changes to the process of property tax assessment appeals. There must be equally concern both with the financial stability of Cook County taxing agencies and with the rights of taxpayers to seek redress from inaccurate property tax assessments. To protect the financial stability of Cook County taxing agencies, and to improve the functioning of the PTAB as an administrative review agency, changes must be made to the PTAB to accommodate the County's unique classification system. Therefore, we recommend removing the level of assessment issue from consideration in PTAB cases. This approach would preserve the right to appeal to the PTAB for all property classes, but limit commercial and industrial appeals to findings of full market value. Additional modifications to the procedures at the PTAB are also necessary to improve the functioning of the tribunal. In order to protect the financial stability of taxing agencies, they should be authorized to file a supplemental levy to recoup funds withheld from their current year property tax extensions to pay for previous year's refund orders. Quite simply, taxing agencies are not responsible for incorrect assessment, yet they are forced to forego legally extended property tax revenue.

### **3. NEIGHBORHOOD PRESERVATION HOMEOWNERS EXEMPTION**

Based upon a thorough review of the available information, The Civic Federation offers qualified support for the Neighborhood Preservation Homeowners Exemption proposal, which is currently attached as an amendment to Senate Bill 1498. This support is based on our weighing of the costs and benefits of the proposal, and it is contingent upon the Cook County Assessor's Office taking full advantage of this opportunity to move forward with reform of the property tax assessment process in Cook County to bring about greater transparency and clarity. The cost of the proposal is estimated to be a 3.3% shift in the tax burden onto non-homestead properties. The benefit is a smoothing out of increases in tax liability. Our support is contingent upon the continuing efforts of the Cook County Assessor to bring greater clarity and transparency to the assessment process. Our analysis further shows that although some school districts already facing difficulties because of statutory rate limits will be impacted, those impacts will not be devastating and can be nearly eliminated by constructing property tax levies that minimize the impact of rate limits.

### **4. PUBLIC EMPLOYEE PENSIONS**

The Civic Federation again calls on the state legislature to be mindful of the pension benefits granted to public employees at both the State and local level. The liabilities of State and local governments could dramatically increase as a result of increasing the benefits provided by these plans or decreasing the retirement ages of employees. These increasing liabilities would demand greater employer contributions over time. During this time of declining government revenue, increasing the amount of revenue that any government must dedicate to pension funds ultimately threatens the funds available for other vital programs and services.

### **5. PENSION OBLIGATION BONDS**

As a result of the dire budget conditions of the State, past funding inadequacies, and the historically low interest rates, The Civic Federation last year supported Governor Blagojevich's proposal to issue bonds to meet the State's past pension obligations. The tremendous unfunded liabilities of the State's pension funds demand that the General Assembly continue to fully fund the annual required contributions to these funds. The Federation intends to continue monitoring the pension obligation bond program in order to measure progress made toward returning the funds to sound financial condition.