

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6315**  
**BILL NUMBER: SB 137**

**NOTE PREPARED: Jan 12, 2011**  
**BILL AMENDED:**

**SUBJECT:** Maximum property tax levies in Lake County.

**FIRST AUTHOR:** Sen. Randolph  
**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

<b>LOCAL IMPACT</b>	<b>CY 2011</b>	<b>CY 2012</b>	<b>CY 2013</b>
<b>Local Revenues</b>		<b>2,488,000</b>	<b>8,520,000</b>
<b>Local Expenditures</b>		<b>0</b>	<b>0</b>
<b>Net Increase (Decrease)</b>		<b>2,488,000</b>	<b>8,520,000</b>

**Summary of Legislation:** This bill phases out (over two years) the law that currently freezes the maximum property tax levies for civil taxing units in Lake County unless a local option income tax for property tax relief equal to 1% is in effect in the county.

**Effective Date:** July 1, 2011.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Under current law, civil taxing units in Lake County cannot increase property tax levies for funds that are subject to the maximum levy limitation because the county has not adopted a property tax relief LOIT at a 1% tax rate.

Under this bill, beginning with taxes payable in 2012, the income tax adoption requirement would be removed. In CY 2012, levies would grow at one-half of the assessed value growth quotient (AVGQ) rate. Beginning in CY 2013, the levies would grow at the normal AVGQ rate.

Assuming that all taxing units would impose their maximum levies, the total levy for all units in the county would increase by an estimated \$5.6 M in 2012, \$17.0 M in 2013, and \$27.0 M in 2014, as compared to current law. The county average tax rate per \$100 of AV would increase by an estimated \$0.0254 in 2012, \$0.0729 in 2013, and \$0.1100 in 2014, as compared to current law. The increased tax rates would cause an increase in circuit breaker credits estimated at \$3.1 M in 2012, \$8.4 M in 2013, and \$12.9 M in 2014. The net gain for all taxing units in Lake County is estimated at \$2.5 M in 2012, \$8.5 M in 2013, and \$14.1 M in 2014.

As civil taxing unit levies rise, district tax rates will increase, resulting in additional circuit breaker credits. These additional credits equate to lost tax revenue for all civil taxing units and school corporations. The table below shows an estimate of the additional levy, additional circuit breaker loss, and net change by taxing unit type. Each school corporation would have a net loss, and most civil taxing units with property tax levies would have net gains.

Estimated Change in Levies and Circuit Breakers (In Millions)									
	2012			2013			2014		
Unit Type	Levy Incr	Circ Break Incr.	Net Change*	Levy Incr.	Circ Break Incr.	Net Change*	Levy Incr	Circ Break Incr.	Net Change*
Counties	1.5	0.4	1.1	4.6	1.0	3.6	7.3	1.5	5.8
Townships	0.3	0.2	0.1	1.0	0.6	0.5	1.6	0.9	0.8
City/Towns	2.9	1.7	1.3	8.8	4.5	4.3	14.1	6.9	7.2
Schools	0.0	0.3	-0.3	0.0	0.9	-0.9	0.0	1.4	-1.4
Libraries	0.4	0.2	0.2	1.2	0.5	0.6	1.8	0.8	1.0
Special	0.5	0.3	0.1	1.4	0.9	0.4	2.2	1.5	0.7
TIF Repl.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>5.6</b>	<b>3.1</b>	<b>2.5</b>	<b>17.0</b>	<b>8.4</b>	<b>8.5</b>	<b>27.0</b>	<b>12.9</b>	<b>14.1</b>
* Totals may not add due to rounding.									

**State Agencies Affected:** Department of Local Government Finance.

**Local Agencies Affected:** Civil taxing units and school corporations in Lake County.

**Information Sources:** OFMA property tax database; Local Government Database, DLGF.

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