



LAKE COUNTY FOREST PRESERVES
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Preservation, Restoration, Education and Recreation

DATE: April 1, 2019

TO: Adam Didech, Chair
Legislative Committee

Agenda Item# 9.3

Terry Wilke, Chair
Finance Committee

FROM: Alex Ty Kovach
Executive Director

RECOMMENDATION: Recommend approval of a Resolution amending the 2019 Legislative Program for the Lake County Forest Preserve District by adding, as an objective to the Program, to amend the Downstate Forest Preserve District Act for the purpose of potentially increase the maximum allowable tax rates for the General Corporate and Land Development levies by no more than .02%.

STRATEGIC DIRECTIONS SUPPORTED: Organizational Sustainability; Leadership

FINANCIAL DATA: There is no immediate financial impact. If the amendment is adopted and the District is successful in then amending the Downstate Forest Preserve Act there will be an opportunity for the Board to vote to put a question on the ballot asking the voters to allow the District's general corporate and land development levies to increase by a percentage of the Board's choosing for one or more levy years of the Board's choosing.

BACKGROUND: On March 4 and March 7, staff presented, and the Legislative and Finance Committees discussed, the District's potential inability to effectively operate and maintain existing District lands and infrastructure, future land acquisitions, and public access and habitat restoration projects. This challenge results from three 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.

At these meetings, the Committees gave policy direction to staff to prepare a resolution amending the 2019 Legislative Program that would allow the District to work with our legislative consultants in an effort to amend the Downstate Forest Preserve Act to increase the maximum allowable tax rates for the General Corporate and Land Development levies by no more than .02%.

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.) it is very limited in its 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 under the Downstate Forest Preserve District Act. Thus, even with a successful PTELL referendum, the District would still be capped by its statutory tax 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 allowable tax rate 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 levy extension, for a finite number of levy years, above the limits imposed by PTELL.

The new objective that would be added to the Legislative Program is: **"Seek legislation amending the Downstate Forest Preserve District Act, increasing the maximum allowable tax rates for the General Corporate and Land Development levies by no more than .02%."**

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 maximum allowable tax rates.

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

**LAKE COUNTY FOREST PRESERVE DISTRICT
LAKE COUNTY, ILLINOIS**

**A RESOLUTION AMENDING THE ANNUAL LEGISLATIVE PROGRAM FOR 2019
(CORPORATE AND LAND DEVELOPMENT LEVY RATES)**

WHEREAS, the Legislative Committee of the Lake County Forest Preserve District (the "District") Board of Commissioners prepares and recommends the annual Legislative Program for the District in accordance with the District's Rules of Order and Operational Procedures; and

WHEREAS, under the state and federal legislative processes and schedules, it is in the District's best interests for the Board of Commissioners to review and approve an annual Legislative Program for the District prior to the start of the calendar year in which the Legislative Program will be effective; and

WHEREAS, on November 3, 2018, the Board approved a resolution approving a legislative program for 2019 (the "Program"); and

WHEREAS, the Legislative Committee and Finance Committee have recommended that the Program be amended to add the following objective under the "State Legislative Objectives" of the Program: "Seek legislation amending the Downstate Forest Preserve District Act, increasing the maximum allowable tax rates for the General Corporate and Land Development levies by no more than .02%" (the "Program Amendment");

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Lake County Forest Preserve District, Lake County, Illinois, THAT:

Section 1: Recitals. The recitals set forth above are incorporated as part of this Resolution by this reference.

Section 2: Approval of Program Amendment. The Program Amendment is hereby approved.

Section 3: Effective Date. This Resolution shall be in full force and effect from and after its passage and approval in the manner provided by law.

PASSED this _____ day of _____, 2019.

AYES:

NAYS:

APPROVED this _____ day of _____, 2019.

Angelo D. Kyle, President
Lake County Forest Preserve District

ATTEST:

Julie Gragnani, Secretary
Lake County Forest Preserve District

Exhibit No. _____