



## ***Sustain the Governor's Amendatory Veto of HB 2507 (Cook County Nursing Home Assessment Change)***

### **Background**

On August 11, 2023, Governor JB Pritzker issued an amendatory veto specifically recommending striking Article 55 of House Bill 2507. This change removes a property tax break for privately-owned nursing home operators in Cook County saving Cook County homeowners and small businesses from covering the costs associated with the tax break. Of the 65 impacted municipalities, 18 of those communities are located in the south suburbs. Statistically, south suburban residents and businesses currently have some of the highest tax rates and tax burdens in the state, if not the country. Simply stated, without the amendatory veto, privately-operated nursing home facilities would shift their tax burden to already struggling property owners. A list of all affected communities is provided below.

### **Request**

The South Suburban Mayors and Managers Association (SSMMA), representing 39 municipalities within south suburban Cook County, along with the Illinois Municipal League, and other municipalities within Cook County, respectfully urge you to accept and support Governor Pritzker's amendatory veto of the Property Tax Omnibus bill (HB 2507, Senate Amendment 1, Article 55).

See enclosed statement on HB 2507 AV decision from the Governor to Members of the 103<sup>rd</sup> General Assembly.

### **Bill Language**

HB 2507, Article 55, Section 55-5, Division 22, Section 10-805 of the Property Tax Omnibus Bill (starting on page 147 and continuing to page 148) contains the following language:

*Sec. 10-805. Property assessment equity; nursing homes and specialized mental health facilities. Beginning with tax year 2023, real property that is located in a county with more than 3,000,000 inhabitants and that is used to provide services requiring a license under the Nursing Home Care Act or under the Specialized Mental Health Facilities Act shall not be assessed at a higher level of assessment than residential property in the county in which the nursing home or mental health services facility is located.*

This section changes the Nursing Home and Mental Health Facilities assessment in Cook County of short term for-profit commercial properties (a subset of all Nursing Home facilities) from a 25% commercial rate to 10% residential rate which would result in reduced equalized assessed valuations (EAV) and lower tax bills for nursing home property owners. These properties are short term, temporary rehab facilities for home-bound patients— not permanent residences for patients— so they should not be classified and taxed as residential properties.

### **Unintended Consequences**

When assessed as residential properties, the equalized assessed value (EAV) for each nursing home facility drops significantly, which wipes out significant EAV within the community and shifts the tax burden to all other taxpayers in affected districts. Across the 65 communities, there would be an approximate 234 nursing home properties, 46 within the south and southwest suburbs, 90 in the city of Chicago, and another 98 throughout the north and western suburbs, that would see their EAV drop by nearly \$833 million, based on counterfactual

data using certified 2021 assessment figures produced by Cook County Assessor Kaegi. Without the amendatory veto, current numbers show the effect of Sec. 10-805 would result in more than a \$1 billion in lost EAV; in other words, tens of millions of dollars in tax revenues previously owed by privately-owned nursing home facilities would necessarily shift to locally-owned residential and commercial properties and drive their tax bills higher in order to fund major components of the tax roll— schools, fire protection districts, municipalities, townships, counties, and other taxing districts.

Additionally, 25 nursing homes affected by this legislation are within Tax Increment Finance (TIF) Districts. Changing nursing home assessment rate from commercial (25%) to residential (10%) reduces the increment and current TIF revenues generated by over \$200,000,000<sup>1</sup>. The result is numerous TIFs will no longer have enough revenue to cover their expenses, let alone the means to spur investment and redevelopment in long-stagnated areas within communities throughout the County that have already been identified as needing support.

### **Impact of EAV Shift on South Suburbs**

This EAV shift is especially dire in south suburban communities that have faced divestment, job loss, high property taxes and poor collection rates. Our region has not recovered from historic commercial redlining, the Housing Crisis of 2009, the Great Recession, and the COVID pandemic. We also face tax rates that are 4-5x higher than Chicago's and 2-3x higher those in the northern suburbs. We've long struggled for inclusive economic growth and have yet to make any significant headway. In 2023, 30 of 45 SSMMA municipalities were designated as federally recognized Environmental Justice communities due to being disadvantaged, marginalized, historically overburdened and underserved. Our communities and taxpayers cannot "absorb" the loss of nursing home EAV as it would immediately drive tax bills higher for homeowners and business owners and lead to greater residential abandonment and loss of business in already struggling areas.

This is not hyperbole as numerous data points substantiate the challenges we face. More information is available [here](#). The unintended consequences of Article 55, Section 10-805 of the Omnibus Bill are real.

### **Action Needed**

The Governor's amendatory veto of HB 2507 will avert this crisis on Southland communities and others throughout Cook County. ***Please vote to accept/sustain the AV of HB 2507 in Veto Session. Thank you!***

#### **TOWNS IMPACTED BY HB 2507, ARTICLE 55, DIVISION 22, SECTION 10-805:**

*Arlington Heights, Barrington, Bellwood, Berwyn, Bridgeview, Burbank, Burnham, Chicago, Chicago Heights, Chicago Ridge, Cicero, Country Club Hills, Crestwood, Des Plaines, Dolton, Elgin, Elk Grove Village, Elmwood Park, Evanston, Flossmoor, Forest Park, Glenview, Glenwood, Hanover Park, Harvey, Hazel Crest, Hickory Hills, Hillside, Hoffman Estates, Homewood, Indian Head Park, Inverness, LaGrange Park, Lansing, Lemont, Maine, Matteson, Maywood, Midlothian, Morton Grove, Niles, Norridge, Northbrook, Northlake, Oak Lawn, Oak Park, Orland Park, Palatine, Palos Heights, Palos Hills, Palos Park, Park Ridge, Richton Park, Robbins, Rolling Meadows, Schaumburg, Skokie, South Chicago Heights, South Holland, Stickney, Streamwood, Tinley Park, Westchester, Wheeling, and Wilmette.*

**For more information contact SSMMA Director Kristi DeLaurentiis at 708-567-5156 or [kdelaurentiis@ssmma.org](mailto:kdelaurentiis@ssmma.org).**

<sup>1</sup> Cook County Assessor Data on Counterfactual 2021 Impact of Nursing Home Assessment Changes on TIF Revenues.