

# **TORT IMMUNITY TAX**

## **Fund 076-075**

The Tort Immunity Tax Fund is established pursuant to 745 ILCS 10/9-107 to provide an extraordinary tax for funding expenses relating to tort liability, insurance, and risk management programs.

The Tort Immunity Fund, a property tax based revenue fund, is the source of funding for the General Corporate Fund's share of payment of premiums and claims to the Self-Funded Insurance Fund. The claims payments for property and liability are determined based on the most recent actuarial study recommendations, and Worker's Compensation claims payments are determined based on Worker's Compensation rates calculated on wages for categories of employment.

### ***BUDGET HIGHLIGHTS***

Because property tax is the only revenue stream for this fund, the tax caps applied by the Property Tax Extension Limitation Law (PTELL) did not allow the revenue to keep pace with the annual required contributions from fiscal years 2008 through 2014. In fiscal years 2015 through 2019, the property tax levy for Tort Immunity has had the capacity to increase in order to match, or exceed, budgeted expenditures to help improve the negative fund balance. However, in fiscal years 2020 and 2021 revenues are not expected to exceed expenditures.

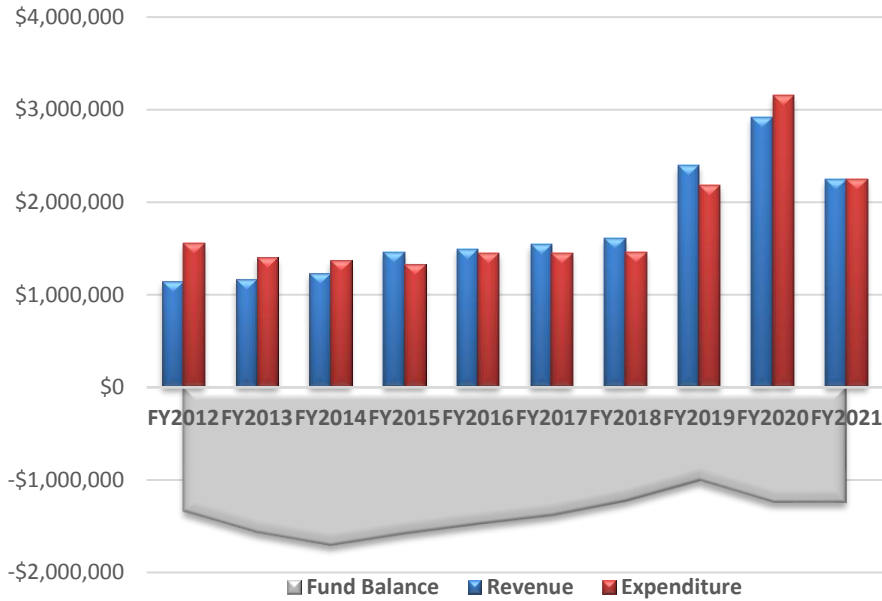
In FY2020, the Sixth Judicial Circuit Court ruled regarding the Carle Foundation property tax exemption case for parcels in its main campus for tax years 2005-2011, and of the total \$1.48 million ruling, \$106,657 was paid to the hospital from Tort Immunity.

The FY2021 interfund billing to Tort Immunity will include deductibles owed for facilities and vehicles damages as a result of a 2020 hailstorm.

As of July 2020, the Nursing Home fund owed the Self-Funded Insurance fund a total of \$2.2 million for Worker's Compensation costs, property insurance premium payments, claims, outside attorney fees and Interfund liability billings. In FY2020 the liability levy includes \$1.32 million that will be transferred to the Self-Funded Insurance fund to go towards the Nursing Home obligations owed to the Self-Funded Insurance fund.

The rectification of the negative fund balance will be achieved over time only if the annual revenue from the property tax exceeds the annual expenditure requirements. When the Tort Immunity Fund and Self-Funded Insurance Funds are combined the balance of the Self-Funded Insurance Fund exceeds that negative balance of the Tort Immunity Fund. For more details about the combined fund balance see budget document 476-000 Self-funded Insurance Summary.

## Tort Immunity Fund



### FINANCIAL

Fund 076 Dept 075			2019 Actual	2020 Original	2020 Projected	2021 Budget
311	16	CURR PROP TX-LIABILTY INS	\$2,390,422	\$3,165,370	\$2,916,150	\$2,237,867
313	16	RE BACKTAX-LIABILITY INS	\$3,222	\$700	\$1,000	\$1,000
314	10	MOBILE HOME TAX	\$2,017	\$1,350	\$1,500	\$1,500
315	10	PAYMENT IN LIEU OF TAXES	\$1,293	\$1,050	\$1,100	\$1,100
		PROPERTY TAXES	\$2,396,954	\$3,168,470	\$2,919,750	\$2,241,467
381	15	WORKER'S COMP REIMB	\$698	\$500	\$500	\$500
381	17	UNEMPLOYMENT INS REIMB	\$644	\$850	\$700	\$700
		INTERFUND REVENUE	\$1,342	\$1,350	\$1,200	\$1,200
		<b>REVENUE TOTALS</b>	<b>\$2,398,296</b>	<b>\$3,169,820</b>	<b>\$2,920,950</b>	<b>\$2,242,667</b>
513	4	WORKERS' COMPENSATION INS	\$857,307	\$906,000	\$900,000	\$950,000
513	5	UNEMPLOYMENT INSURANCE	\$107,833	\$120,000	\$110,000	\$120,000
		PERSONNEL	\$965,140	\$1,026,000	\$1,010,000	\$1,070,000
533	20	INSURANCE	\$772,437	\$820,000	\$820,000	\$1,172,667
		SERVICES	\$772,437	\$820,000	\$820,000	\$1,172,667
571	19	TO SELF-FUNDED INS FND476	\$439,285	\$1,322,382	\$1,322,382	\$0
		INTERFUND EXPENDITURE	\$439,285	\$1,322,382	\$1,322,382	\$0
582	9	INTEREST ON TAX CASE	\$0	\$0	\$823	\$0
		DEBT	\$0	\$0	\$823	\$0

**EXPENDITURE TOTALS****\$2,176,862****\$3,168,382****\$3,153,205****\$2,242,667*****FUND BALANCE***

<b>FY2019 Actual</b>	<b>FY2020 Projected</b>	<b>FY2021 Budgeted</b>
(\$1,019,383)	(\$1,251,638)	(\$1,251,638)

The decrease in FY2020 fund balance is largely the result of the Carle Foundation property tax exemption case ruling for parcels in Carle’s main campus for tax years 2005-2011. The fund balance goal is \$500,000 to maintain cash flow and to provide funding for emergency claim payments. The current negative fund balance was caused by an inability to increase the property tax revenue to match the required expenditure over the period from FY2008 to FY2014. The negative fund balance is offset by the fund balance in the Self-Funded Insurance Fund. Slight improvement in the negative position occurred in fiscal years 2015 through 2019; however, is not is anticipated in fiscal years 2020 and 2021.