

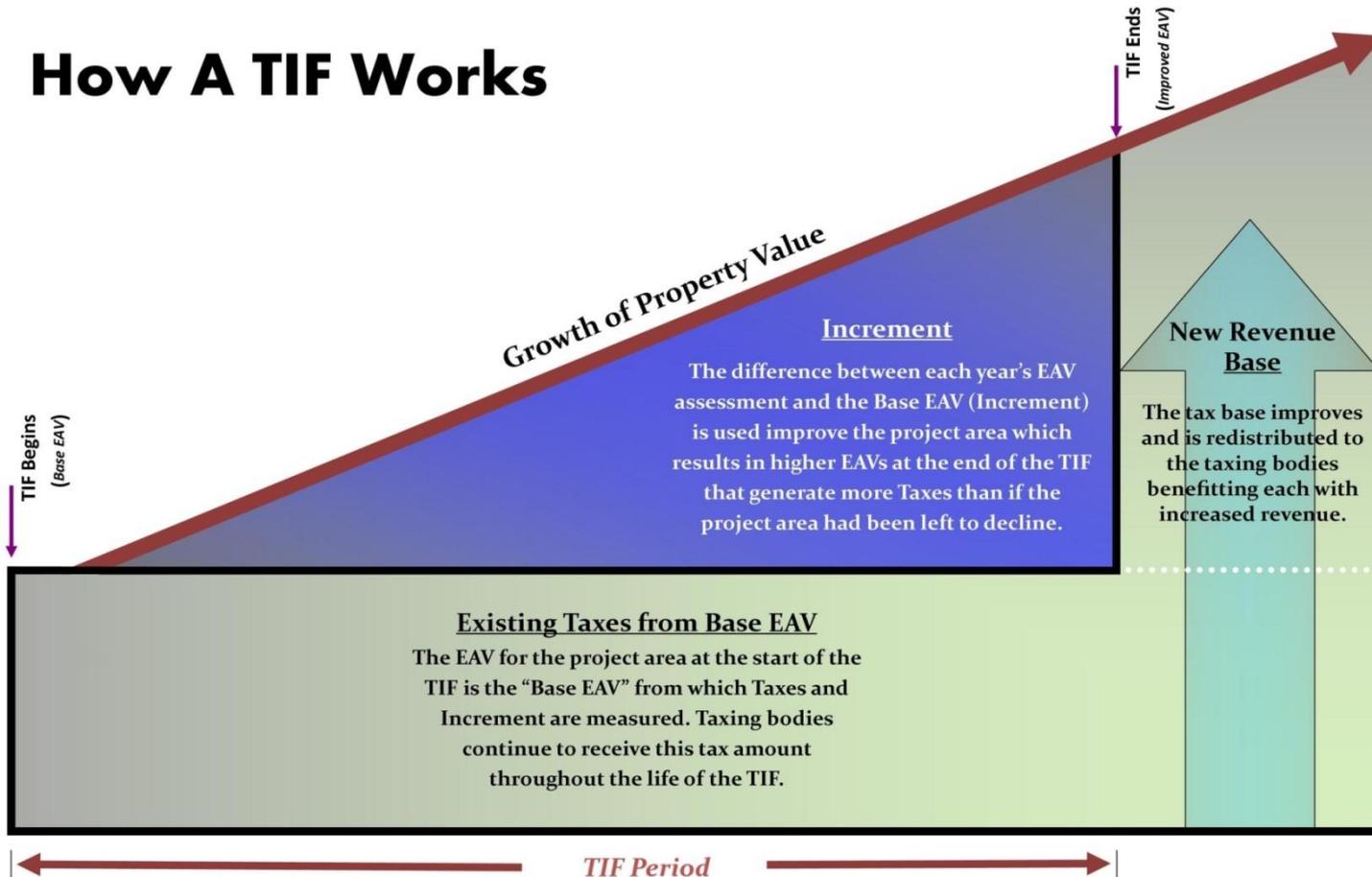


Property tax appeals as it relates to TIFs

Illinois Tax Increment Association
Spring, 2013 Conference
Peoria, Illinois

TIF Increment

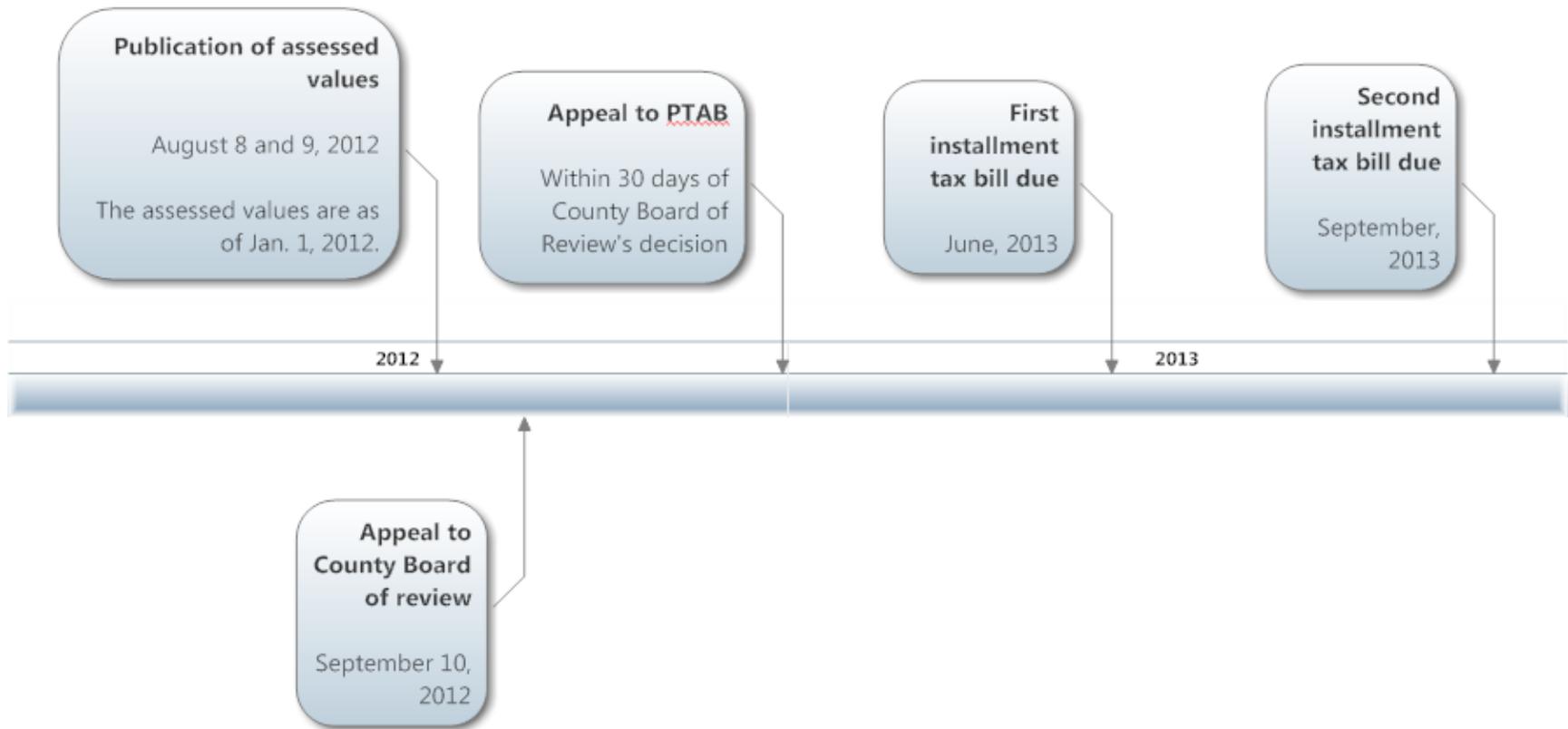
How A TIF Works



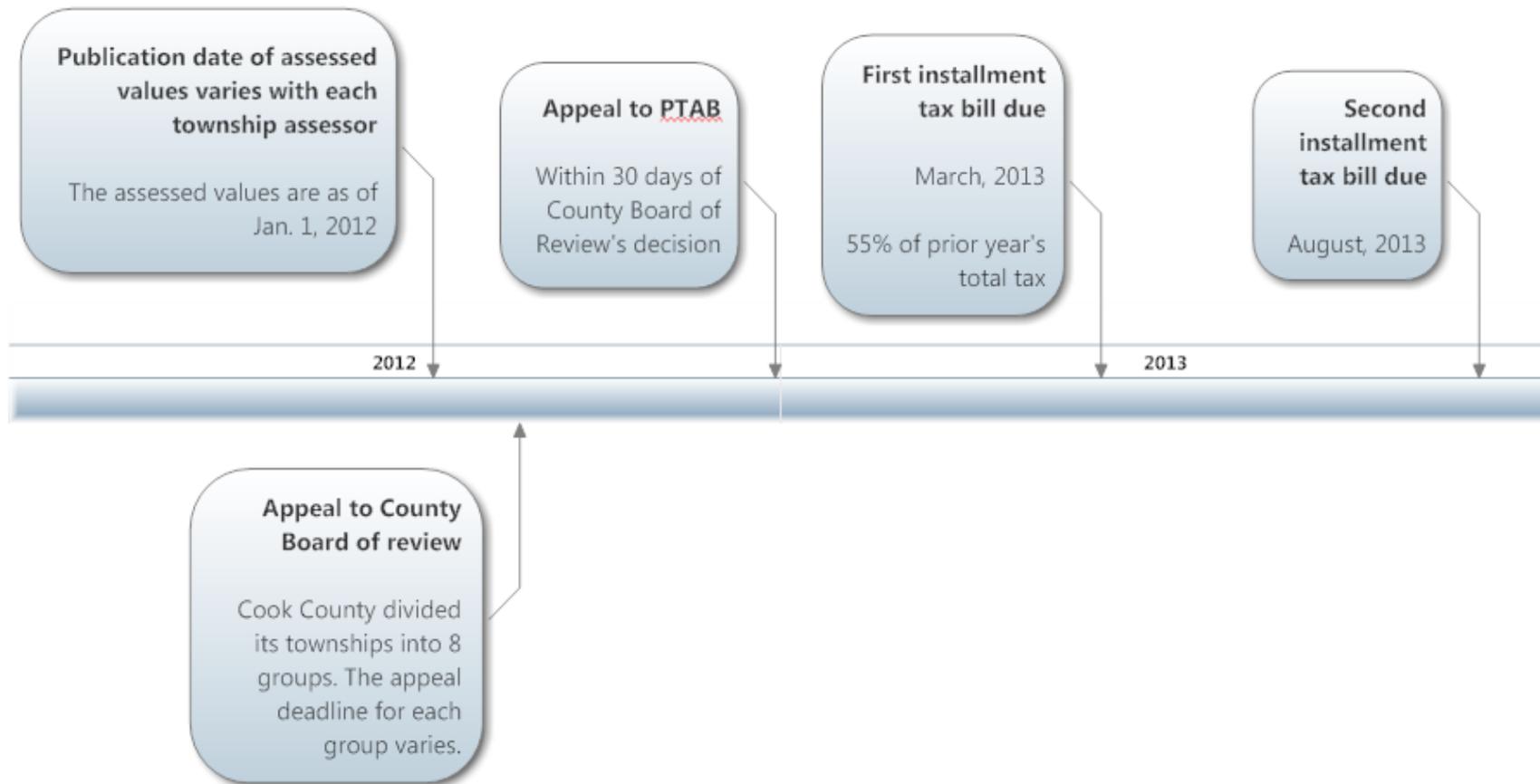
Pending property tax appeals in an expiring TIF district

- Properties are assessed on a PIN by PIN basis.
- Taxpayer appeals the assessed value of property in a TIF district.
- TIF expires and the appeal is still pending at PTAB.
- Appeal is successful resulting in a reduction in assessed value, and taxpayer is entitled to a refund.
- The TIF has expired. Who is responsible for the refund?

Winnebago County property tax appeal timeline



Cook County property tax appeal timeline



Property Tax Appeal Board (PTAB)

■ Background

- ❑ In 2003, based on anticipation of the passage of SB620 (designed to limit PTAB's jurisdiction in Cook County), PTAB's staffing and budget was reduced by over 50%.
- ❑ SB620 was defeated in both houses. However, PTAB's staff and budget was never restored.
- ❑ Since 2003, PTAB's appeals have increased from 16,000 statewide to 50,000 in 2013.
- ❑ 70% of PTAB appeals come directly from Cook, Lake and DuPage Counties.
- ❑ Annual caseload of almost 4,000 per Administrative Law Judge.

Property Tax Appeal Board (PTAB) cont'd

■ PTAB processing timeframe:

- ❑ No law that requires PTAB to hold a hearing or render a decision within a certain amount of time.
- ❑ Timeframe for rendering a decision about 1 – 2 years depending on the complexity of appeals.
 - Class 1
 - Usually residential properties.
 - Requested change in assessed value of less than \$100,000.
 - Timeframe for rendering a decision is about 1 year.
 - Class 2
 - Requested change in assessed value of more than \$100,000.
 - Timeframe for rendering a decision is about 2 years.
 - Class 3
 - Requested change in assessed value of \$300,000 or more.
 - Timeframe for rendering a decision is about 2 years.
- ❑ Longer timeframe for more complicated appeals is generally due to taxing bodies interventions, motions, other litigation in courts, and various other factors.

Property Tax Appeal Board (PTAB)

- **Notice to County Board of Review:**
 - PTAB is required to mail a copy of the appeal petition to the County Board of Review. 35 ILCS 200/16-180.

- **Notice to affected taxing bodies:**
 - If a change in assessed value is \$100,000 or more, the County Board of Review is required to serve a copy of the appeal petition to all affecting taxing bodies. 35 ILCS 200/16-180.

Refunds

- **Where do the refunds come from?**
 - In Winnebago County, the County Treasurer issues the refunds from future tax increment generated in the STAF, which are withheld from taxing bodies entitled to receive the money.

 - If there is insufficient or no tax increment in the STAF, the refunds are paid out of the municipality's funds.

Possible solutions

- **Amend the TIF statute**
 - Allow municipalities to withhold tax increment in the STAF even after expiration of the TIF, until appeals are completed.

- **Amend the Property Tax Code**
 - Allow County Collectors to withhold tax increment in the STAF until appeals are completed.

- **When drafting an RDA**
 - Consider including language which reserves the right of a municipality to withhold tax increment in the STAF for pending appeals.

Possible solutions (cont'd)

- **Coordination between the municipality and the County**
 - The municipality should communicate with the County so it can receive notice of all pending PTAB appeals and final decision of the same.

- **Intervention in PTAB appeals by a municipality**
 - Preserve its taxable property base.
 - Minimize tax refund liability.
 - Prevent future protests.