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# **APPELLATE COURT ON TAX OBJECTIONS: NO HARM, NO FOUL**

The Illinois Appellate Court, Second District, issued a decision on September 30, in *G.I.S. Venture v. Novak* (“*G.I.S. Venture II*”) with an opinion favorable to school district financial practices.

The same court in *G.I.S. Venture I* (2009) had ruled that, when school districts abate their working cash funds, the abated funds must be transferred only to the educational fund. This decision led directly to the School Code amendments in 2010 which now expressly allow working cash fund abatement transfers to any district fund. But left unresolved were the taxpayer objections to the pre-amendment transfers. The Appellate Court in *G.I.S. Venture I* had returned the case to the circuit court to determine whether, had the transfer properly gone to the educational fund, there would have been any excessive accumulations in the educational fund.

After a collaborative effort involving the DuPage County State’s

Attorney's office and the attorneys representing 17 different districts and covering 13 tax years, the circuit court found there would have been no educational fund excess accumulations; therefore, the taxpayers were not entitled to any tax refunds. The Appellate Court in *G.I.S. Venture II* affirmed this finding. Its opinion clearly states that, while the working cash transfers were not proper under the law as then written, the taxpayers were still not entitled to relief because those transfers did not cause excessive tax levies.

Subject to the taxpayers seeking a rehearing in the Appellate Court or review in the Illinois Supreme Court, of course, the immediate effect of this decision is to save several DuPage County school districts millions of dollars in potentially lost revenue. But of broader impact, *G.I.S. Venture II* stands for the principle that not every procedural error in school district financial practices will result in costly tax refunds. To obtain those refunds, the tax objectors must demonstrate that the district's error actually resulted in excess property taxes.

John Izzo of Hauser Izzo participated both in the *G.I.S. Venture II* appeal and in the drafting and advocating for the 2010 School Code amendments which legislatively overturned the *G.I.S.*

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*Venture I* ruling about working cash transfers.

Should you have any questions, please contact one of our attorneys at our Flossmoor Office at 708-799-6766.

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