



LAKE COUNTY FOREST PRESERVES  
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Preservation, Restoration, Education and Recreation

**DATE:** March 4, 2019

**MEMO TO:** Adam R. Didech, Chair  
Legislative Committee

Terry Wilke, Chair  
Finance Committee

**FROM:** Alex “Ty” Kovach  
Executive Director

**REQUEST:** Provide Policy Direction on potential legislation amending the District’s maximum tax rates under the Downstate Forest Preserve District Act (Act).

**STRATEGIC DIRECTION SUPPORTED:** Organizational Sustainability

**FINANCIAL DATA:** There is no immediate financial impact associated with this legislation.

**BACKGROUND:** Staff has had ongoing discussions with the Committees regarding the District’s potential inability to effectively operate and maintain future land acquisition, public access and habitat restoration projects. This challenge results from two factors: the statutory levy “caps” under the District’s enabling legislation (the Downstate Forest Preserve District Act), the “property tax cap” law, officially known as the Property Tax Extension Limitation Law (PTELL), and the ongoing effects of the Great Recession.

Under the Downstate Forest Preserve District Act, the District’s tax rates for its General Corporate Fund and Land Development Fund are “capped” at .06% and .025%, respectively, of the County-wide equalized assessed value (EAV). Following the onset of the Great Recession, the County’s EAV declined dramatically. As a result, the District’s tax levies (dollars collected) for general corporate and land development purposes decreased annually starting in 2009 through 2014, even while the District’s tax rates for the General Corporate Fund and Land Development Fund rose to the statutory maximums of .06% and .025% respectively.

With these tax rates at or near the maximum, there is very little room to grow the District’s operational dollars. These limitations jeopardize the District’s ability to undertake new capital projects because, even if there are funds available to pay for the capital project, the District is unable to generate sufficient funds to pay for the long-term operations of those projects. While there are several avenues the District can look to for new capital funds (bond referendum, limited bonds, grants, etc.) we are very limited in our operational revenue, which is derived primarily from two sources: property taxes and program fees.

With a nationwide economic recovery, the District has re-gained some of its “lost” EAV. However, PTELL imposes a second cap on the District’s levy authority that has slowed the District’s recovery. Specifically, PTELL limits a public body’s annual increase in its aggregate tax extension (excluding taxes for “new property” and voter-approved taxes) to the lesser of 5% and the percentage increase in the Consumer Price Index.

With this cap, the District’s tax levy increases after the long-sustained levy decreases have been at or below 2% annually. So, while our tax revenue dropped steeply over the course of six years, our recovery has progressed at a much lower rate, leaving the District challenged to meet operational expenses now, and in the future.

PTELL does allow a taxing district to ask voters to approve a higher inflationary increase to its overall extension than would otherwise be allowed by PTELL. For example, the Board could ask the voters to allow the District to increase its levy by 5% (or any number the Board chooses) for levy years 2020 and 2021 (the Board would choose the number of levy years in the request). If successful, the tax levy increases would be at the specified percentage for the specified years. Afterward the tax levy formula would revert back to the standard PTELL formula, albeit with a new, elevated base on which to calculate future levies.

While this ballot measure option exists, it is not currently available to the District because the District is already limited by the first cap discussed above, i.e., the statutory limits on the general corporate and land development levy rates. Thus, even with a successful PTELL referendum, the District would still be capped by its statutory levy rate maximums. The only way the Board could take advantage of the PTELL ballot measure would be if the General Assembly first amended the Downstate Forest Preserve District Act to increase these maximums. This was last done through amendment in 1977.

Increasing the General Corporate and Land Development levy maximums by no more than .02% each, up to .08% and .045% respectively, would provide the room necessary for the Board to consider asking the voters to increase the District’s aggregate tax extension, for a finite number of levy years, above the limits imposed by PTELL.

Staff has discussed potential legislation with other downstate Forest Preserve and Conservation Districts, as many are in the same financial position as the District, due to the same or similar factors mentioned above. They are all supportive of legislation that would increase the levy rates.

Staff is requesting policy direction from the Committees on whether to present to the Legislative Committee an amended resolution approving the District’s State legislative program, to include legislation that would increase the maximum general corporate and land development levy rates. If that amended resolution is approved, President Kyle and staff would work with our legislative consultants, Strategic Advocacy Group, on drafting language for the legislation and presenting it to the General Assembly. Staff would work with our legislative consultants to determine the percentage increase that has the best chance at successful passage, not to exceed the .02%.

**REVIEW BY OTHERS:** Chief Operations Officer, Director of Finance, Corporate Counsel