

Law takes aim at tax loophole

Simplified school tax cap would help voters, stop abuse of current system, authors say

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Voters should know what a tax increase will cost them before they head to the polls.

On that, county clerks, legislators, anti-tax advocates and even many school officials agree.

The complicated tax cap law, however, has allowed school districts — and other taxing bodies — to collect millions more than they told voters during referendum campaigns.

A Daily Herald analysis of 25 school districts in Cook, DuPage, Kane, Lake and McHenry counties shows that, over the past five years, that's added up to an additional \$204 million in property taxes, beyond what most school officials would have said during their campaigns.

Experts say some of the blame falls on school officials, who often don't understand or don't fully explain the law — and its implications — to voters.

But experts also agree that the law, as written, only adds to the confusion.

That is why some are supporting a bill in the General Assembly, unanimously approved last month by the House revenue committee, that seeks to make it more difficult for school districts to quietly increase tax bills over time.

"I think it's good government to recognize that this exists under the tax cap law — and we need to fix it," said first-year state Rep. Mike Tryon, a Crystal Lake Republican who introduced the bill.

As it's now written, the bill would require school districts to take all the money from a tax-rate increase in one year — rather than over five years, as the current law allows.

Tryon is working on less restrictive language that would still protect taxpayers while offering taxing bodies the ability to make long-term financial plans.

"It's actually a simple bill," Tryon said. "Apply the rate increase to the aggregate limiting rate."

In other words, approval of a 30-cent tax rate increase would result in a rate increase of 30 cents — and no more.

And that's the way it should be, according to everyone from the people who send out your tax bills to those who write the laws.

"I understand all these taxing bodies have problems, and obviously they've become innovative," said state Rep. Terry Parke, a Hoffman Estates Republican. "But I think that circumvents the intent of what the voters wanted."

That's why Parke and eight other state legislators have signed on to support Tryon's bill.

Those pushing for the change aren't the only ones who see the merits of tweaking the current law.

"It's a bad law," said Allen Albus, the assistant superintendent for finance in Naperville Unit District 203. "I've said it from the beginning. It's convoluted."

District 203 is one of a number of districts in the Daily Herald's coverage area in recent years

that has collected more money from a tax-rate increase than voters were led to believe.

District 203 officials didn't explain the full cost to taxpayers, Albus said, because the true impact is too complicated.

"You're trying to be succinct in getting your message out," Albus said.

But there are those who argue that by being brief, school officials across the suburbs have misled voters, whether intentionally or not.

"They've figured out how to abuse the law," DuPage County Clerk Gary King said. "They've figured out that instead of 20 cents they can get 30 cents they can use somewhere else, and it keeps going.

"It allows them to do it," King said. "But it was certainly never the intent of the legislature."

For those districts that either didn't know the impact of their tax increase — or didn't explain it to voters — making good now could be a rocky road.

The options are limited to returning the money to taxpayers or simply telling the county they don't want the money. It's a difficult prospect with so many districts facing financial problems.

To make matters worse, in some school districts, receiving less tax money could mean receiving less state aid. The effect could be so dramatic as to outweigh any benefit from a tax increase.

The alternative? Explain the true cost of the increase to voters up front.

Some of the districts the Daily Herald studied have shown it can be done.

And the House just approved another bill, introduced by state Rep. Jack Franks, a Democrat from Woodstock, that would require districts to put on the ballot the approximate cost of their tax increase for the owner of a \$100,000 house.

That bill, intended to give voters a better idea of what they'll actually pay as a result of a tax increase, is now on its way to the Senate.

But asking districts to spell out potential costs doesn't make the tax cap law any less complicated, which is why many agree the law needs to be changed.

"The way it is, it's so confusing to the voters, the taxpayers, even to the districts," said McHenry County Clerk Kathy Schultz, who helped pen the new legislation. "This will make it very simple."

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