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PROPERTY TAX LIMITATIONS IN PRACTICE: WHAT THE DATA REVEALS ABOUT PROPERTY TAX CAPS IN COOK COUNTY



A Joint Report of the Civic Federation and Mansueto
Institute for Urban Innovation at the University of
Chicago Harris School of Public Policy

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EXECUTIVE SUMMARY

Illinois' Property Tax Extension Limitation Law (PTELL) was enacted in the 1990s to slow the rate of growth of local property taxes by capping the annual increases in property tax extensions for non-home rule governments, such as school districts and park districts, to the lesser of 5% or the rate of inflation. **In reality, property taxes have grown much faster than inflation, and PTELL has not achieved its intended purpose of limiting property tax growth.**

The primary reason is that the law itself contains exclusions and exceptions that allow growth well beyond the intended limit. The result is a system that presents an illusion of a "cap" to protect taxpayers while, in reality, governments are saddling property owners with ever-higher bills.

This report sheds light on the limitations of the law itself, explores why PTELL has not been working as intended, provides examples of the impact on taxpayers using Chicago Public Schools as a case study, and ends with a brief analysis of what property tax collections would look like if PTELL truly did limit growth. The Civic Federation and Mansueto Institute for Urban Innovation present these findings to establish a common set of data and facts from which policymakers, taxpayers, and local officials can, and should, discuss reform.

Property Tax Extension Limitation Law (PTELL)

In Illinois, many non-home rule local governments are limited in how much they can increase their total property tax levy each year. The increase cannot exceed 5% or the rate of inflation (as measured by the Consumer Price Index), whichever is lower. This is often referred to as "tax caps."

UNDERSTANDING WHY PTELL FALLS SHORT

Home Rule Government

In Illinois, a home rule unit of government has broad local control, including power to make laws and raise revenue, except as limited by the Illinois Constitution or state law.

Municipalities with populations over 25,000 automatically have home rule status, and smaller municipalities can adopt it through voter referendum.

In counties that have adopted PTELL, the limitation applies to non-home rule governments within the county's borders, such as school districts, park districts, other special purpose districts, and municipalities without home rule authority. In the 2023 tax year, there were 527 Cook County non-home rule taxing agencies subject to PTELL,¹ accounting for about 75% of property taxes billed,² and there were 282 home rule taxing agencies to which PTELL did not apply. Examples of Cook County home rule governments to which PTELL *does not* apply include the City of Chicago and the County government itself, as well as approximately 80 home rule municipalities within Cook County.

¹ Note that the number of taxing agencies differs from the number of government bodies, as taxing agencies include some entities that are part of municipalities or other government entities, such as special service areas or library funds.

² A tax year refers to the calendar year in which property taxes are determined based on assessed value of property and the amount of revenue requested by taxing agencies (the levy). These taxes are billed and paid the following calendar year.

Property Tax Extension

In Illinois, tax extension is the total amount of money a taxing district is authorized to collect from property taxes and that is billed to taxpayers.

Despite the law's original intent, PTELL has not stemmed property tax growth above the stated limit. The main reason is that some government funds or some types of property value changes have been carved out of PTELL limits allowing governments to increase their total tax property tax extension above the law's inflation-based limit.

There are several exceptions to PTELL, including the following:

- **Some government funds are exempted from PTELL.** For example, funds earmarked for things like paying off bonds and, in some cases, public pensions, are not subject to the PTELL cap. These are referred to as the “uncapped” portion of a property tax extension.
- **The value of new or improved property is excluded from the calculation of the limiting rate under PTELL.** These types of property include new construction, formerly exempt property, annexed property, expired incentives, and recovered tax increment financing district property.
- A 2021 Illinois law allows governments to recoup property taxes refunded in the prior year due to decisions finalized by the Property Tax Appeal Board, certificates of error, or court-ordered adjustments, known as the “recapture levy.” **This recaptured levy is not factored into PTELL limits.**
- **TIF surplus distributions are not counted against a government's PTELL cap.** TIF surplus, or excess funds available within Tax Increment Financing Districts that are not committed for projects, is distributed to taxing bodies in Cook County each year based on their proportional share of the tax bill.
- **PTELL allows jurisdictions to exceed their property tax limit through a voter-approved referendum.** This is primarily done in suburban districts rather than within the City of Chicago.³

Limiting Rate

For governments subject to PTELL, the limiting rate is the rate used to determine how much a government's “capped” property tax extension (i.e., the portion of its property tax levy subject to PTELL limits) can increase annually from the prior year.

Due to these exceptions to PTELL, the law has a greatly diminished impact on curbing annual property tax growth from its original intent.

³ Details about recent voter referendums can be found at the [Cook County Treasurer's website](#).

SUMMARY OF FINDINGS:

PTELL in General

Because certain funds and property types mentioned above, like new construction and debt payments, don't count toward the "cap," governments hypothetically restricted by PTELL can still collect substantially more than the law's inflation cap generally allows. Major findings of what this looks like in practice in Cook County using the 2023 Tax Year include:

- Cook County
 - Taxing bodies subject to PTELL within Cook County collectively increased their total property tax extensions by **71.3% between 2006 and 2023, from \$7.3 billion to \$12.6 billion.**
 - **The inflation rate between 2006 and 2023 was 46%,** so if PTELL had actually limited the "capped" portion of governments' property tax extensions to inflation, total extensions would only have risen to about \$11.3 billion instead of \$12.6 billion in tax year 2023. **Over \$1 billion was collected in tax year 2023 alone** beyond what would have occurred under a true inflation cap.
- Chicago
 - Taxpayers would have **paid \$550 million less in property taxes in tax year 2023,** and almost \$4 billion less between 2006 and 2023, if there had been no exceptions to PTELL and the law had strictly limited tax growth to inflation.

In short, Cook County governments subject to PTELL have increased extensions in aggregate by more than inflation almost every year since PTELL's adoption.

Case Study: Chicago Public Schools

Chicago Public Schools (CPS or the 'District') exemplifies a large non-home rule government that has increased its total property tax extension by far more than the PTELL limit. CPS' total **property tax extension more than doubled** from 2006 to 2023, an increase roughly twice the rate of inflation. This was driven mainly by the establishment of a special property tax levy in 2016 dedicated to fund Chicago teacher pensions, which is exempt from PTELL.⁴ As a result of the teacher pension levy, **CPS' total property tax revenue increased by 12.5% between 2015 and 2016,** despite inflation that year being only 0.7%.

In tax year 2023, CPS collected about **\$988 million in property taxes** not subject to PTELL, including:

- Teacher Pension Levy: \$553 million
- Bonds & Interest: \$82 million
- Workers' Compensation: \$84 million

⁴ The teacher pension levy was [reinstated](#) in 2016 at a flat rate of 0.383% and was increased the next year to 0.567%. The rate applies to the value of taxable property in Chicago. It is not subject to PTELL limits. [Public Act 99-0521](#).

- Capital Improvement and Levy Adjustment: \$60 million combined
- Transit TIF: \$111 million
- TIF Surplus distribution: \$98 million

While CPS is just one example, similar patterns exist across many municipalities, school districts, and special districts in Cook County. Many of these districts also overlap, compounding the impact felt by individual property owners.

It is essential to note, however, that not all governments subject to PTELL have increased their tax extensions **far beyond the PTELL limits**. The Chicago Park District is one example.

The government of the County itself also stands out as an example of a jurisdiction *not* subject to PTELL tax caps that has kept growth in its property tax extension well below the rate of inflation.

KEY TAKEAWAYS

PTELL was enacted to protect taxpayers from steep increases in property taxes, but its numerous exclusions and adjustments have made that protection virtually nonexistent. As a result, property owners are experiencing a significant growth in tax burden, while governments convey the appearance of restraint, allowing their constituents to bear the burden.

PTELL limits only part of a government's property tax levy, allowing significant revenue growth outside the cap. Further complicating the issue is the fact that overlapping taxing bodies each operate under their own limits, creating compound increases across multiple layers of government. The report's findings raise questions about whether PTELL is still fulfilling its intended purpose and provide a common set of data and facts from which to discuss possible policy reforms.

INTRODUCTION

Most local governments in Illinois rely on property taxes to fund their operations, services, and infrastructure projects. Growth in annual property tax levies, or the amount of money that government bodies request from taxpayers, is limited in two key ways in Illinois: 1) limits on the maximum tax rate applicable to specific governmental funds; and 2) limits on the annual growth in a government's total extension via the property tax extension limitation law (PTELL, also known as tax caps). This report focuses on the second of these two limitations: the **Property Tax Extension Limitation Law**.⁵

The intended purpose of PTELL, when it was created in Illinois in 1991, was to limit growth in the amount of property taxes billed by governments to taxpayers, known as the tax extension. During the 1970s and 1980s, property values and property taxes in northeastern Illinois were increasing faster than inflation, prompting the State legislature to enact the Illinois Property Tax Extension Limitation Law in 1991.⁶ Initially, PTELL only limited property tax extensions of non-home rule governments in the five Collar Counties of DuPage, Kane, McHenry, Lake, and Will. In 1994, Cook County voters overwhelmingly approved an advisory referendum to apply PTELL to Cook County. In response, the Illinois General Assembly expanded PTELL to Cook County in 1995. In 1996, the state legislature authorized the expansion of PTELL to all Illinois counties, applicable only via a countywide ballot referendum.⁷

39 Illinois counties have adopted PTELL since its inception.⁸ In counties that have adopted PTELL, the limitation applies to non-home rule governments within the county's borders, such as school districts, municipalities, and special purpose government districts (e.g., park district, police and fire districts, library districts, etc.). PTELL does not apply to home rule governments such as the City of Chicago and Cook County government.⁹

⁵ For information about PTELL, see the Illinois Department of Revenue's [PTELL technical manual](#).

⁶ [35 ILCS 200/18-185 et seq.](#)

⁷ Ron Hagaman. [A Review of the Property Tax Extension Limitation Law](#). Taxpayers' Federation of Illinois, May 2009.

⁸ Keith Staats, "'Uncapping' Illinois' Property Tax Extension Limitation Law," *Insight Magazine*, Tax Decoded – Winter 2022; and Ron Hagaman, ["A Review of the Property Tax Extension Limitation Law,"](#) Taxpayers Federation of Illinois, *Tax Facts Issue* 62.3, May 2009.

⁹ **Home rule** unit of governments in Illinois are permitted to do anything *not expressly prohibited* by the Illinois Constitution or statutes. Home rule governments include municipalities with a population over 25,000, any municipality that has adopted home rule by referendum, and a county with a chief executive officer (i.e., Cook County). **Non-home rule** units of government are only allowed to take actions explicitly permitted by the Illinois Constitution and statutes. All special districts including school districts, community college districts, forest preserve districts, park districts, townships and sanitary districts are non-home rule.

The findings of this report show that despite the intended limits of PTELL, the property tax levies of many governments to which PTELL applies have actually grown by much more than would be expected under the statutory cap. This arises from several exceptions to PTELL:

- 1) Some governmental funds are exempt from PTELL, such as bond funds used to service long-term debt for capital projects.
- 2) The value of new or improved property is excluded from the calculation of the limiting rate under PTELL. These types of property include new construction, formerly exempt property, annexed property, expired incentives, and recovered tax increment financing district property.
- 3) Governments are allowed to recoup the amount of property tax refunds paid out annually due to decisions finalized by the Property Tax Appeal Board, certificates of error, or court-ordered adjustments per a 2021 law, known as the “recapture levy.” This recaptured levy is not factored into PTELL limits.
- 4) TIF surplus, or excess funds available within Tax Increment Financing Districts that are not committed for projects, are distributed to taxing bodies in Cook County each year based on their proportional share of the tax bill. This distribution of TIF surplus provides governments with additional property tax revenue that is not subject to PTELL.
- 5) PTELL allows jurisdictions to exceed their property tax limit through a voter-approved referendum. This is primarily done in suburban districts rather than within the City of Chicago.¹⁰

Due to these exceptions to PTELL, the law has a limited impact on curbing annual growth in property taxes. The data examined here, focusing on local government entities within Cook County, point to larger questions about whether PTELL is still fulfilling its original intention to limit property tax burdens for property owners.

¹⁰ Details about recent voter referendums can be found at the [Cook County Treasurer's website](#).

PROPERTY TAX GROWTH LIMITATIONS

One of the main factors determining year-to-year changes in individual property tax bills is changes in government tax levies. The **levy** is the dollar amount of property tax revenue each government body (e.g., municipalities, counties, school districts, townships, park districts) requests from taxpayers in a given tax year as part of their budget process. The levy is then finalized after the county clerk applies limits and adjustments to determine the final tax extension. The **extension** is the final dollar amount that each district is legally authorized to receive in property tax revenue and billed to taxpayers.

There are two main ways that property taxes for non-home-rule governments in Illinois are limited:

- 1) **Rate limits**, which are statutory maximum tax rates applied to individual governmental funds earmarked for a specific purpose, such as general operations, debt, or pensions.
- 2) **Property tax extension limits** (known as PTELL or “tax caps”), which limit the annual increase of a jurisdiction’s total property tax extension by the lesser of 5.0% or the rate of inflation

The second of these, **limitations on property tax extensions**, is the focus of this study. While rate limits apply to specific funds, the Property Tax Extension Limitation Law is intended to limit the growth of the government’s levy to a maximum rate of 5.0% or the rate of inflation, whichever is less. Tax caps only apply to **non-home rule governments**, such as school districts, not to **home rule governments** like the City of Chicago.¹¹

HOW PTELL IS INTENDED TO LIMIT PROPERTY TAX GROWTH

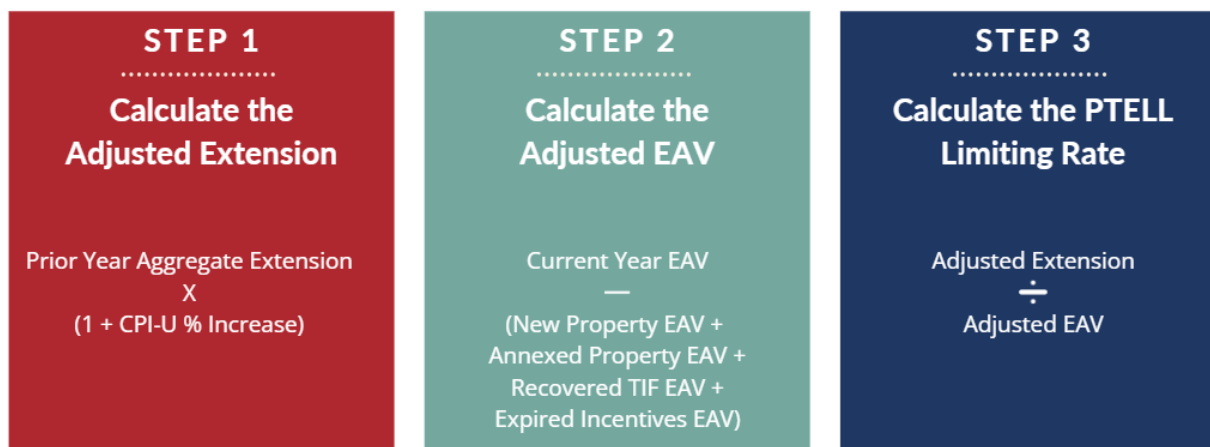
In counties subject to PTELL, the county clerk calculates a **limiting rate**, which is the rate used to determine how much a government’s property tax extension can increase from the prior year. While PTELL tax caps are intended to limit the **dollar amount**, not the rate, of property tax revenue that a taxing district receives, the dollar amount must be converted into a tax rate in order to be billed to taxpayers.

¹¹ **Home rule** unit of governments in Illinois are permitted to do anything *not expressly prohibited* by the Illinois Constitution or statutes. Home rule governments include municipalities with a population over 25,000, any municipality that has adopted home rule by referendum, and a county with a chief executive officer (i.e., Cook County). **Non-home rule** units of government are only allowed to take actions explicitly permitted by the Illinois Constitution and statutes. All special districts including school districts, community college districts, forest preserve districts, park districts, townships and sanitary districts are non-home rule.

The limiting rate is calculated as follows:

- 1) Calculate the adjusted extension by multiplying the prior year extension within capped funds by the rate of inflation.
- 2) Calculate the adjusted Equalized Assessed Value (EAV, or taxable value of property) by subtracting the value of new property, annexed property, recovered tax increment financing property, and expired incentives from the current year EAV.
- 3) Divide the adjusted extension by the adjusted EAV to calculate the limiting rate.

PTELL LIMITING RATE CALCULATION



The limiting rate applies only to a government's funds that are subject to PTELL (i.e., "capped funds"), not the government's entire tax extension. Because of the way the limiting rate is calculated, it can end up being *higher* than the rate of inflation, meaning the portion of the tax extension capped by PTELL may increase over the prior year by more than the rate of inflation, even for a taxing district subject to PTELL. Funds not subject to PTELL tax caps, or "uncapped funds," such as bond funds, are excluded from the limiting rate calculation.¹² Additionally, while the EAV (taxable property value) of new property due to new construction, expiring TIF districts, and expiring incentives is excluded from the limiting rate calculation, the limiting rate is applied to the EAV of both existing property and the value of new property when calculating the government's final tax extension. The application of the PTELL limiting rate to new property value results in additional property tax revenue for the government entity.

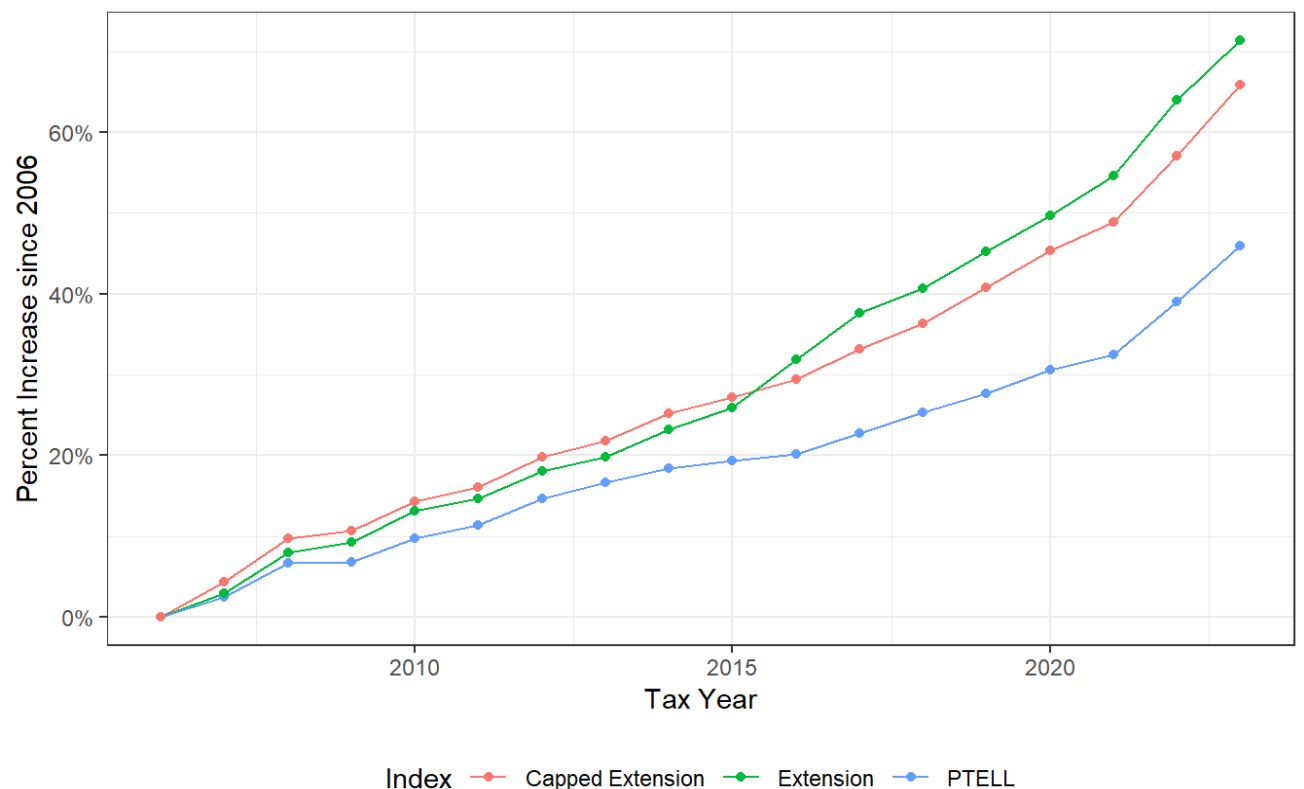
¹² The Cook County Assessor's Office is responsible for calculating the amount of new property exempt from PTELL. The Assessor was unable to provide methodology or data supporting their calculation.

HOW MUCH PTELL HAS ACTUALLY LIMITED PROPERTY TAX GROWTH

The following graph illustrates the property tax extension for all taxing agencies subject to PTELL in Cook County, spanning tax years 2006 to 2023. The data begins with 2006 because this was the earliest year for which data were available from the Assessor's Office. Rates of increase in tax extensions are not known before that point.

- The blue line represents the increase in capped property tax extensions that would be expected under PTELL based on the inflation rate over this period, absent the exceptions to PTELL discussed above. Based on the inflation rate, one would expect the 2023 extension to be 46% higher than the share of the 2006 capped extension subject to PTELL. Under this scenario, the total capped 2023 tax extension would be \$9.6 billion.
- The green line represents the actual rate of change in the total extension across every taxing body subject to PTELL in Cook County. The amount of taxes extended actually increased by 71.3%, to \$12.6 billion, far higher than the inflationary increase of 46%.
- The red line represents the actual rate of change of the capped extension, or the portion of total tax extensions subject to the PTELL limiting rate. This capped portion of the total extension was \$10.9 billion in 2023, or a 66% increase from the 2006 extension.

Increase in Extension from Non-Home Rule Taxing Agencies Over Time



Cook County Non-Home rule taxing agencies only

In summary, total Cook County taxes billed between 2006 and 2023 increased by 71%, while the capped extension increased by 66%. Had there been no exceptions to PTELL over this period, the total tax extension would have grown by just 46% (the rate of inflation).

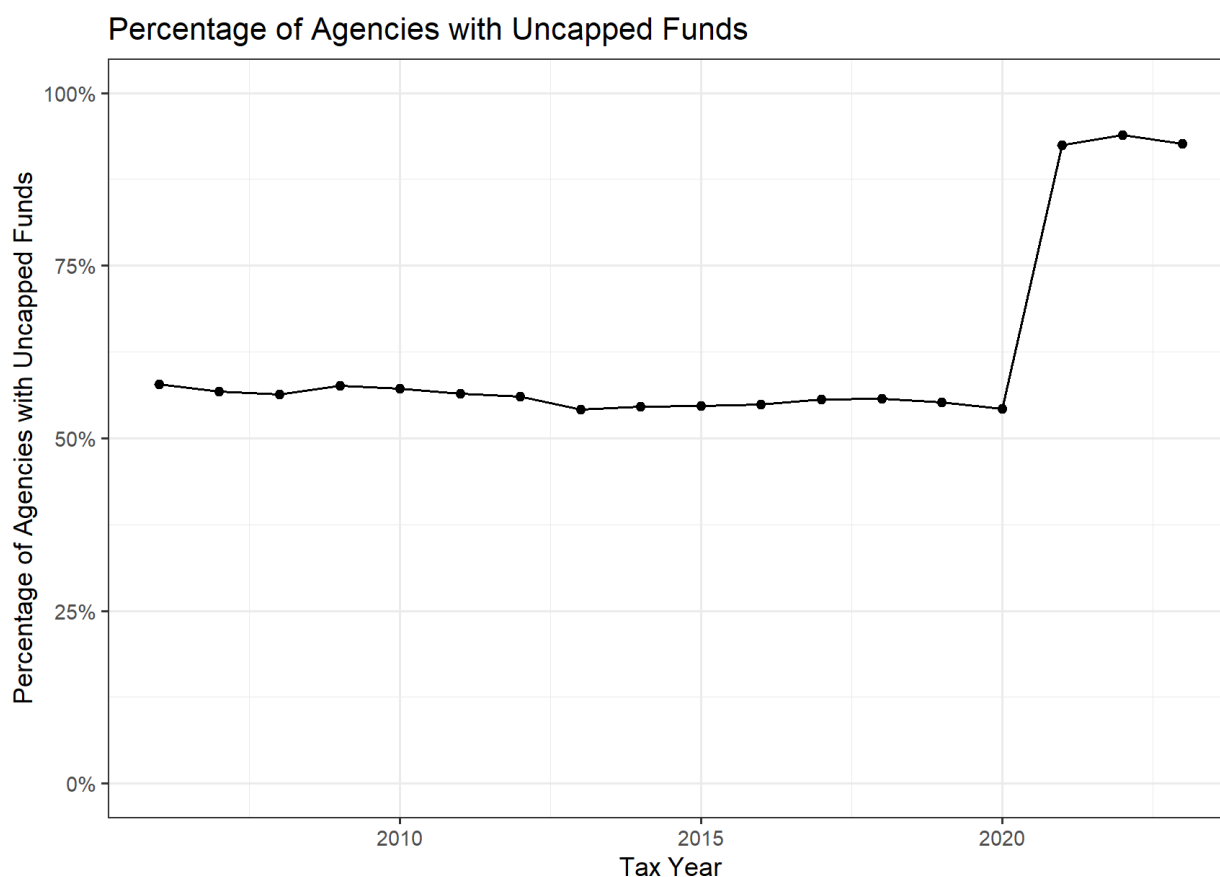
The following table includes the extension amounts shown in the above graph. The table shows the actual total extension, capped extension, and uncapped extension in the first three columns. Both the capped and uncapped extensions have seen significant increases between 2006 and 2023, at 66% and 116% respectively. The last two columns show the change in extensions under a theoretical version of PTELL in which there were no exceptions to PTELL and capped extensions were limited by the rate of inflation. Under this scenario, the total extension from 2006 to 2023 would increase by 53% to \$11.3 billion instead of \$12.6 billion, and the capped extension would increase by only 46% to \$9.6 billion instead of \$10.9 billion.

Countywide Extension and Theoretical Limited Extension

Actual Extensions				Theoretical Scenario	
Year	Extension	Capped Ext.	Uncapped Ext.	Total Ext. (Limited)	Capped Ext. (Limited)
2006	\$7.4 B	\$6.6 B	\$0.8 B	\$7.4 B	\$6.6 B
2007	\$7.6 B	\$6.8 B	\$0.7 B	\$7.4 B	\$6.7 B
2008	\$7.9 B	\$7.2 B	\$0.7 B	\$7.7 B	\$7 B
2009	\$8 B	\$7.3 B	\$0.8 B	\$7.8 B	\$7 B
2010	\$8.3 B	\$7.5 B	\$0.8 B	\$8 B	\$7.2 B
2011	\$8.4 B	\$7.6 B	\$0.8 B	\$8.1 B	\$7.3 B
2012	\$8.7 B	\$7.9 B	\$0.8 B	\$8.3 B	\$7.5 B
2013	\$8.8 B	\$8 B	\$0.8 B	\$8.5 B	\$7.6 B
2014	\$9.1 B	\$8.2 B	\$0.9 B	\$8.6 B	\$7.8 B
2015	\$9.3 B	\$8.3 B	\$0.9 B	\$8.7 B	\$7.8 B
2016	\$9.7 B	\$8.5 B	\$1.2 B	\$9.1 B	\$7.9 B
2017	\$10.1 B	\$8.7 B	\$1.4 B	\$9.4 B	\$8 B
2018	\$10.3 B	\$8.9 B	\$1.4 B	\$9.6 B	\$8.2 B
2019	\$10.7 B	\$9.2 B	\$1.4 B	\$9.8 B	\$8.4 B
2020	\$11 B	\$9.5 B	\$1.5 B	\$10 B	\$8.6 B
2021	\$11.4 B	\$9.8 B	\$1.6 B	\$10.3 B	\$8.7 B
2022	\$12.1 B	\$10.3 B	\$1.8 B	\$10.9 B	\$9.1 B
2023	\$12.6 B	\$10.9 B	\$1.7 B	\$11.3 B	\$9.6 B
% Change	71%	66%	116%	53%	46%

NUMBER OF TAXING AGENCIES WITH UNCAPPED FUNDS

Another factor that has allowed property tax extensions to increase beyond the PTELL tax cap is the increase in the number of uncapped funds (funds not subject to PTELL). The number of uncapped funds increased significantly in 2021 due to a property tax levy recapture law that allows non-home rule taxing districts to recoup the amount of property tax refunds paid out annually due to decisions finalized by the Property Tax Appeal Board, certificates of error, or court-ordered adjustments. Taxing districts can automatically add back the lost revenue into their levy the following year. This applies outside of the PTELL tax caps. This change led to a large increase in the number of uncapped funds in 2021 from 54% to 92%.¹³ The following chart shows the percentage of all non-home rule agencies that have at least one uncapped fund according to taxing agency reports from the Cook County Clerk's Office.



¹³ [Public Act 102-0519](#), creating Section 18-233 of the Property Tax Code.

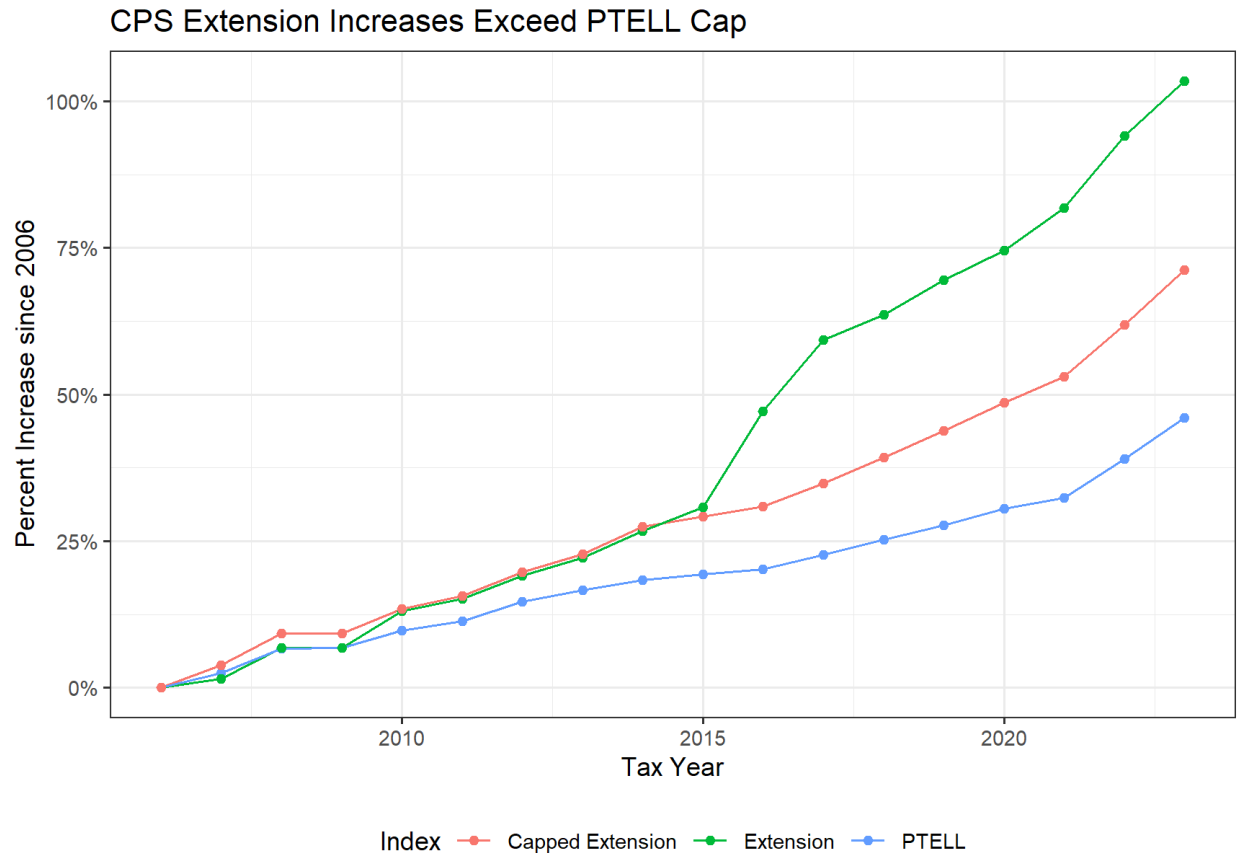
The next table lists the ten Cook County taxing agencies with the largest uncapped property tax extensions in tax year 2023. All of the agencies are special districts, and half of them are school districts, the largest of those being Chicago Public Schools (Chicago Board of Education).

10 Agencies with the Largest Uncapped Extensions in Tax Year 2023

Agency Name	Type	Uncapped Extension	Capped Extension	Percent Uncapped
Chicago Board of Education	School (Unified)	\$695.8 M	\$3119.6 M	18%
Metropolitan Water Reclamation District of Greater Chicago	Miscellaneous (Water)	\$297 M	\$378.1 M	44%
Chicago Park District	Miscellaneous (Park)	\$65.5 M	\$251.4 M	21%
Harper Community College District 512	School (Comm. College)	\$23.7 M	\$69.6 M	25%
School District 46 (Elgin)	School (Unified)	\$15.6 M	\$145 M	10%
Maine Township High School 207	School (Secondary)	\$15.1 M	\$147.4 M	9%
Community Consolidated School District 15 (Palatine)	School (Elementary)	\$15 M	\$150.4 M	9%
Schaumburg Park District	Miscellaneous (Park)	\$14.8 M	\$12.3 M	55%
Forest Preserve District Of Cook County	Cook County	\$14.2 M	\$135.2 M	10%
Thornton Township High School 205	School (Secondary)	\$13.2 M	\$79.5 M	14%

AN EXAMPLE: CHICAGO PUBLIC SCHOOLS

The largest taxing agency in Cook County is the Chicago Board of Education / Chicago Public Schools (CPS). Based on the following chart, the percent increase in CPS' actual property tax extension (green line) is much greater than the increase in the PTELL inflation limit (blue line) over time. A large jump occurs primarily between 2015 and 2016, then again in 2017, due to a property tax levy that CPS [reinstated](#) to fund teacher pensions in 2016. This pension property tax levy is exempt from PTELL limits, and thus, another example of an uncapped fund.



Below, we break down how PTELL applies to the CPS tax extension in one tax year, from 2015 to 2016.

CPS Capped Funds

As described earlier, to calculate the limiting rate used to limit increases in a government's property tax extension within capped funds, the following formula is used:

- 1) Calculate the adjusted extension by multiplying last year's aggregate tax extension for capped funds by the rate of inflation or 5%, whichever is less.
- 2) Calculate the adjusted taxable value of property, or equalized assessed value (EAV), by subtracting the value of excluded categories of property under PTELL (i.e., new construction, formerly exempt property, annexed property, expired incentives, and recovered tax increment financing district property) from the total current year EAV.
- 3) Divide the adjusted extension by the adjusted EAV to calculate the limiting rate.

In this CPS example, using data from tax year 2016, the calculations are as follows:

- 1) The inflation rate was 0.7%. The prior year aggregate extension was \$2.35 billion. Therefore, the adjusted extension was \$2.37 billion (prior year extension of \$2.35 billion x 1.007).
- 2) The total current year EAV was \$74 billion. The total amount of property exclusions from the adjusted EAV calculation was \$447.2 million and included:
 - o \$397,527,515 in new construction
 - o \$39,039,707 in recovered TIF increment
 - o \$10,666,736 in expired incentives.
 By subtracting the excluded EAV from the total current year EAV, this results in an adjusted EAV of \$73.6 billion.
- 3) The limiting rate is therefore 3.222%, or the adjusted extension of \$2.37 billion divided by the adjusted EAV of \$73.6 billion.

CHICAGO PUBLIC SCHOOLS EXAMPLE OF PTELL LIMITING RATE: TAX YEAR 2016

STEP 1 Calculate the Adjusted Extension	STEP 2 Calculate the Adjusted EAV	STEP 3 Calculate the PTELL Limiting Rate
$ \begin{array}{r} \text{2015 Aggregate Extension} \\ \times \quad \text{(1+CPI)} \\ \hline = \quad \text{Adjusted Extension} \\ \\ \text{\$2,353,152,607} \\ \times \quad 1.007 \\ \hline = \quad \text{\$2,370,325,470} \end{array} $	$ \begin{array}{r} \text{2016EAV} \\ \text{--- (2016 New Property} \\ \text{Annexed Property} \\ \text{Recovered TIF Increment} \\ \text{Expired Incentives)} \\ \hline = \quad \text{Adjusted EAV} \\ \\ \text{\$74,020,998,2581} \\ \text{--- \$447,233,958} \\ \hline = \quad \text{\$73,573,764,300} \end{array} $	$ \begin{array}{r} \text{Adjusted Extension} \\ \div \quad \text{Adjusted EAV} \\ \hline = \quad \text{PTELL Limiting Rate} \\ \\ \text{\$2,370,325,470} \\ \div \quad \text{\$73,573,764,300} \\ \hline = \quad 3.222\% \end{array} $

Source: Cook County Clerk Tax Year 2016 Agency Tax Rate Report.

The resulting limiting rate of 3.222%, therefore, is the maximum rate that CPS can increase its extension within all of its funds capped by PTELL. However, CPS requested a levy of \$2.638 billion among its capped funds, or a tax rate of 3.565%. Since this was greater than the PTELL rate, the PTELL rate reduced the levy to the maximum rate of 3.222% or correspondingly reduced the levy request from \$2.638 billion to an extension of \$2.37 billion. As a result, CPS' capped funds increased from \$2.353 billion in 2015 to \$2.384 billion in 2016, an increase of 1.33% or \$31 million. This increase well exceeded the rate of inflation, 0.7%.

There are several factors that contribute to the limiting rate being higher than the rate of inflation. As noted above, certain categories of property value are excluded from the PTELL limiting rate calculation. These include new construction, formerly exempt property, annexations, expiring incentives, and capturing the Tax Increment Financing district (TIF) increment when a TIF expires. And while these excepted categories of property are not included in the limiting rate calculation, they are included in the EAV of property for purposes of determining the overall property tax extension. Thus, while some property value is excluded from the limiting rate calculation, the limiting rate is applied to these properties in the calculation of the final tax extension. The taxing district, therefore, can access this additional EAV for generating revenue at a higher extended tax rate than if the property had been included in the limiting rate calculation. Concretely, this means that the \$447 million in EAV exempted from the PTELL limiting rate calculation in the CPS example still generated about \$15 million in collected property taxes that CPS could not have collected otherwise. Again, this is one of the key exceptions to PTELL.

Another key exception to PTELL is that certain funds are exempt from the limiting rate. These “uncapped funds” often include bond funds, and in CPS' case, its teacher pension levy.

CPS Uncapped Funds

One significant change that occurred between tax years 2015 and 2016 was the implementation of [PA 99-0521](#), which established a property tax levy for Chicago Public Schools dedicated to funding Chicago teacher pensions at a tax rate of 0.383%. This pension levy is not subject to the limitations of PTELL. The tax rate of 0.383% equated to \$271.8 million in property tax revenue.¹⁴ Other uncapped funds in tax year 2016 included Public Building Commission (\$53.2 million) and Capital Improvement PA 92-547 (\$47.9 million).

The number of uncapped funds varies over time. In Tax Year 2023, CPS had five uncapped funds: Bonds & Interest (\$82.5 million), Workmen's Compensation (\$84.1 million), Capital Improvement PA 92-547 (\$17.8 million), Teacher Pension PA 99-0521 (\$553.5 million), and Levy Adjustment PA 102-0519 (\$41.9 million). These uncapped funds are not subject to PTELL.

¹⁴ The Illinois evidence-based funding formula for K-12 education, Public Act 100-0465, passed in 2017, increased the teacher pension levy by nearly 50% from a rate of 0.383% to 0.567%. This levy is exempt from PTELL.

Change in CPS Extension

Overall, there was a 12.5% or \$306.1 million increase in the total CPS extension from 2015 to 2016, from \$2.45 billion to \$2.76 billion, including both capped and uncapped funds. PTELL-limited (capped) funds accounted for \$31.4 million of that increase, and funds not subject to PTELL (uncapped) accounted for \$274.7 million of the increase. The following table breaks down the annual changes in the CPS extension, including PTELL-capped and uncapped funds. The data shows the actual change in CPS' capped extension from year to year often exceeded the rate of inflation or 5%, whichever is less.

Change in CPS Extension from 2007 to 2023

All dollar amounts are in millions of dollars.

Tax Year	Total Extension	Total Capped Extension	Total Uncapped Extension	Change in Total Extension from Prior Year	Change in Uncapped Funds from Prior Year	Change in Capped Funds from Prior Year	Capped Change Due to Property Exclusions	PTELL Rate	Actual % Change in Capped Extension
2007	\$1902.3 M	\$1890.5 M	\$11.8 M	\$27.5 M	\$-41.4 M	\$69 M	\$23.5 M	2.50%	3.79%
2008	\$2001.8 M	\$1990 M	\$11.7 M	\$99.5 M	\$0 M	\$99.5 M	\$22 M	4.10%	5.26%
2009	\$2001.3 M	\$1989.6 M	\$11.8 M	\$-0.4 M	\$0 M	\$-0.4 M	\$0 M	0.10%	-0.02%
2010	\$2118.7 M	\$2065.5 M	\$53.2 M	\$117.3 M	\$41.4 M	\$75.9 M	\$22.2 M	2.70%	3.81%
2011	\$2159.8 M	\$2106.6 M	\$53.2 M	\$41.1 M	\$0 M	\$41.1 M	\$10.1 M	1.50%	1.99%
2012	\$2232.9 M	\$2179.7 M	\$53.2 M	\$73.1 M	\$0 M	\$73.1 M	\$9.9 M	3.00%	3.47%
2013	\$2289.4 M	\$2236.2 M	\$53.2 M	\$56.5 M	\$0 M	\$56.5 M	\$19.5 M	1.70%	2.59%
2014	\$2375.6 M	\$2322.5 M	\$53.2 M	\$86.3 M	\$0 M	\$86.3 M	\$52.7 M	1.50%	3.86%
2015	\$2451.8 M	\$2353.6 M	\$98.2 M	\$76.1 M	\$45 M	\$31.2 M	\$12.6 M	0.80%	1.34%
2016	\$2757.9 M	\$2385 M	\$372.8 M	\$306.1 M	\$274.7 M	\$31.4 M	\$14.9 M	0.70%	1.33%
2017	\$2986.2 M	\$2456.3 M	\$529.8 M	\$228.3 M	\$157 M	\$71.3 M	\$21.2 M	2.10%	2.99%
2018	\$3066.3 M	\$2536.4 M	\$529.9 M	\$80.1 M	\$0 M	\$80.1 M	\$28.5 M	2.10%	3.26%
2019	\$3178.9 M	\$2620.2 M	\$558.7 M	\$112.6 M	\$28.9 M	\$83.8 M	\$35.6 M	1.90%	3.30%
2020	\$3272.7 M	\$2707 M	\$565.7 M	\$93.7 M	\$6.9 M	\$86.8 M	\$26.5 M	2.30%	3.31%
2021	\$3408.5 M	\$2787.1 M	\$621.4 M	\$135.8 M	\$55.7 M	\$80.1 M	\$42.2 M	1.40%	2.96%
2022	\$3640.2 M	\$2949.2 M	\$691 M	\$231.7 M	\$69.6 M	\$162.2 M	\$22.8 M	5.00%	5.82%
2023	\$3815.4 M	\$3119.6 M	\$695.8 M	\$175.2 M	\$4.8 M	\$170.4 M	\$22.9 M	5.00%	5.78%
Total				\$1,940.7 M	\$642 M	\$1,298 M	\$387 M		

In the above table, the Capped Change Due to Property Exclusions is the total change in capped funds due to property exclusions from PTELL (such as new construction). This is calculated by finding the yearly increase in capped extension and subtracting the previous year's capped extension multiplied by the PTELL Rate of increase (e.g., for 2022, \$162M - (5% x \$2,780 (2021 capped extension)) = \$23M). The PTELL Rate (shown as a %) is the lesser of 5% or inflation. The Actual Change in Capped Funds (%) is the actual percent increase in the capped portion of CPS' extension from the previous year.

Tax Increment Financing Districts & Uncapped Fund Changes

In addition to the exceptions to PTELL discussed so far in this report, there is one additional way that governments can benefit from property tax revenue that is not factored into PTELL limits: funding via Tax Increment Financing (TIF) Districts. TIFs directly and indirectly send millions of dollars of property taxes to CPS. There are two primary ways that CPS receives money from TIFs: transit TIFs and TIF surplus.

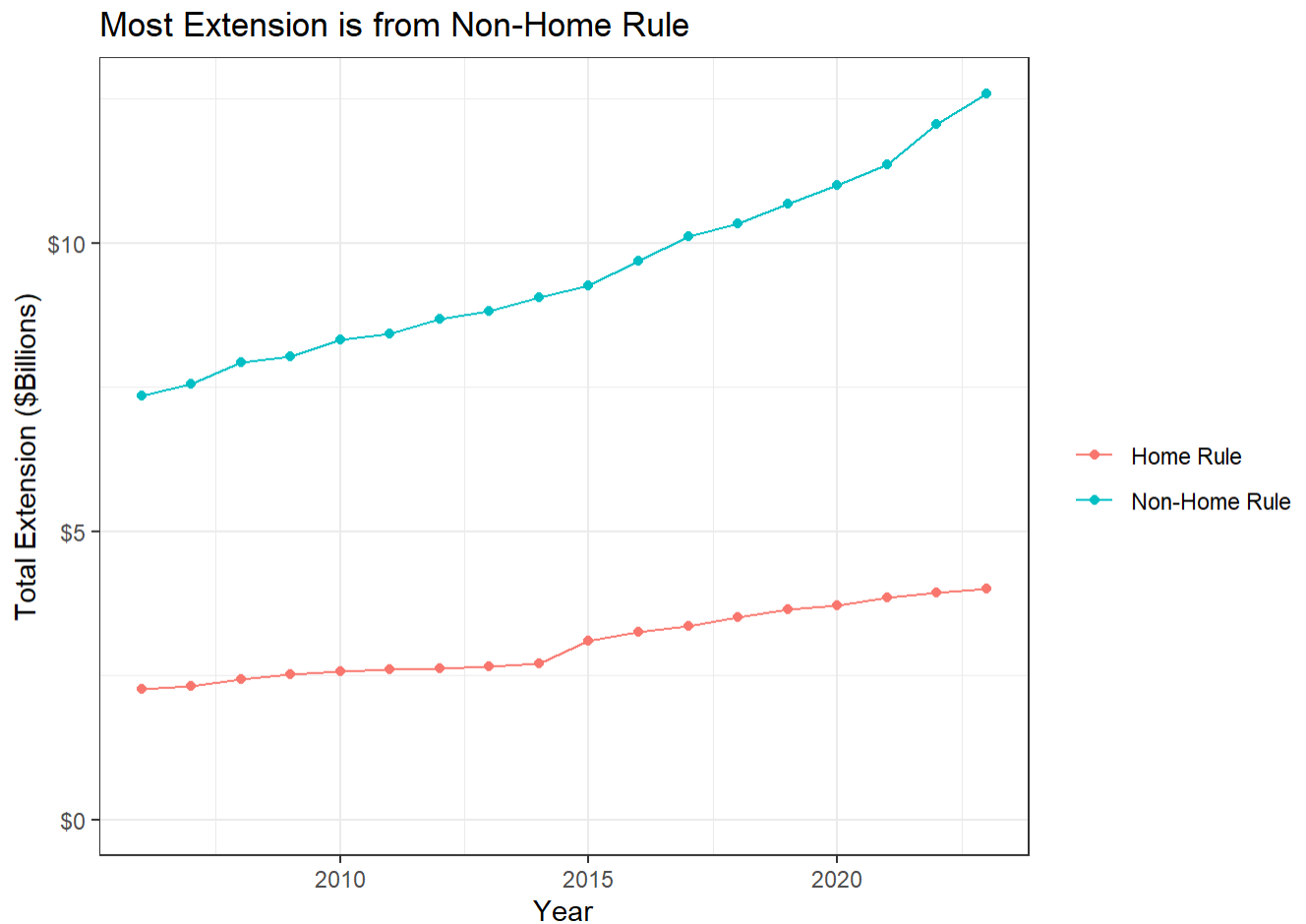
Transit TIF Districts by State statute automatically send about 53% of their TIF revenue to CPS above and beyond what CPS has extended. According to the CPS FY2024 budget, this amount was projected to be \$111 million. Funds directed from Transit TIFs to CPS are not subject to PTELL.

TIF surplus occurs when the City of Chicago declares that a TIF District has excess funds and releases those funds back to taxing agencies. In FY2024, CPS budgeted to receive \$97 million in TIF surplus, and that amount has increased significantly in the past two years as the City of Chicago has declared increasingly larger TIF surpluses. TIF surplus funds are also not subject to PTELL.

In summary, CPS is projected to collect about \$988 million in property taxes not subject to PTELL in Tax Year 2023, including revenue from uncapped funds as well as transit TIF and TIF surplus funds.

HOME RULE TAXING BODY EXTENSION CHANGES

Home rule taxing bodies are not subject to PTELL. About 30% of total extensions in Cook County (collected property taxes) go to home rule jurisdictions, and 70% goes to non-home rule jurisdictions subject to PTELL. As shown in the following chart, the tax extensions of all home rule government agencies in Cook County have risen at a far lower rate than the extensions of non-home rule governments.



COUNTERFACTUAL TAX EXTENSIONS

Recall that in the CPS example, due to property exclusions from PTELL, the capped extension ended up rising faster than the PTELL rate over time. What would tax extensions look like if PTELL had no exceptions?

Here, we compare 2023 residential tax bills to counterfactual tax bills under the scenario where tax extensions have been limited by a version of PTELL with no exceptions since 2006. Under this scenario, residential taxpayers in 2023 would have paid \$921.6 million less in property taxes, or on average about \$581 less per taxpayer.¹⁵

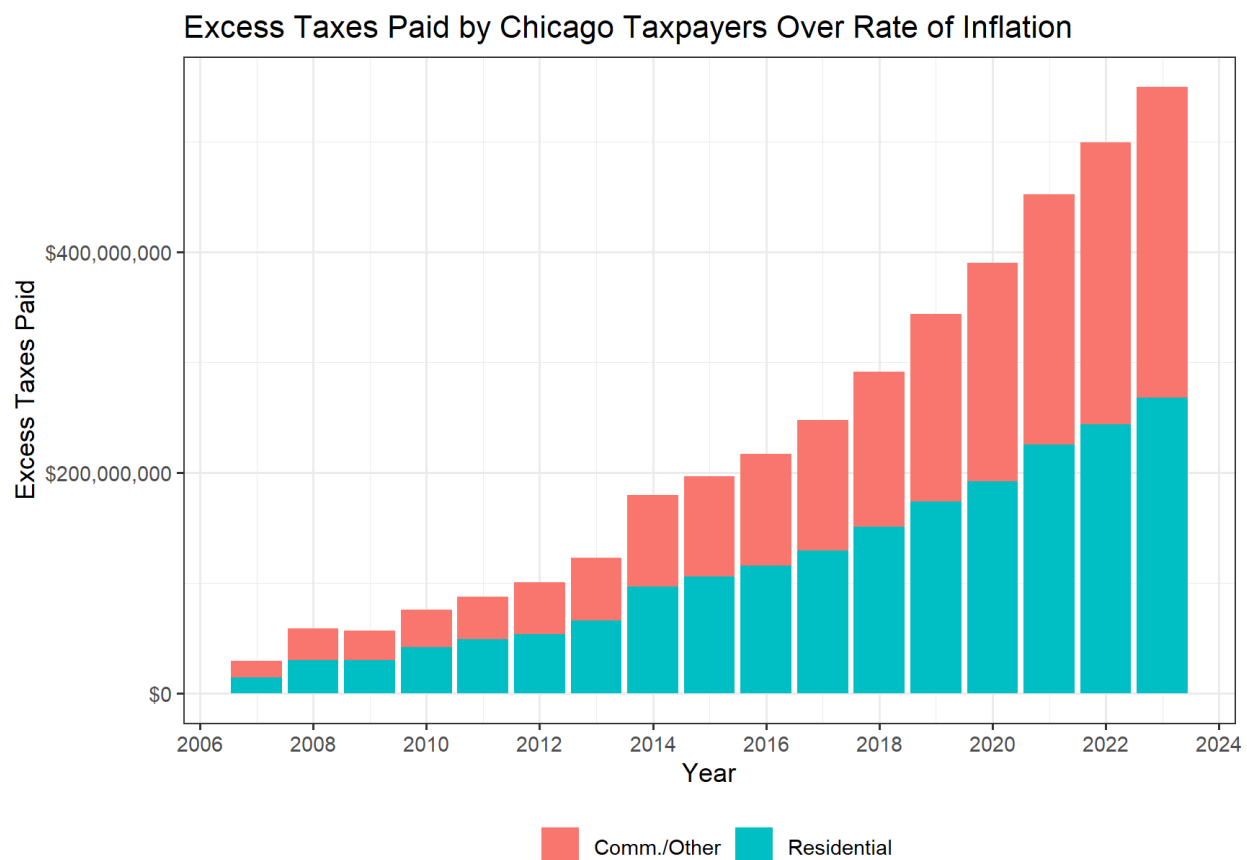
Each row in the following table shows how much taxes residential taxpayers would have paid in 2023 if the taxing agency extension was only allowed to increase by the PTELL limit without any exceptions. Additionally, separate and apart from these statutory exceptions to PTELL, these taxing agencies may, in some cases, have passed referendums that allowed agencies to change their levy by a set amount above PTELL limits.

10 Agencies with Largest Reductions in Residential Taxes Collected under Counterfactual Tax Extensions (with no PTELL exceptions)

Agency Name	Total Residential Taxes (Actual)	Total Res. Taxes (No Exceptions)	Total Change in Res. Taxes	Average Change
Board of Education	\$2,016 M	\$1,772 M	-\$243 M	-\$332.06
School District 97	\$76 M	\$46 M	-\$30 M	-\$1,765.42
School District 65	\$99 M	\$75 M	-\$24 M	-\$963.66
Forest Preserve District of Cook County	\$90 M	\$69 M	-\$21 M	-\$13.34
Northfield Township High School District 225	\$105 M	\$84 M	-\$21 M	-\$630.83
Community High School 219	\$92 M	\$75 M	-\$18 M	-\$466.37
School District CC 34	\$68 M	\$51 M	-\$17 M	-\$1,142.53
Arlington Heights Township High School 214	\$163 M	\$146 M	-\$17 M	-\$193.42
School District 46	\$123 M	\$107 M	-\$17 M	-\$533.34
School District 39	\$62 M	\$46 M	-\$16 M	-\$1,561.35

¹⁵ This varies across Cook County. A typical homeowner in Chicago with an assessed market value of \$250,000 would see their tax bill change from about \$5,275 to \$4,910. Note that some of the increase above the PTELL limit may be due to referendums.

Another simpler example to model is one where only Chicago taxing agencies were limited to exception-free PTELL, since we can then exclude referenda. In this example, tax bills in Chicago are recalculated each year from 2007 to 2023 to limit the increase in extensions for non-home rule agencies to exactly the rate of inflation. In total, from 2007 to 2023, Chicago taxpayers would have paid almost \$4 billion less in property taxes, with residential and commercial taxpayers each paying \$2 billion less. In 2023 alone, all Chicago taxpayers would have paid \$550 million less. This example shows how the exceptions to PTELL cumulatively lead to tax bills that increase much faster than inflation. The excess taxes paid by residential and commercial/other property owners beyond inflation are shown in the chart below.



CONCLUSION

PTELL was enacted to protect taxpayers from steep increases in property taxes, but its numerous exclusions and adjustments have made that protection virtually nonexistent. While the existence of PTELL provides the impression that there are constraints on growth in property taxes, this is not how the law has played out in practice. As a result, property owners are experiencing significant tax burden growth.

In summary, the report finds that PTELL has not resulted in the originally intended purpose of limiting property tax growth to the rate of inflation. The reason for this is that PTELL limits only

part of a government's property tax levy, allowing significant revenue growth outside the cap, and there are numerous exceptions for property value that are not part of the calculation used to limit annual growth in property tax extensions.

Adding to the complexity of this issue, overlapping taxing bodies each operate under their own limits and without consideration of how much other governments in Cook County are increasing their own tax extensions, creating compound increases across multiple layers of government.

The findings of this report aim to establish a common set of data and facts from which to discuss possible reforms to the Property Tax Extension Limitation Law and the broader Cook County property tax system.

METHODOLOGY

This report uses data from PTAXSIM, a R package created by the Cook County Assessor's Office. PTAXSIM aggregates data from all the Cook County property tax agencies, such as the Cook County Clerk. Data is generally only available after 2006.

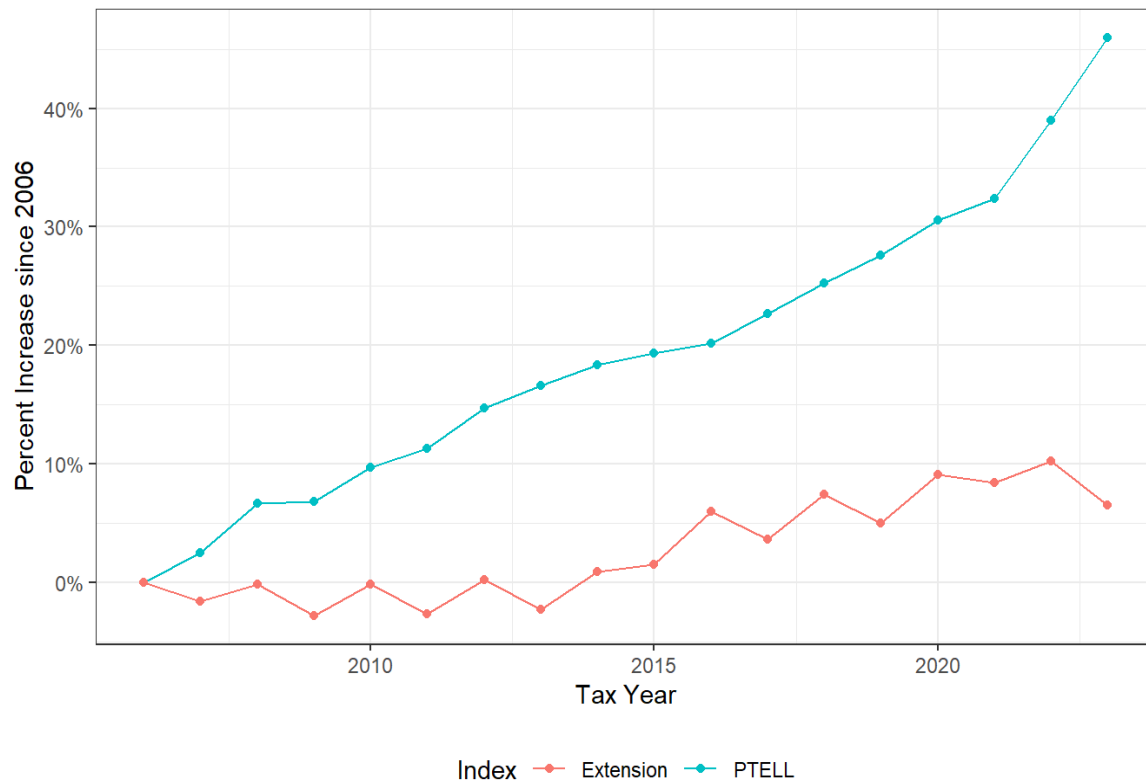
APPENDIX: OTHER JURISDICTIONS

The following sections show changes in extensions for a selection of jurisdictions, including four home rule taxing agencies (not subject to PTELL) and five non-home rule taxing agencies that are subject to PTELL. For all graphs, the percentage change in the total tax extension since 2006 is shown in the red line, and the PTELL rate of inflation (the lower of inflation or 5%) is shown in the blue line. For taxing agencies subject to PTELL, the capped extension is also shown in green.

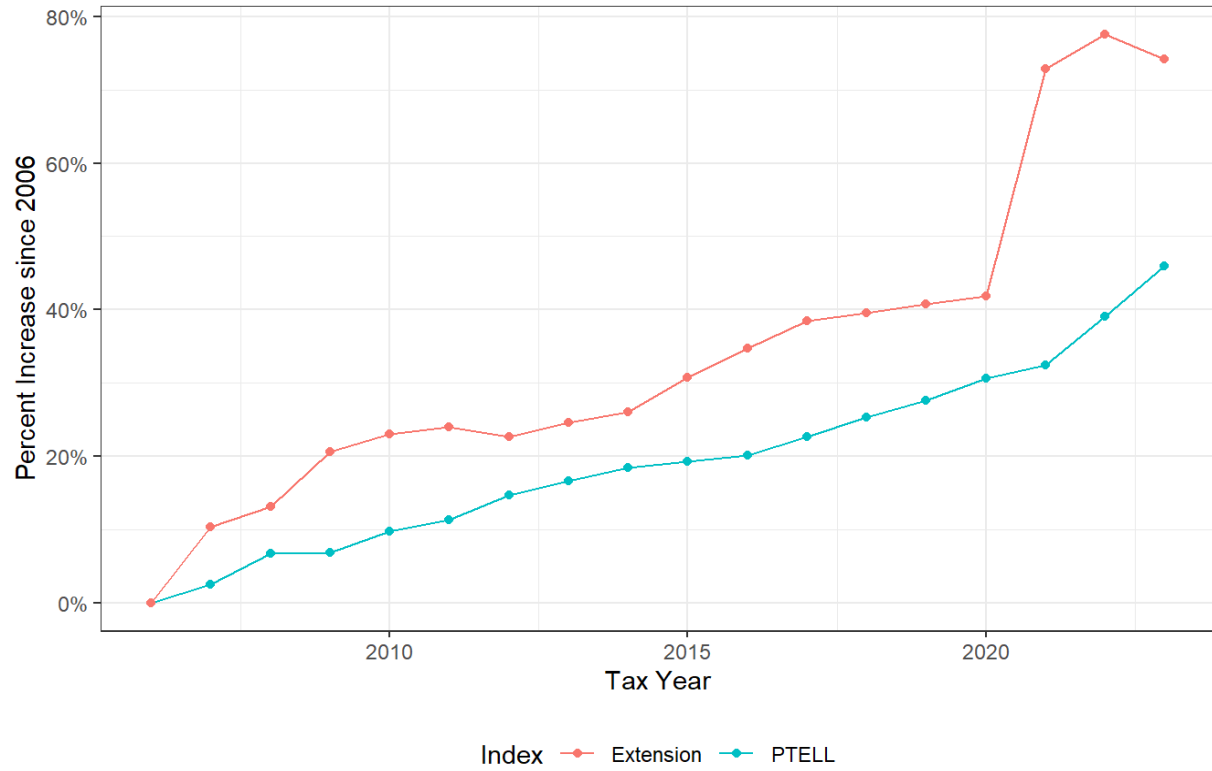
A full listing of taxing agencies subject to PTELL, along with detailed data on each of their tax extensions, is available for download at civiced.org/ptell-in-practice.

HOME RULE TAXING BODIES (NOT SUBJECT TO PTELL)

COUNTY OF COOK



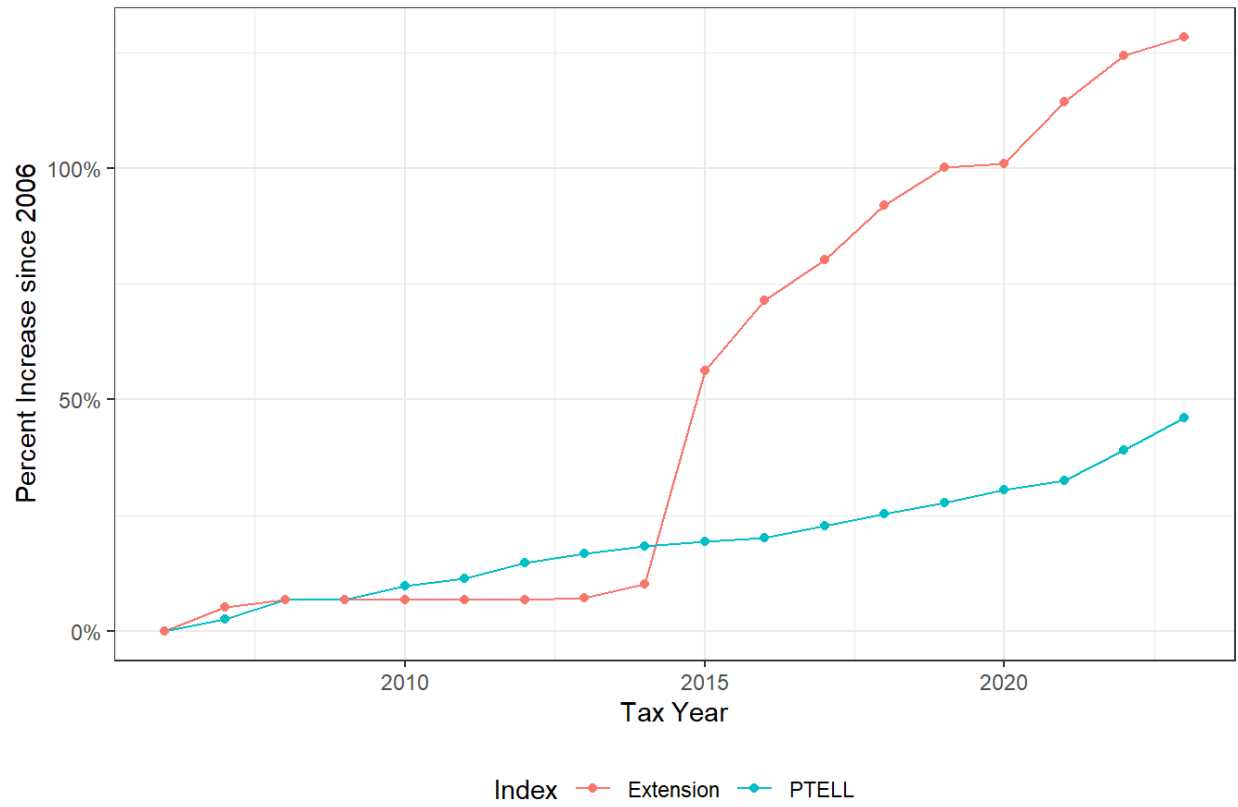
VILLAGE OF GLENVIEW



VILLAGE OF DOLTON

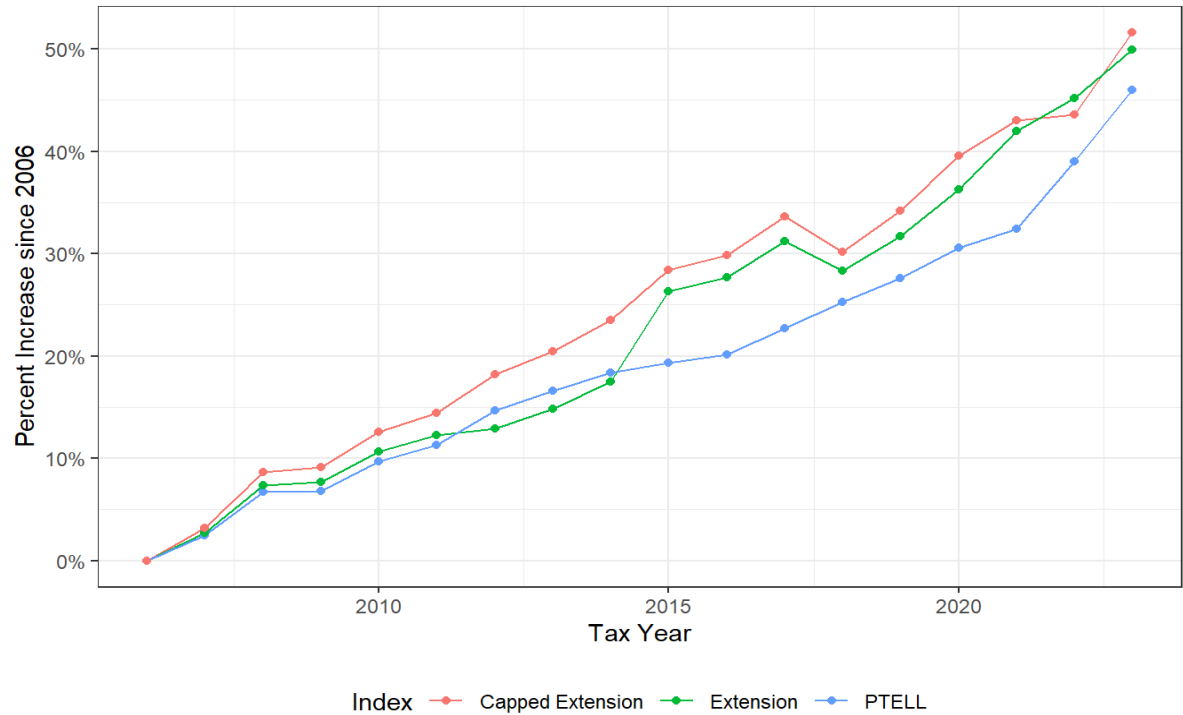


CITY OF CHICAGO

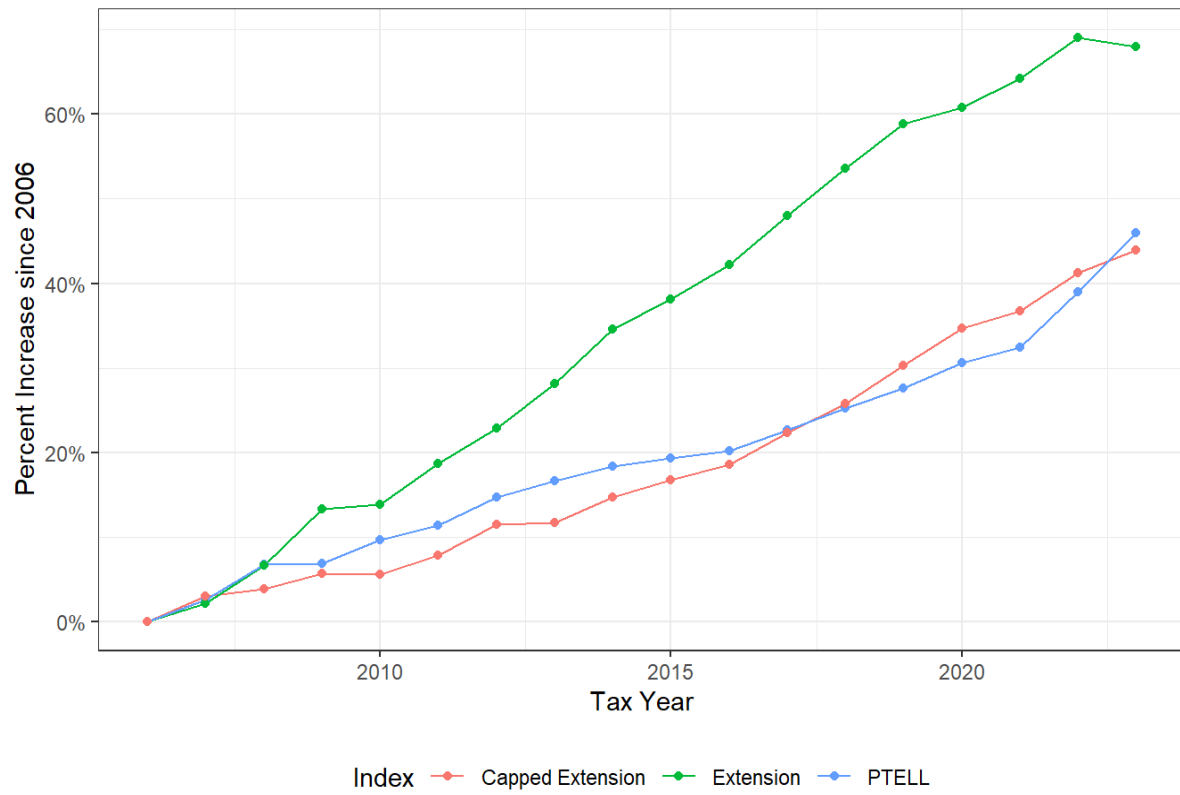


NON-HOME RULE TAXING BODIES (SUBJECT TO PTELL)

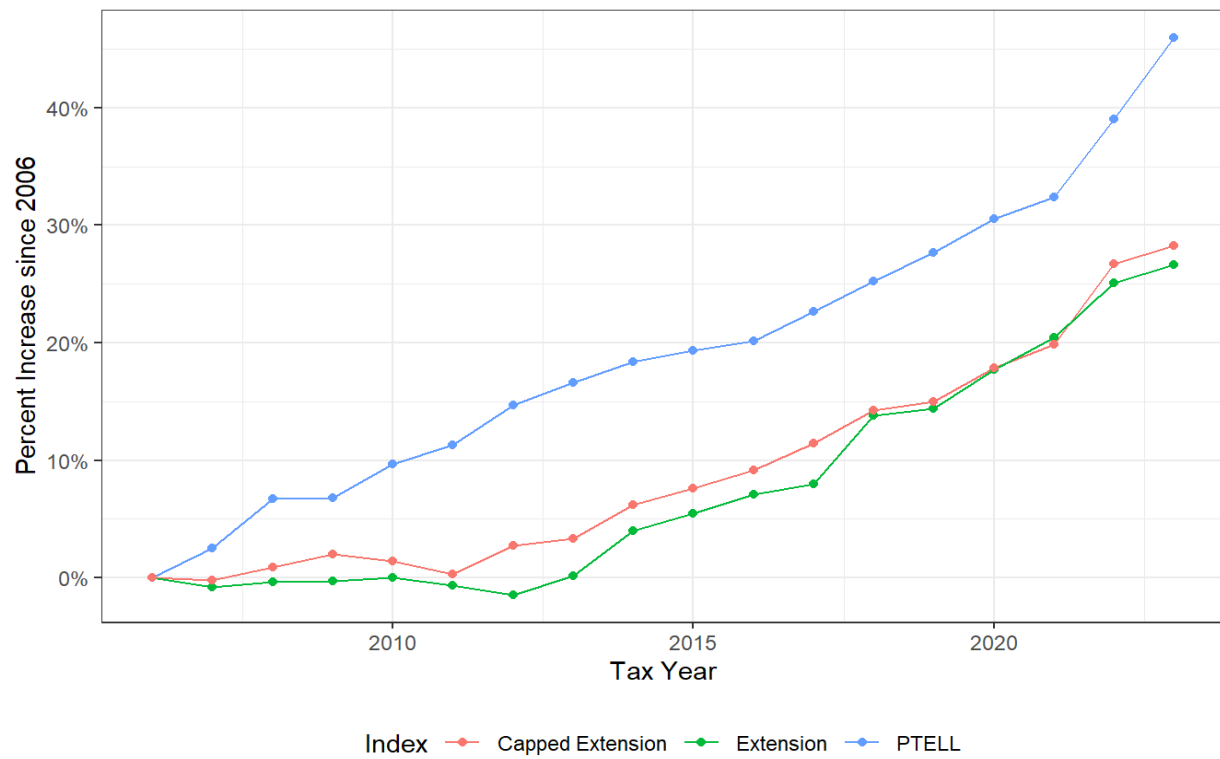
THORNTON TOWNSHIP HIGH SCHOOL 205



METRO WATER RECLAMATION DISTRICT OF GREATER CHICAGO



CHICAGO PARK DISTRICT



PALATINE TOWNSHIP HIGH SCHOOL 211

