

Property Taxation and School Revenue in the Time of the Coronavirus

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Coverage

- State and Federal funding
- Property Tax Collections
- Reassessment Schedules and Procedures
- Assessment Trends
- State of the Real Estate Market
- Economic Development Incentives

State Funding



- \$40 Billion Maintenance-Level Budget – Federal Funding Reliance to Close Pandemic Driven Deficit – Actual 6% Increase
- Governor's New Auth. Designation of 2-10 Contingency Reserve FY 2021 from Agency Budgets not to exceed 15% of Line Items or Lump Sums
- Crisis - Legislative Budget Oversight Commission (Monitor Budget Management Actions of the Governor's Office of Budget and Management) – House 7 Dems., 4 Rep. and Senate 7 Dems. and 4 Rep.

State Funding



OFFICE OF MANAGEMENT AND BUDGET
EXECUTIVE OFFICE OF THE GOVERNOR

- Ed Appropriations: EBF, ISBE Mandated Categorical and Grant Lines held Flat to Current Year Levels
- Capital Projects Funded Last Year that Remained Were Re-appropriated
- Chicago Casino Tax Restructuring – Funds \$46 Billion State Capital Plan

State Revenues



- State Revenue Projections
 - FY 2020 revenues down \$2.7 billion
 - Partial State Short Term Borrowing Needed (tax revenue delays could also result in district short term borrowing or reserve usage)
 - Federal Reserve Municipal Liquidity Facility (MLF)

State Revenues



- FY 2021 revenues down \$4.6 billion
 - MLF (complicated by pension obligations and State bill backlog)
 - Initial Budget Projections Assumed 3%+ Growth (income and sales taxes)

Illinois Allow for Graduated Income Tax Amendment

Section 3. Limitations on Income Taxation.

(a) ~~A tax on or measured by income shall be at a non-graduated rate. At any one time there may be no more than one such tax imposed by the State for State purposes on individuals and one such tax so imposed on corporations. The General Assembly shall provide by law for the rate or rates of any tax on or measured by income imposed by the State.~~ In any such tax imposed upon corporations the highest rate shall not exceed the highest rate imposed on individuals by more than a ratio of 8 to 5.

(b) Laws imposing taxes on or measured by income may adopt by reference provisions of the laws and regulations of the United States, as they then exist or thereafter may be changed, for the purpose of arriving at the amount of income upon which the tax is imposed. ^[3]

- November 3, 2020 Ballot - Legislatively Referred
- Q - Repealing Const. Required Flat Income Tax Rate
- 60% of Votes Cast on Measure or Simple Majority of Those Voting in Election
- Would Allow State to Enact a Leg. Graduated Income Tax

Federal Funding

- CARES Act
 - \$31.75 billion Education Stabilization Fund
 - \$13.5 billion for K-12
 - 90% allocated based upon Title 1-A
 - See ISBE spreadsheet
 - To be spent on Ed Tech, sanitation, LT school closures
 - Another \$3.0 billion in discretionary K-12 funds
- Private schools and 'equitable services'
 - CARES Act language v. DOE 'guidance'

DOE guidance

PROVIDING EQUITABLE SERVICES TO STUDENTS AND TEACHERS IN NON-PUBLIC SCHOOLS UNDER THE CARES ACT PROGRAMS

4. Which LEA is responsible for providing equitable services to non-public school students and teachers under the CARES Act programs?

The Department has determined that, under the CARES Act programs, the LEA in which a non-public school is located is responsible for providing equitable services to students and teachers in the school, as it is under most ESEA programs that require an LEA to provide equitable services. Outside of Title I, Part A, the responsibility typically falls on the LEA in which a non-public school is located because equitable services are generally available

DeVos Demands Public Schools Share Pandemic Aid With Private Institutions

Education Secretary Betsy DeVos says she will force public school superintendents to share coronavirus rescue funds with private schools, some of which are facing ruin.

Property Tax Collections

- Changes to Due Dates and Interest Waivers

Cook County	DuPage County
Kane County	St. Clair County
Sangamon County	Will County

- Tax sales postponed

Projecting 2020 Tax Year Collections

5/4/2020

Property tax pain ahead for government, land owners - Chicago Sun-Times

CS★T

LIVE UPDATES

Here's the latest on the coronavirus in Illinois and Chicago

CHICAGO ENTERPRISE NEWS POLITICS

Property tax pain looms in a pandemic-ravaged economy

Government needs the money, but relief may be essential for struggling homeowners and businesses.

By David Roeder | @RoederDavid | May 4, 2020, 5:30am CDT

Suffredin estimated, based on his conversations with property-owning residents and businesses, the default rate on the tax bills due to be sent this summer will be 30%. He said Cook County typically allows for a 3% default rate when it computes the tax rates needed to raise necessary revenue for local governments.



Cook County Commissioner Larry Suffredin | Sun-Times file

Property Tax Collections

CPI Used for PTELL "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.

Year	December CPI-U	% Change		Levy Year	Years Taxes Paid
		From			
		Previous December	% Use for PTELL		
2008	210.228	0.1%	0.1%	2009	2010
2016	241.432	2.1%	2.1%	2017	2018
2017	246.524	2.1%	2.1%	2018	2019
2018	251.233	1.9%	1.9%	2019	2020
2019	256.974	2.3%	2.3%	2020	2021

PTAB Update



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State of Illinois Property Tax Appeal Board



Due to COVID-19, the Property Tax Appeal Board will be operating with reduced staff. The office will respond to inquiries as quickly as possible. Until further notice, walk in traffic is not being permitted in the Stratton Office Building in Springfield or the Suburban North Regional Office Facility in Des Plaines. Thank you for your patience.

The Property Tax Appeal Board (PTAB) continues to receive inquiries regarding the operations of the PTAB during the COVID-19 pandemic. The PTAB is also aware that many offices are working remotely and are unable to perform normal operations.

[READ THE NOTICE](#) CONTAINING IMPORTANT INFORMATION REGARDING THE PTAB'S RESUMPTION OF ISSUANCE OF CORRESPONDENCE/NOTICES ACKNOWLEDGING RECEIPT OF APPEALS, NOTIFYING COUNTY BOARDS OF REVIEW, NOTIFYING INTERVENORS, ESTABLISHING FILING DEADLINES, FILING REQUIREMENTS, GRANTING OF EXTENSIONS, REQUESTS TO INTERVENE AND THE RESUMPTIONS OF HEARINGS. THANK YOU.

PTAB Update

- Cook County Board of Review Now: -
 - Sending E-Mail Notices of Appeals
 - BOARDOFREVIEWREPORTSERVER@cookcountyil.gov
- Initially Evidence Filing Deadlines Extended 60 Days
- Hearing Dates Also Delayed at Least 60 Days
- May 19 PTAB Voted to Re-Activate June 1

Assessment Schedule & Procedure

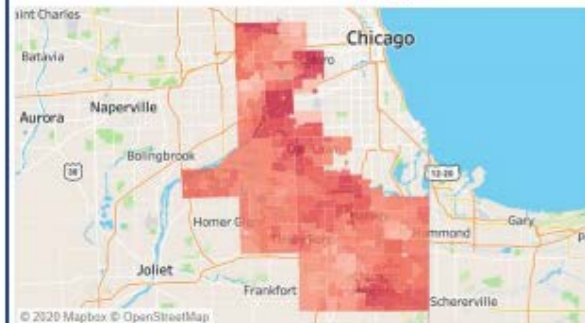
- Collar Counties and Downstate
 - No reassessment for 2020
 - Board of Review appeals
- Cook County
 - 2020 South Cook reassessment
 - Partial county-wide reassessment
 - Board of Review appeals

COVID-19 Adjustments

Cook County Assessor's COVID-19 Adjustments to Property Assessments in the South and West Suburbs

Berwyn, Bloom, Bremen, Calumet, Cicero, Lemont, Lyons,
Oak Park, Orland, Palos, Proviso, Rich, River Forest, Riverside,
Stickney, Thornton, Worth

Estimated Increases in **Unemployment**



COVID **Adjustments** (Single-Family Homes and Condos)



Cook County Assessor's Office

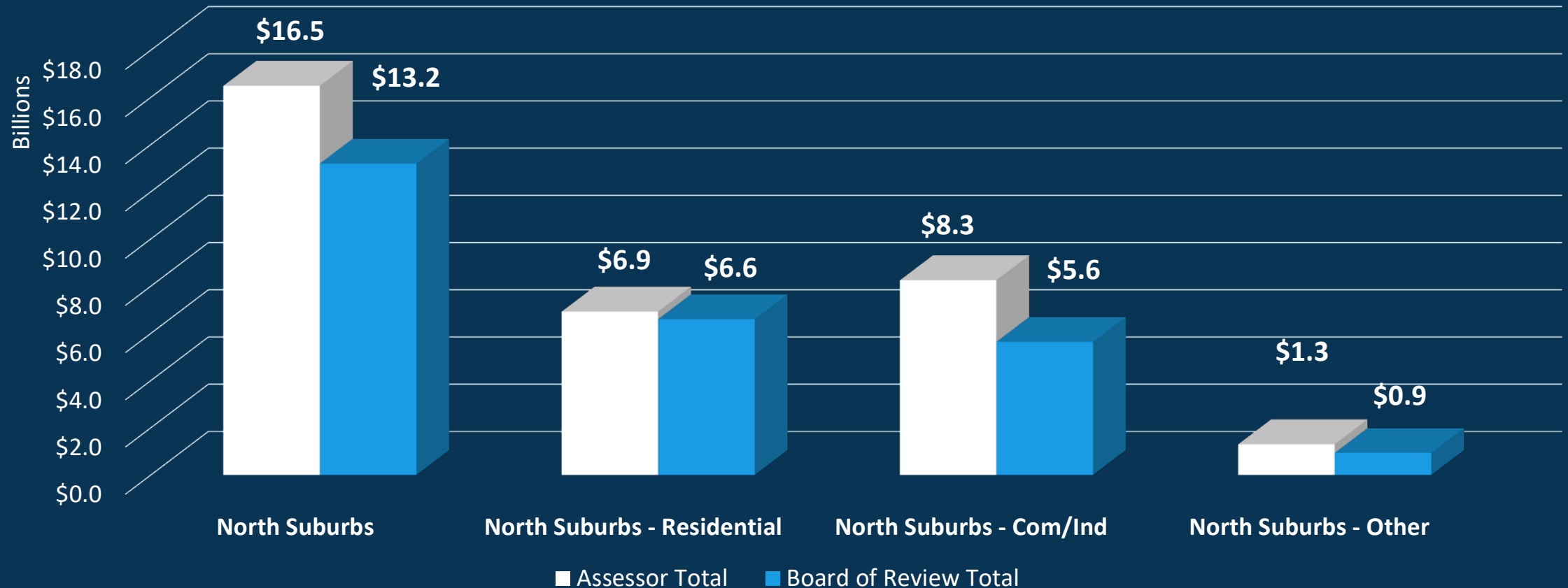
May 28, 2020

COVID-19 Adjustments

- Impact on employment and economy merit adjustments
- Anticipating large number of appeals
- For residential, increased unemployment correlates with falling home prices
- For comm/indus, change in MV will be reflected in cap rates

Assessment Trends – 2019 CCBOR

2019 Cook County Board of Review Reductions
North Suburbs



Real Estate Trends - Retail

April 2019 vs. April 2020

U.S. Census Bureau

Sector	Percentage Change
Non-Store Retail Trade	+ 21.6%
Grocery Stores	+ 13.2%
Clothing & Accessories	- 89.3%
Furniture & Home Stores	- 65.5%

Real Estate Trends – Bankruptcies

JCPenney

Neiman Marcus

Pier1

TRUE RELIGION
↻

Art
Van

J. CREW

Real Estate Trends – Retail Trends

- Hospitality and Restaurants Hit Hardest
- Increased Use of Outdoor Space
- Cleanliness as a Selling Point
- Repurposing Mall Space
- Downsizing Big Box Stores
- Decreased Demand for Entertainment

Real Estate Trends - Industrial

- Largely Not Impacted by COVID-19
- Online Shopping Increasing Value of Distribution Facilities
- Reliance on Technology Increases Value of Data Centers

Real Estate Trends - Office

- Impact Currently Uncertain
- Rent Defaults Not Widespread
- Market Currently Approaching Saturation
- Increased Vacancy Rates
- Trend Toward Remote Working

Economic Development Incentives

- Expect increased demand
- TIF Districts
- Property Tax Abatements
- Considerations in Evaluating and Responding

Economic Development Incentives

- Duration: 10 v. 23 years (potentially 35)
- Amount: \$4.0 mm v. unlimited
- Input: early and often
- PTELL implications
- TIF = tax increase with tax shift