

## **The Impact of Public Act 099-0375**

**By Dr. Darcy G. Benway, Superintendent O'Fallon Township High School District 203**

**Revised February 2017**

During my 20 years in education, I have seen numerous bills pass through the Illinois General Assembly that have impacted local school districts. I believe that most legislative bills are drafted and passed with the best of intentions, and attempt to provide greater prosperity for Illinois citizens. Upon their passage and enactment, some of those bills result in disproportionate hardships for some local school districts and taxpayers as compared with others. One such piece of legislation was Senate Bill 0107. Senate Bill 0107, known as the Disabled Veterans Property Tax Exemption Bill, was enacted on August 17, 2015 and is now Public Act 099-0375.

I am humbled by the sacrifices made by our military, and support efforts to assist those who were injured and disabled as a result of their service. As a community member in O'Fallon and having several relatives who served during World War II and the Vietnam and Korean Wars, I will never take for granted the freedoms I enjoy as a result of their sacrifices and dedication. As a citizen, I strongly support the intent of the Disabled Veterans Property Tax Exemption legislation that was passed. As an Illinois taxpayer and Superintendent of O'Fallon Township High School District 203, I advocate for a change in the manner in which the legislation has been implemented. The current method as implemented by our legislators has resulted in negative consequences for local taxpayers and students of O'Fallon/Shiloh schools.

Public Act 099-0375 expanded property tax exemptions for disabled veterans. Veterans with a service-connected disability of 30%-49% receive a property tax exemption of \$2,500. Veterans with a service-connected disability of 50%-69% receive an exemption of \$5,000. Those veterans having service-connected disabilities of greater than 70% are fully exempted from paying any property taxes. HB360 is a newly proposed piece of legislation (2017) that will further increase property tax exemptions if passed by the current Illinois General Assembly.

Due to our proximity to Scott Air Force Base and the exceptional quality of living offered in O'Fallon/Shiloh, a high concentration of disabled veterans have chosen to reside in our communities. I am honored to reside along-side them in a community that understands the meaning of service and sacrifice. It is important that I again clarify that I support the tax exemption; I merely disagree with the manner in which the legislation has been enacted that creates this hardship on our community.

The equalized assessed valuation (EAV) of property determines the amount of revenue collected by taxing bodies such as schools. This year, the EAV of property within OTHS's boundaries has been decreased by over \$40 million due to the disabled veterans' exemptions granted, thus resulting in an expected loss of revenues to OTHS of nearly \$600,000 for 2016 property tax cycle and the potential for this dollar amount to increase. It is estimated that over \$1.2 million in revenue has been lost by OTHS since the bill's inception in August 2015. Certainly, O'Fallon District 90, Central District 104 and Shiloh District 85 are experiencing significant revenue losses as well, due to the manner in which the legislation has been implemented.

What does this mean to the local taxpayer? If there are \$40 million less EAV dollars to support voter approved bond payments for schools because disabled veterans have been exempted from paying, the cost of the bond payments will have to be shared by those remaining taxpayers who are not exempted from property taxes. In other words, property taxes for those paying may have to be increased to cover

the amount recently exempted. This is not the fault of those who have served for our country and who receive the exemption, nor is it the fault of the schools. This is a result of the legislative enactment of Public Act 099-0375 that resulted in this disproportional impact on military communities --- especially the communities in O'Fallon Township.

The OTHS Board of Education and the administration have worked diligently to be fiscally responsible during these difficult economic times. In March of 2010, the District reduced its deficit spending in the operating funds by \$1.5 million for the 2010-2011 school year. In March of 2011, deficit spending in the operating funds was again reduced for the 2011-12 school year by another \$1.4 million. In March 2012, the District again made reductions to deficit spending in the amount of \$360,000. In September of 2014, the district refinanced a portion of its existing debt, taking advantage of better interest rates. This refinancing resulted in a present value savings to the taxpayers of \$619,831 over the life of the bonds. In May of 2015, the District again refinanced a portion of its existing debt to take advantage of better interest rates, resulting in a present value savings to the taxpayers of nearly \$1 million. For the 2016-2017 school year, the District withdrew from the Belleville Area Special Education Cooperative for an annual estimated savings of \$300,000. In addition, during 2016-2017, OTHS reduced 24 semester sections of classes and made other budgetary cuts resulting in a savings of approximately \$250,000.

Although these efforts by OTHS are noteworthy, state legislators continue to reduce funding to schools and continue to pass legislation which offsets the intended financial benefit of these reductions. The recent \$1 million in lost revenue to the district and the losses that are anticipated in future years as a result of the implementation of Public Act 099-0375 create an even greater financial crisis for schools located in military communities. It is as if OTHS continues to "paddle upstream" to cut costs and provide excellence in education, while legislative initiatives and mandates from the state continue to thwart any forward progress made by OTHS.

Again, the legislation was well intended. As an American with protected freedoms, I thank our veterans and I embrace the intentions of this bill. However, the cost of implementing the legislation should not be borne only by taxpayers and municipalities in a few Illinois military communities, but rather should be shared equally across the state. After all, every Illinoisan is a beneficiary of the sacrifices made by our disabled veterans. Therefore, ALL Illinoisans should share equally in supporting the cost of their property tax exemption. Since so few communities across Illinois are impacted, legislators have been non-responsive to requests to fix the inequities resulting from the implementation of Public Act 099-0375. The legislation that was created to support our military service men and woman has taken an unforeseen turn and is now hurting military communities like O'Fallon and Shiloh.

Please contact your legislators and request that the State of Illinois fund this legislation by reimbursing the cost of the disabled veterans' exemptions to the municipalities so negatively impacted. Your voices need to be heard by our legislators. The end result is that all Illinoisans would be vested in this legislative initiative and O'Fallon/Shiloh would not be so disproportionately and negatively impacted.

Senator Kyle McCarter - [senatormccarter@gmail.com](mailto:senatormccarter@gmail.com)

Senator James Clayborne - [jclayborne@cswlawllp.com](mailto:jclayborne@cswlawllp.com)

Representative Eddie Lee Jackson - [bbsty2010@gmail.com](mailto:bbsty2010@gmail.com)

Representative Katie Stuart - [repkatiestuart@gmail.com](mailto:repkatiestuart@gmail.com)

Representative Charles Meier - [repcmeier@gmail.com](mailto:repcmeier@gmail.com)

Representative Jay Hoffman - [repjayhoffman@gmail.com](mailto:repjayhoffman@gmail.com)

Representative Jerry Costello, II - [staterepcostello@gmail.com](mailto:staterepcostello@gmail.com)