

# Transportation Taxes and Fees Lockbox Amendment

## Transportation Taxes and Fees Lockbox Amendment: Possible Impact on School District Levies

On the ballot for next week's general election is a proposed amendment to the Illinois Constitution which would limit how certain revenues from transportation sources are used. Referred to by its supporters as the "Safe Roads Amendment" – this proposal defines certain transportation-related revenues and then restricts the usage of those revenues to transportation-related purposes.

While publicity about this amendment has focused – properly in our view – on revenues derived from such taxes and fees as license plate fees, tolls, vehicle sticker charges, and the like, some have questioned whether the restricted-use revenues might also include the transportation levy imposed by school districts as part of their authority to impose property taxes for various purposes under the School Code. **In our opinion, the**

**amendment would not limit the use of school district transportation levies because those levies are “derived from” the ownership of real estate,** and not from revenues from the “registration, title, or operation or use of vehicles” or related to “the use of highways, roads, streets, bridges, mass transit, intercity passenger rail, ports, airports, or to fuels used for propelling vehicles, or derived from taxes, fees, excises, or license taxes relating to any other transportation infrastructure or transportation operation” – under the language of the proposed amendment.

Nonetheless, if this amendment passes, we fully expect this issue to be raised through tax rate objections or otherwise, and to be resolved ultimately by the courts. Therefore, in an abundance of caution, if you had planned to transfer moneys from your district’s Transportation Fund to the Educational Fund or to the Operations and Maintenance Fund later in this fiscal year, **you may wish to consider making that transfer now.** Such a transfer requires due public notice and hearing under School Code Section 17-2A. The amendment, if it passes on November 8, is likely to be certified on November 28 or sooner, giving you just a few weeks to start the transfer process before the



constitutional amendment would go into effect.

Of course, even if you make an immediate fund transfer, that action would not help with your ability to transfer transportation fund revenues to other operating funds in future years, as school districts frequently have in the past. Whatever the result of this referendum and however the courts might interpret it, what is really needed is an amendment to the Property Tax Code removing specific fund rate limits in tax-capped counties. Such a move would not increase any tax burdens or district revenues, but would allow districts the flexibility to use tax revenues for whatever purposes serve the best interests of the district, its students and families, and its taxpayers.

If you have any questions, please contact one of our attorneys in Flossmoor at (708) 799-6766 or in Oak Brook at 630-928-1200.