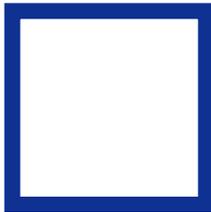
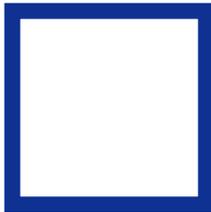


# **Practical Guide to Illinois Property Taxes**



**2004 Edition**

**by Brent Bohlen**



**published by the  
Taxpayers' Federation of Illinois**



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## About the Author

Brent Bohlen has worked in or around state and local government his entire career. In the 1970s he was a budget analyst in the Illinois Bureau of the Budget and an assistant state's attorney for Sangamon County. He was legal counsel for the Taxpayers' Federation of Illinois during the first half of the 1980s. During the late 1980s and early 1990s he was a board member on the Property Tax Appeal Board. From 1996 until 1999 he was a commissioner on the Illinois Commerce Commission. He was reappointed to the Property Tax Appeal Board in 1999 and took early retirement from that position at the end of 2002.

This, the sixth edition of the *Practical Guide to Illinois Property Taxes*, is the fourth written by Bohlen. He wrote the first three editions of the Practical Guide while legal counsel for the Taxpayers' Federation of Illinois.

During much of his career Bohlen worked on freelance writing and research projects, such as Discover Springfield, an award-winning pre-visit curriculum for schoolchildren who come to the capital city on class trips. He continues working on writing, research and legal projects, including a web-based update of Discover Springfield.

Bohlen holds a bachelor's degree in government from Southern Illinois University at Carbondale, a master's degree in public policy from Harvard's Kennedy School of Government and a law degree from Harvard Law School.

## A Note to Our Readers

Statutory references within this guidebook are made to the Illinois Compiled Statutes (ILCS). As an example, the statutory reference (35 ILCS 200/9-80) refers to the law in Chapter 35, Act 200, Section 9-80 of the Illinois Compiled Statutes. The sources used are believed to be up to date as of publication, and the citations and information reported are believed to be accurate. Experts in various areas of property taxation have reviewed the manuscript, but the author accepts responsibility for any errors or omissions in the text.

The reader is cautioned that the General Assembly makes changes to the Property Tax Code every year. Most changes are minor, but some are significant. Taxpayers are encouraged to check with assessing authorities, counsel or the statutes directly (go to [www.legis.il.us](http://www.legis.il.us) and click on Illinois Compiled Statutes) to make certain that applicable statutes have not been changed since publication.

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# Foreword

The Taxpayers' Federation has always stressed that an educated general public is the best defense against the fiscal mismanagement of public funds. Unfortunately, the state's single-largest revenue source—the property tax—is shrouded within enough layers of administrative bureaucracy and mathematical murk to intimidate most laymen to “trust the system” and grudgingly pay their tax bills without argument.

This book has been prepared for homeowners, small-business owners, farmers and other interested citizens as an attempt to demystify the property tax system in Illinois. We designed the Practical Guide to provide property taxpayers with helpful explanations of their rights and obligations and to offer recourse when a question or concern arises at some stage of the tax cycle. We hope that readers will use this book to effectively represent their interests before local taxing bodies.

In preparing the 2004 *Practical Guide to Illinois Property Taxes*, we relied heavily on the fine work done on the previous edition by author Jennifer Gordon and researcher Chris Romans. Their organization and clear, concise explanations provided a solid base to build upon. Information in this publication has been updated to make it current through the 2003 legislative session. Changes in property tax law and comprehensive detail of property tax exemptions and credits have been included.

We also would like to thank a group of readers who assisted the author as he labored to pull together nearly a decade's-worth of revisions since the last publication. Many offered specific suggestions we were able to use. Our readers included:

Tom Cavanagh, Sangamon County Treasurer  
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# 1

## The Basic Concepts of Property Taxation

Most citizens are overwhelmed by the complexity of the property tax system. The layers of bureaucracy and the numerous mathematical hoops a property value must pass through seem designed to frustrate those unfamiliar with the process. Yet without a basic understanding of the system, a property owner may feel the tax bill that arrives in the mail is something he or she must accept on faith. The Taxpayers' Federation of Illinois believes homeowners and small business owners should arm themselves with enough knowledge about the system to be able to determine if they are being treated fairly. They should be ready and able to challenge any inequity.

Despite the complexity of the system, the basic concepts of the property tax are quite simple. This chapter of the *Practical Guide to Illinois Real Estate Taxation* lays a foundation that will provide taxpayers with an overview for the more thorough discussion about specific aspects of the system in later chapters.

The property tax is an *ad valorem* tax, meaning that the tax is based on the value of property.

Two component activities affect each taxpayer's property tax bill:

1. Determining the amount of money (taxes) needed to operate the government; and
2. Apportioning the burden of those taxes among taxpayers.

The system must provide a means to determine how much revenue is to be generated. This process is handled by the local governments and school districts that will use the revenues.

The system also must place a value on all taxable property. The burden of generating the needed revenue can then be spread among the parcels of property according to the proportionate value of each parcel.

A simplified example should help clarify the process. Assume there is only one taxing district, "Tax City," and it has only one fund, the road fund. Further assume it provides only one service, roads.

Tax City is the part of the property tax system that is responsible for determining how much revenue is to be generated. The authorities of Tax City draw up a spending plan that would indicate how much money is needed for roads during the upcoming year. This spending plan is the budget.

Assume \$1,000 in property tax revenue is needed. In order to spend the \$1,000 for roads, Tax City first needs to raise the money from taxpayers within its jurisdiction. To do this, the governing body of Tax City passes an ordinance making a specific request that \$1,000 be generated by the property tax. This formal request is the **tax levy** that certifies to the county clerk that Tax City wants \$1,000 raised through the property tax.

The county clerk now knows Tax City wants \$1,000, but this doesn't tell the county clerk how much of the \$1,000 each taxpayer should pay.

The apportionment of the \$1,000 tax burden is the other half of the property tax system. During the same time period that Tax City is preparing its request for \$1,000, an **assessed value** is placed on all real property (primarily land and build-

## Illinois Special Districts

1. Airport Authority
2. Cemetery
3. Civic Centers
4. Conservation
5. Fire Protection
6. Forest Preserve
7. Hospital
8. Library
9. Mass Transit
10. Mosquito Abatement
11. Multi-township Assessment
12. Museum
13. Park
14. Public Health
15. Public Water
16. Rescue Squad
17. River Conservancy
18. Sanitary
19. Soil and Water Conservation
20. Solid Waste Disposal
21. Street Lighting
22. Surface Water Protection
23. Tuberculosis Sanitarium
24. Water Authority
25. Water Service
26. Watershed / Flood Control

ings) in Tax City. Assessment is an estimation of property value for taxation purposes based upon **fair market value**.

Assume there are only three parcels of property in Tax City: Property A assessed at \$5,000; Property B assessed at \$3,000; and Property C assessed at \$2,000. The total assessed value is \$10,000.

The assessing officials notify the county clerk of the individual and total assessments. Now the county clerk has all of the information necessary to calculate the individual tax bills.

Since the revenue requested (\$1,000) is 10 percent of the total assessed valuation (\$10,000), a tax rate of 10 percent (generally expressed as \$10 per \$100 of assessed valuation) is needed.

The county clerk calculates the amount of tax to be collected from the owners of each parcel of property by applying the tax rate to the assessed value. This process is called the **extension** of the tax. Continuing the example, the owner of Property A is sent a tax bill for \$500 (applying the 10 percent tax rate to the assessed value of \$5,000); the owner of Property B is sent a tax bill for \$300; and the owner of Property C a bill for \$200. The sum of the tax bills (\$500 + \$300 + \$200 = \$1,000), when paid, gives Tax City the \$1,000 in its road fund to build and maintain the desired roads. Each taxpayer's share of the total \$1,000 tax bill is equal to that taxpayer's share of the total \$10,000 assessed value.

Obviously, the system of property taxation as it now exists in Illinois is more complex than the above example, but the basic concepts are the same. Each chapter of this book describes a component of the system in detail. Chapter 11 illustrates how all of these components fit together in the property tax cycle.

## Magnitude of the property tax

The property tax system in Illinois generates a huge amount of revenue, more than any other tax levied in the state. Property taxes for 2000 (extended for payment in 2001) totaled \$16.0 billion. This dwarfs the revenues generated by the state sales tax (\$8.0 billion) or state individual and corporate income taxes (\$9.9 billion).

Illinois has no **state** property tax. The property tax is administered and used entirely by local governments. *Figure 1-1* depicts the allocation to local taxing districts of 2000 property taxes. Schools claimed the lion's share of the revenues, with municipalities being a distant second.

## Number of taxing districts

**Illinois has more local taxing districts than any other state.** In the 2000 tax year there were 6,075 such districts, according to the Illinois Department of Revenue. The number of districts by category were:

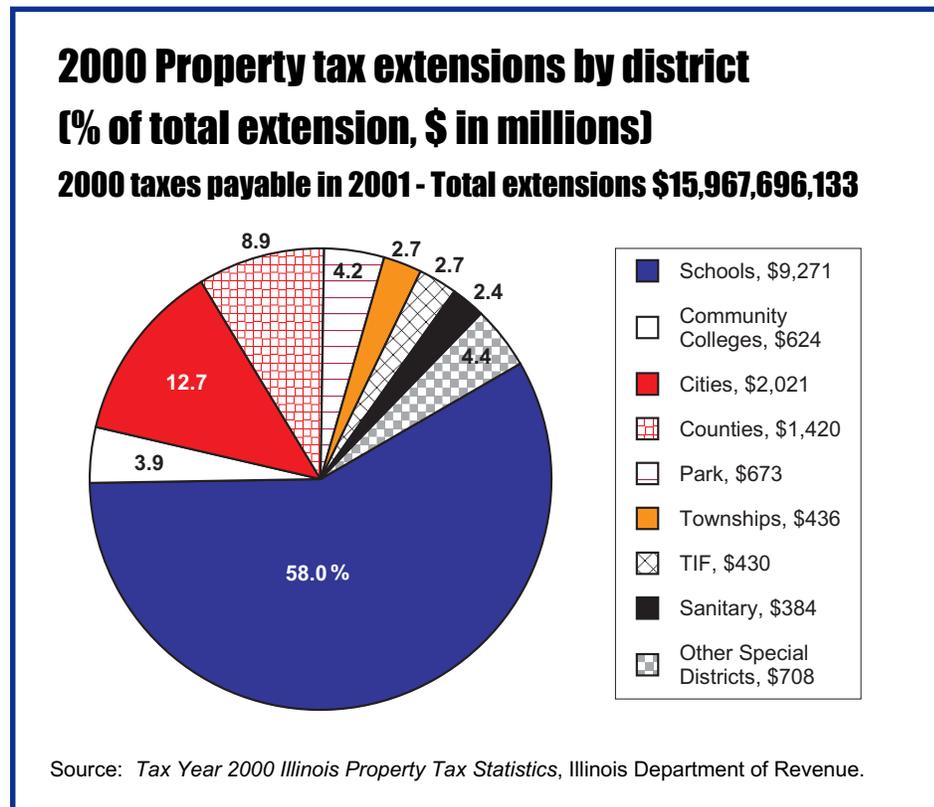
- counties – 102
- townships – 1,433
- road districts – 91
- cities, villages & incorporated towns – 1,289
- schools (including community colleges) – 935
- special districts – 2,225

The list at left identifies the special districts the General Assembly has authorized to resolve local problems or provide special services.

Taxing districts usually do not share boundaries. A school district may, for example, include two or more municipalities and several townships. A special district might include only a portion of a municipality. By using a map which

defines taxing district boundaries and their overlapping areas, the county clerk is able to determine what group of taxing bodies are eligible to tax each parcel of real property in the county. All parcels subject to taxation by exactly the same set of taxing bodies are called a **tax code area**. The average number of taxing districts in a tax code area in Chicago is seven and downstate is eight to ten. The county clerk adds up the tax rates for the taxing districts in each tax code area, and that sum is the tax code area's **aggregate tax rate**. The tax rate on a taxpayer bill is the aggregate rate applicable to that taxpayer property, i.e. the sum of the school district rate, the municipal rate, the township rate, the county rate and the rates of any other taxing districts in which the property is located.

Figure 1-1



## 2

# Budget & Levy

## Determining the Total Tax Burden

“My property taxes are too high” is probably the most frequent complaint about the property tax system. But what does this mean? Taxpayers could be complaining that taxing districts are generating more property tax revenue than they need. Or they could be concerned about paying more than a fair share of the overall tax burden. This chapter deals with the first type of complaint.

The taxing district budget and levy side of the property tax system has traditionally received the least taxpayer attention. Taxpayers must remember local governments and school districts receive only the property tax dollars they request in their tax levy. Though assessors and the maligned “multiplier” are often improperly blamed for raising taxes, the taxing districts themselves must bear the responsibility for every penny raised.

All taxing districts form budgets, or spending plans, prior to the levying process. Budgets for local government units are often shaped by a small group of elected officials who are courted by various interest groups. All taxpayers have the right and obligation to express their views in the selection of the type and amount of services to be provided by a governmental unit. Since the property tax is a local tax controlled by local government, an individual taxpayer’s opinions and actions can have an important impact. Notification of hearings on the budget of a local unit of government must be published in a local newspaper.

The **levy** is the formal request by a local government or school district for a certain amount of revenue to be generated by the property tax. This formal request is sent to the county clerk who, as discussed in Chapter 8, calculates the necessary tax rate.

Each type of taxing district must certify its levy to the county clerk by the last Tuesday in December. That levy determines the total amount to be raised from that year’s property taxes, which are payable the following year.

Several limits exist on local governments to control the amount of money they raise from the property tax. Non-home rule units of government have statutory limits on the tax rates that can be imposed to generate revenues. For example the basic rate limit for unit school districts for educational purposes is 1.84 percent. (See Chapter 8.)

The Property Tax Extension Limitation Law (PTELL) is an additional tax limit in some counties. PTELL limits tax extension increases of non-home rule local governments and school districts to no more than 5 percent above the previous year (or the rate of inflation, whichever is less). PTELL applies in Cook County, the five collar counties surrounding Cook County and several other counties. In these counties, increases above the limitation can occur only after referendum approval. (See “Property Tax Caps” in Chapter 5.)

The Truth in Taxation Act (35 ILCS 200/18-55 through 18-100) provides taxpayers with the means to check excessive local government and school district spending. Truth in Taxation requires taxing districts that plan to adopt a levy exceeding the property taxes extended for the previous year by more than 5 percent to publish a specified notice and hold a public hearing on their intentions.

The notice must be a specific size, have a black border, appear in a general part of the newspaper, give certain information about the size of the proposed increase,

and announce the place and time of the hearing. (See *Figure 2-1*.) If a taxing district's final levy exceeds what was stated in the Truth in Taxation notice, or if no Truth in Taxation notice was published and the final levy exceeds the 5 percent increase limit, the taxing district must publish a specific notice outlining the details of the final levy and comparing it to the prior year's levy. If a taxing district fails to meet these requirements the county clerk cannot extend a levy that represents an increase over the previous year of more than 5 percent.

It can be difficult to determine how a taxing district's specific budget is related to the amount of your individual tax bill. In addition, taxpayers may feel too uninformed about government programs and their costs to challenge local officials. Some questions that might be asked of local officials are included in the section entitled "When Taxing Districts are Spending Too Much" in Chapter 10.

Not all individuals are sufficiently motivated to attend budget or Truth in Taxation hearings and speak out forcefully. However, because the decision-makers for taxing district budgets are usually elected officials, all citizen-taxpayers can have an effect on the general size and content of these spending plans by learning the candidates' positions on budget matters and voting accordingly.

Taxpayers who wait until they get their tax bills to complain about how much property tax revenue is being generated by the taxing districts have neglected their rights and duties during the budget and levy process. Also, they have most likely foregone any chance of doing anything about their high tax bills for that year.

Figure 2-1

## Sample: Truth in Taxation Notice

Notice of Proposed Property Tax Increase for (*common name of taxing district*).

- I. A public hearing to approve a proposed property tax levy increase for (*legal name of taxing district*) for (*year*) will be held on (*date*) at (*time*) at (*location*).  
Any person desiring to appear at the public hearing and present testimony to the taxing district may contact (*name, title, address, and telephone number*).
- II. The corporate and special purpose property taxes extended or abated for (*preceding year*) were (*dollar amount of the final aggregate levy as extended, plus the amount abated by the taxing district prior to extension*).  
The proposed corporate and special property taxes to be levied for (*current year*) are (*dollar amount of the proposed aggregate levy*). This represents a (*percentage*) increase over the previous year.
- III. The property taxes extended for debt service and public building commission leases for (*preceding year*) were (*dollar amount*).  
The estimated property taxes to be levied for debt service and public building commission leases for (*current year*) are (*dollar amount*). This represents a (*percentage increase or decrease*) over the previous year.
- IV. The total property taxes extended for (*preceding year*) were (*dollar amount*).  
The estimated total property taxes to be levied for (*current year*) are (*dollar amount*). This represents a (*percentage increase or decrease*) over the previous year.

# 3

## Assessment

### The Apportionment of the Burden

The remainder of the Practical Guide's chapters are devoted to the other half of the property tax system, the apportionment of the property tax burden. This does not suggest this part of the system is more important than the budget and levy side; it is not. But it is a more complex process and thus requires more explanation.

Assessment is the valuation of real estate for purposes of property taxation. Illinois law requires most real property to be assessed at  $33\frac{1}{3}$  percent of fair cash value. (35 ILCS 200/1-55 and 9-145) Fair cash value is the price in cash at which an informed, willing buyer would purchase a parcel from an informed, willing seller. The assessment of farmland and coal and the assessment classification system in Cook County are exceptions to the general  $33\frac{1}{3}$  percent assessment rule. These exceptions are discussed in later chapters.

#### Who assesses property?

Most property is assessed by local officials. However, the Illinois Department of Revenue (DOR) assesses the operating property of railroads and certain pollution control and water treatment facilities.

The initial assessment of property generally is done by elected township or multi-township assessors. In most counties a supervisor of assessments or county assessor oversees the work of the local assessors. The term "chief county assessing officer" applies to supervisors of assessments and county assessors. In the 17 commission counties where there is no township level of government, the supervisor of assessments assesses the property.

Supervisors of assessments are usually appointed by the county board and serve a four-year term. In some counties that have had referenda on the matter, the position is filled by election. As of the time this is written about two dozen chief county assessing officials are elected.

The chief county assessing officers have the authority to assess and make changes in assessments that they feel are just. (35 ILCS 200/9-75 through 9-85)

#### When is property assessed?

Property in most counties must be reassessed every four years. (35 ILCS 200/9-215) The year 2003 was a quadrennial assessment year for township counties, and 2002 was a quad year for commission counties. Cook County has three assessment districts with one district reassessed each year. (35 ILCS 200/9-220) County boards may organize four assessment districts with one reassessed each year. (35 ILCS 200/9-225) More than 20 counties have organized in this manner.

In non-quadrennial years, township and multi-township assessors in counties with a population of less than 600,000 are required to return their assessment books or workbooks to the supervisor of assessments by April 15 of the assessment year. In counties of more than 600,000 but less than 3 million, the books are due by November 15. (35 ILCS 200/9-230) In counties of less than 3 million, the assessment of new or improved property is to be completed by June 1. (35 ILCS 200/9-160)

In quadrennial years, assessments are to be made by the assessor by June 1. Assessments are due as soon as the assessor reasonably can make them in general assessment years in counties with 3 million or more inhabitants or counties with a four assessment district system. (35 ILCS 200/9-155)

## How is property assessed?

Property is to be assessed with respect to its value and ownership on January 1 of the assessment year. (35 ILCS 200/9-155 and 9-175) However, proportional assessments may be made for improvement or destruction occurring during the year (35 ILCS 200/9-165 and 9-180) and for change from exempt to non-exempt status. (35 ILCS 200/9-200)

The assessing official who makes the assessment first estimates the fair cash value of the property by using one or more of the three standard methods to estimate value: market, income and cost.

The market method uses information from comparable sales in the market place to estimate the fair cash value of the property in question. The income approach to value uses market data on the income-producing ability of similar properties and capitalizes that income into an estimate of fair cash value. Finally, the cost method involves estimation of the cost to reconstruct the improvements on the parcel and subtracts from that cost any depreciation of the improvements in question, and adds an estimated land value.

Once the fair cash value is determined, the assessing official must convert it to an assessed value. As stated earlier, the statutes specify most property in counties that do not classify is to be assessed at  $33\frac{1}{3}$  percent of fair cash value. However, courts generally have held that uniformity, also referred to as assessment equity, takes precedence over the statutory level of assessment.

## Assessment equity

The DOR conducts assessment/sales ratio studies of assessment districts (townships and counties). Those studies compare the assessments of properties that have sold to their sale prices. These studies determine the accuracy of assessments in the district. A ratio is calculated by dividing the assessment of the property by the sale price. The ratios are then analyzed to compare the level of assessment of an assessment jurisdiction (a township or county) to the statutory level of assessment ( $33\frac{1}{3}$  percent of fair cash value for counties other than Cook). The benchmark for identifying the level of assessment in a jurisdiction is the median level of assessment, which is obtained by finding the median, or middle, ratio of all assessment/sale ratios examined, after the ratios have been aligned in an ascending order. If the median level of assessment differs from the statutory level of assessment, multipliers can be applied to each property in a jurisdiction to adjust overall assessment to the statutory level. The process of applying multipliers is known as **equalization**. (See Chapter 4.)

The median level of assessment is a statistical indication of how the typical property in a jurisdiction is being treated. If the median level of assessment is 25 percent, then other property owners should expect to be assessed at that level as well. It would be unfair to assess a new home, or any other property, at  $33\frac{1}{3}$  percent of fair cash value while the typical property in this jurisdiction is assessed at 25 percent of fair cash value.

The DOR, or the chief county assessment officer, can provide information to a taxpayer about the median level of assessment for each county and/or township,

provided that there are a sufficient number of sales to have statistical merit. Also, in counties other than Cook, the published or mailed assessment change notices are statutorily required to contain the median level of assessment information for the subject jurisdiction. (See “How Do I Know if I’m Over-assessed” in Chapter 10.)

## Notice of assessment

A taxpayer must be notified of assessment changes. The notices are crucial for taxpayers to make timely, informed challenges to improper assessments.

In counties other than Cook, assessing officials must publish a complete list of quadrennial assessments (or in counties with assessment districts, a complete list of the assessments in the district with a general assessment that year) in the newspaper. In other years, the publication must contain all assessments that have been added or changed since the preceding assessment. Individual assessment changes don’t need to be listed if equalization by the supervisor of assessments or board of review caused the change. In such cases only a general notice need be published with regard to the equalization factor. (35 ILCS 200/12-10 and 12-60.)

Also, in such counties a notice must be mailed to each taxpayer whose assessment has changed (including quadrennial reassessments) except when the change is due to a county equalization factor issued by the DOR. The mailed notice must include specific information, including the median level of assessment along with an explanation of how to use the median level to determine if the taxpayer might be over-assessed. (35 ILCS 200/12-30) If the notice is sent to a mortgage lender, the lender must forward a copy of the notice to the borrower within 15 days of receipt. (35 ILCS 200/12-35)

In any county if final board of review action, including equalization by the board, changes a taxpayer’s assessment, the board must mail the taxpayer a notice of the change. (35 ILCS 200/12-50)

In Cook County, notice must be published of all triennial assessments and notice must be published of all changes in assessment districts in years other than triennial years. (35 ILCS 200/12-20) A mailed notice of an increased assessment by the county assessor (including triennial reassessments) is required in counties with 3 million or more inhabitants. If mailed to a mortgage lender, the lender must forward a copy of the notice to the borrower within seven business days of receipt. (35 ILCS 200/12-55)

In all counties the published notices must include the name of the owner (or the person who last paid taxes on the property), the total assessment and how much of the assessment is attributable to improvements. Where property can be identified by street number or parcel identification number, that description is sufficient to identify it for publication. (35 ILCS 200/12-25) In counties other than Cook, the notice also must include the median level of assessment and specific language informing taxpayers about using the median level to determine if they are over-assessed. (35 ILCS 200/12-10)

## Property record cards are public records

Assessments are not deep secrets. All property record cards maintained by assessing officials are public records. Anyone can view any property record card and, for a reasonable fee, receive a copy. (35 ILCS 200/9-20) The Illinois Freedom of Information Act has, with certain exceptions, opened all public records to inspection and copying. (5 ILCS 140/1 through 140/11)

The openness of assessment records, and the publication of quadrennial (or triennial) assessment lists and assessment change lists in non-quadrennial years, should help concerned taxpayers to determine whether they are being treated fairly compared to other taxpayers.

Samples of property record cards are pictured here and on page 14. The information contained on the cards may also be kept on electronic data processing equipment or microfiche. Page 15 shows a digital image of a new residence and an assessment calculation report, which uses data from the property record card to determine its value.

## Sample of property record cards

*23-07-490-012*

TOWNSHIP OR CORPORATION		PROPERTY RECORD		TAXING DISTRICT	MAP	PARCEL NUMBER							
ADDRESS OF PROPERTY <i>3016 Summerfield Dr</i>				ROUTING NUMBER	CLASS OF PROPERTY	CARD NUMBER	OF						
23-07-0-490-012 32 7/16/01 NEW PARCEL LOT 90 TIMBERLANE EAST PLAT 3 (80 X 140) 7-15-4				RECORD OF OWNERSHIP		DATE	DEED STAMPS	INDICATED PRICE					
				23-07-0-490-012 (NEW) BCM DEVELOPERS LLC *PENNY R COWAN-BALE PO BOX 442 CHATHAM IL 62629		7/16/01 32							
LAND COMPUTATIONS				MEMORANDA				PROPERTY FACTORS					
FRONTAGE	DEPTH	UNIT VALUE	DEPTH FACTOR	ACTUAL VALUE	TRUE VALUE	TAX VALUE	TOPOGRAPHY		IMPROVEMENTS				
<i>80</i>	<i>140</i>						LEVEL	CITY WATER					
							HIGH	SEWER					
							LOW	GAS					
LOT DEPRECIATION					<i>27500</i>		ROLLING	ELECTRICITY					
CORNER INFL.							SWAMPY						
CLASSIFICATION		NO. OF ACRES	RATE					ALL UTILITIES					
TILLABLE								DISTRICT	STREET OR ROAD				
TILLABLE								IMPROVING	PAVED				
PERMANENT PASTURE								STATIC	SEMI-IMPROVED				
WOODLAND								DECLINING	UNIMPROVED				
WASTELAND								BUGHTED	SIDEWALK				
				BUILDING PERMIT RECORD									
HOMESITE				DATE	NUMBER	AMOUNT	PURPOSE						
TOTAL ACREAGE													
TOTAL VALUE LAND													
TOTAL VALUE BUILDINGS													
TOTAL VALUE LAND AND BUILDINGS													
SUMMARY OF ASSESSED VALUES													
YEAR	ASSESS 19	B.R.	ASSESS 19	B.R.	ASSESS 19	B.R.	ASSESS 19	B.R.	ASSESS 19	B.R.	ASSESS 19	B.R.	
LAND													
BUILDINGS													
TOTAL													

Source: Sangamon County Clerk's Office



# Photo ID & township assessor's report



3016 SUMMERWOOD DRIVE  
5/30/02

TOWNSHIP APPRAISAL SYSTEM							3-14-03	
ASSESSMENT CALCULATION REPORT								
PARCEL 23-07.0-490-012	ADDRESS 003016 SUMMERWOOD DRIVE						2003/2004	
LOCATION 2173	SPRINGFIELD						CLASS	40
PARCEL REASON CODES 101-001	LAND REASON CODES 502-001							
CONDO COMMON INDEX NBR 00-00.0-000-000	CONDO COMMON PCT .000000000							
	FULL VALUE	B/R ADJ	AFTER B/R	MULT	FINAL VALUE	ASSESSED VALUE		
N-F LAND	27,500	0	27,500	1.000000	27,500	9,167		
N-F BLDGS	138,022	0	138,022	1.000000	138,022	46,007		
FARM LAND	0	0	0		0	0		
FARM BLDGS	0	0	0		0	0		
TOTAL . :	165,522	0	165,522		165,522	55,174		
** LAND SUMMARY **								
TOTAL SQ FT	11,200	TOTAL MARKET VALUE	27,500					
LAND COMMENT								
NBR 1	FRONTAGE AVE S/L	DEPTH AVE APEX						
	80.00 N S	140.00 N						
** BUILDING SUMMARY **								
BUILDING SUFFIX 1	USE	REASON 101-000	CLASS 40					
BUSINESS NAME	CONSTR CLASS A	CONDITION B						
NH CODE A-2173-B	BLDG TYPE A							
REPLACEMENT COST	NH FACTOR	MKT ADJ (NH)	MKT ADJ (ASSESSOR)	MARKET VALUE				
87,472	1.5779	50,550	0	138,022				
COMPLETION 1.00	VALUE 138,022	YR BUILT 2002						
ASSESSABLE 1.00	138,022	YR REMODEL						
SPLIT BLDG 1.00	138,022	LIVING AREA 1,856						
BASE COST . . . . .	72,642	ATTIC AREA 0	FINISH 0	ADDITIONAL 0				
GRADE FACTOR . . . . .	1.00	FIXTURES 8	TOTAL BSMT AREA 1,856	COST 0				
FINAL BASE COST . . . . .	72,642	FINISHED BSMT						
ATTIC COST . . . . .	0							
BSMT COST ADJ . . . . .	0							
BUILT-IN GARAGE COST . . . . .	0							
PLUMBING COST . . . . .	2,745							
CENTRAL AIR COST . . . . .	1,828							
AMENITY TOTAL . . . . .	10,257							
MULTIPLY CHARGE . . . . .	0							
SECN # 1	EXT WALL FRAME	STORY TYPE 1-STORY	SQUARE FT 1,856	GARAGE SQ FT 0				
BUILDING AMENITIES:	NBR	GRD	COMPL	COST				
GARAGE, FRAME	576.00	1.00	1.00	6,595				
COVERED ENTRY	72.00	1.00	1.00	255				
PATIO, CONCRETE UNCOVERED	224.00	1.00	1.00	459				
FIREPLACE STACK	1.00	1.00	1.00	2,100				
VENEER, BRICK	212.00	1.00	1.00	848				
** END OF REPORT **								

# 4

## Equalization

### Intra-county and Inter-county Equity

After the assessor has completed assessments as accurately and fairly as possible, additional work is frequently necessary to improve uniformity among assessments. Efforts are made to obtain uniformity through a process called **equalization**. In this process, an equalization factor—or **multiplier**—is applied to a group of properties to raise or lower the assessment of each parcel. Multipliers are used to bring each of several different groups of parcels to an equal level of assessment.

Equalization occurs within individual counties and among the 102 counties. County officials equalize assessments within a county. The Department of Revenue (DOR) equalizes assessments among the counties. The equalization within counties occurs earlier in the property tax cycle.

#### Equalization within a county

Intra-county equalization occurs in counties with a population of less than 3 million at two levels: by the chief county assessment officer and/or by the board of review.

The chief county assessment officers are instructed to raise or lower the entire assessment of the county, or any area therein or any type of property so that the assessments will be at  $33\frac{1}{3}$  percent of fair cash value. The officers are further ordered to use an analysis of assessment ratios similar to that used by the DOR to develop factors to raise or lower the assessments for each township or assessment district to  $33\frac{1}{3}$  percent of fair cash value. (35 ILCS 200/9-210) A notice of equalization by the chief county assessment officer must be published in the newspaper, but mailed notice to each taxpayer is not required. (35 ILCS 200/12-10)

There are strong incentives to encourage chief county assessment officers to equalize assessments. The state pays one-half of the salary of each supervisor of assessments if the DOR determines the total assessed value of the real property of the county, as equalized by the supervisor of assessments, is between  $31\frac{1}{3}$  and  $35\frac{1}{3}$  percent of the total fair cash value of the property. (35 ILCS 200/3-40) Also, state law provides a \$3,000 bonus from the state to any assessor in a county of less than 3 million whose jurisdiction has a median level of assessment between  $31\frac{1}{3}$  percent and  $35\frac{1}{3}$  percent and a variance among properties (coefficient of dispersion) within certain limits. In counties of less than 50,000 inhabitants, the coefficient of dispersion can be no more than 30 percent, and in counties larger than 50,000 no more than 15 percent. (35 ILCS 200/4-20) A low coefficient of dispersion is an indication of equity among the assessments in a jurisdiction.

Boards of review in counties of less than 3 million equalize among assessment districts at  $33\frac{1}{3}$  percent if the chief county assessment officer fails to do so. (35 ILCS 200/16-65) It also appears that such Boards of Review have the authority to equalize by class. (35 ILCS 200/12-60) Before adopting equalization factors a board of review must publish a notice in the newspaper and give citizens an opportunity to be heard. (35 ILCS 12-40 and 16-60) Mailed notice of equalization by the board of review must be mailed to each affected taxpayer. (35 ILCS 200/12-50). (Note:

Boards of review are also involved in the assessment appeal process discussed in Chapter 10.)

If intra-county equalization is done using data and methodology similar to that used by the DOR, a county is likely to receive a neutral multiplier of 1.0000 from the state. For the 2001 tax year about 85 percent of the counties got a 1.0000 multiplier, and most of the rest were very close to 1.0000. Since intra-county equalization provides a more fine-tuned equity, it is preferred to equalization by the state.

## No local equalization in Cook County

The statutes do not provide for local equalization in Cook County. Neither the Cook County Assessor nor the Cook County Board of Review has the statutory duty or authority to equalize assessments. Some suggest that intra-county equalization is not needed because in Cook County the county assessor makes all of the initial assessments in the respective townships, while in other counties township assessors make the initial assessments. Others would suggest that in the other 101 counties the board of review can equalize assessments within a county if it finds adjustments are needed after the chief county assessing officer is finished, and the Cook County Board of Review should have the same authority.

There have been several proposals for a statutory change to allow intra-county equalization in Cook County, but such a proposal has not passed. The state-issued equalization factor for Cook County in recent years has been in excess of 2.0000.

## State equalization among the counties

As stated in Chapter 3, real property in the state generally must be assessed at  $33\frac{1}{3}$  percent of fair cash value. The Department of Revenue is required to issue a multiplier to each county so the property in the county as a whole is assessed at  $33\frac{1}{3}$  percent of fair cash value. Inter-county equalization applies to all counties, even Cook County. (35 ILCS 200/17-5) These equalization factors are not applied to farm or coal assessments or to state-assessed property.

Inter-county equalization is necessary for several reasons. The original—and still a primary—reason for equalization is to keep statutory rate limits on taxing districts honest and effective. Statutory rate limits authorize taxing districts to generate a certain amount of revenue based on a certain amount of property value. If assessing officials underassessed (or overassessed) property, a taxing district would not be able to generate sufficient revenue (or would generate too much revenue). Equalization helps ensure that taxing districts have the proper capacity to raise revenue.

Another reason for equalization is that some schools, junior colleges, fire protection districts, and other taxing districts extend into two or more counties. Equalization assures that property owners in each county assume their proportionate share of a district's tax burden. Also, certain state funds such as aid to school districts are distributed to local governmental units on the basis of formulas that take into account the assessed value of property. If assessments in a county are generally less (or more) than  $33\frac{1}{3}$  percent, that county may get too much (or too little) state aid relative to other counties. Finally, bonded indebtedness for many types of taxing districts is limited to a specific percentage of assessed value in the district. Statewide uniformity in assessments promotes equality in the applications of these limits.

The Department of Revenue's Office of Local Government Services—Equalization and Review Section administers the inter-county equalization process. The

section receives information from the counties on nearly every sale of real property. Among the data received by the bureau on the real estate transfer declarations, or “green sheets,” are the assessed value and the selling price of the property.

The Equalization and Review Section analyzes the assessment-to-selling-price ratios to determine the median level of assessment in each county for each year. The DOR may also consider property appraisals and other reasonable evidence for determining the median level. (35 ILCS 200/17-5 and 17-10) The data are edited in an attempt to make the studies more reflective of the market. For example, sales between relatives are deleted from the study. And the data are adjusted to take into consideration any assessment changes that the local authorities have made since the data were collected. The section then determines the average median level of each county for the most recent three years. The equalization factor or multiplier is the factor necessary to bring the three-year average up or down to 33<sup>1</sup>/<sub>3</sub> percent. The use of the three-year average comes from the statutory definition of 33<sup>1</sup>/<sub>3</sub> percent. (35 ILCS 200/1-55) Once the three-year average median level of assessment is known, the multiplier is calculated by this simple formula:

$$\text{Multiplier} = \frac{33\frac{1}{3} \text{ percent}}{\text{3-year avg. median level of assessment}}$$

A multiplier of 1.0000 is neutral; it neither increases nor reduces assessments. A larger multiplier increases assessments, a smaller one decreases assessments. In recent years the multiplier for most counties has been 1.0000 or very close to that. The multiplier for Cook County has been more than 2.0000. (See ‘Equalization Within a County’ earlier in this chapter, and see ‘Cook County’s Built-in Multiplier’ in Chapter 7.)

During the process of developing equalization factors (multipliers), the Equalization and Review Section issues a tentative multiplier for each county. The tentative multiplier reflects the level of assessment for a county using the assessments as certified by the chief county assessment officer prior to any action taken by the board of review. In counties other than Cook, which does not have intra-county equalization, the tentative multiplier for a county forms the basis for any intra-county equalization to be done by the board of review. Any intra-county equalization (or other board of review changes including those made in Cook County) can then be taken into account by the DOR to determine the final multiplier for a county. The DOR must publish the tentative multiplier in a newspaper in the county and hold a hearing (in Springfield or Chicago) not less than 10 days or more than 30 days from the date of publication. Interested parties (usually assessment officials) may present evidence and testimony at the hearing with regard to the validity of the tentative multiplier. The DOR, within 30 days, will then either confirm or revise the tentative multiplier and certify its determination to the county clerk. (35 ILCS 200/17-15 through 17-30)

Each year the DOR certifies a final multiplier, or equalization factor, to the county clerk of each county. The county clerk multiplies the assessment of each locally assessed non-farm, non-coal parcel of property by that equalization factor to determine the **equalized assessed value (EAV)** of each parcel. (35 ILCS 200/17-25 and 18-40) After all applicable homestead or other exemptions are subtracted, the EAV is multiplied by the property’s aggregate tax rate to determine the tax bill for each parcel. (See Chapter 5 for information about exemptions.) Thus if the aggregate tax rate is 5 percent and the property’s EAV after exemptions is \$100,000, the tax bill is .05 x \$100,000, or \$5,000. If the EAV of a property is less than \$150, the county clerk may choose to not extend taxes on that property. (35 ILCS 200/18-40)

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## Tax Relief

### Exceptions to the General Rules

Certain property is singled out for special treatment in the property tax system. Article IX, Section 6 of the Illinois Constitution of 1970 provides that:

The General Assembly by law may exempt from taxation only the property of the state, units of local government and school districts and property used exclusively for agricultural and horticultural societies, and for school, religious, cemetery and charitable purposes. The General Assembly by law may grant homestead exemptions or rent credits.

Initial application for an exemption is made to the board of review. The Department of Revenue (DOR), not the board of review, makes the final determination of eligibility for exemption in all cases except homestead exemptions. (35 ILCS 200/15-5,16-70,16-130) Generally, in order to retain an exemption, the owner must notify the chief county assessment officer on or before January 31 of each year that the property still qualifies for the exemption. Failure to notify the proper official could cause the loss of the exemption. Filing for the senior citizens homestead exemption isn't due until May 31. (35 ILCS 200/15-10) If a non-homestead exemption would reduce the assessed value of property by more than \$100,000, the owner of the property must give notice of the application to affected municipalities, school districts and community college districts. The board of review must give those taxing districts an opportunity to be heard on the exemption issue. (35 ILCS 200/16-130)

### Standard exemptions

The general exemptions to the property tax are covered in paragraphs 15-35 through 15-160 of the Illinois Compiled Statutes. They include certain property of:

- The United States
- The State of Illinois
- Schools
- Religious institutions
- Orphanages
- Cemeteries
- Political subdivisions
- Charitable organizations
- Library systems and library districts
- Nonprofit agricultural or horticultural societies
- Military schools or academies
- Housing authorities
- Public transportation systems
- Park and conservation districts
- Municipal building corporations
- Municipal power agencies
- Municipal natural gas agencies
- Nonprofit parking areas (owned by certain organizations)
- Municipal railroad terminal corporations
- Public water and drainage districts
- Metropolitan water reclamation districts (Cook County)
- Veterans' organizations (used exclusively for charitable, patriotic & civic purposes)
- Forest preserve districts
- Port districts
- Airport authorities

One should consult the statutory citations above for specific details about the exemption qualifications for each type of property. For example, several are limited to property “not leased or otherwise used with a view to profit.”

## Homestead exemptions

Homestead exemptions exempt a portion of the value of owner-occupied property from taxation. Taxpayers are encouraged to contact their local board of review or chief county assessment officer for details and filing dates, as practices sometimes vary from county to county.

**General Homestead Exemption**—For most of the state, the first \$3,500 in increased equalized assessed valuation over the 1977 EAV on an owner-occupied home is exempt from taxation. In Cook County, the first \$4,500 is exempt. This exemption also applies to certain leasehold interests in which the person occupying the residence is liable for the property taxes. In addition, it also applies to each apartment in apartment buildings owned and operated as cooperatives (including certain life care facilities) to the extent that the apartment is occupied by a person liable for the property taxes and who has an ownership interest in the cooperative. Finally, married persons living in separate qualifying residences each receive 50 percent of the exemption. (35 ILCS 200/15-175)

In counties of less than 3 million inhabitants the owner of the homestead property automatically receives the exemption, but if the property is sold, the new owner may be required to reapply. In counties of more than 3 million the assessor or chief county assessment officer may use any reasonable method to determine eligibility. (35 ILCS 200/15-175)

**Senior Citizen Homestead Exemption**—Persons age 65 or older who meet owner-occupancy qualifications similar to those described for the general homestead exemption can receive a \$2,000 reduction in equalized assessed valuation. In Cook County, the exemption is \$2,500. This exemption automatically reduces the equalized assessed value by the full amount of the exemption. (35 ILCS 200/15-170) On the other hand, the general homestead exemption helps the taxpayer only to the extent there have been increases in assessment since 1977.

People may apply for the senior citizen homestead exemption during the assessment year in which they will become 65. Since taxes aren't paid until the year following the year of assessment, the tax benefit will not be realized until the year after application. A person who first occupies a residence after January 1 of the assessment year will be granted a pro-rata exemption for the remainder of the year. If a person qualifying for this exemption enters a nursing home, the exemption shall continue as long as the home continues to be occupied by a spouse who is also over 65, or as long as the home is owned by the person who qualified for the exemption and the premises remain unoccupied. (35 ILCS 200/15-170)

The assessor or chief county assessment officer may determine eligibility by application, visual inspection, questionnaire or other reasonable means. (35 ILCS 200/15-170)

As stated earlier, one must refile for this exemption with the supervisor of assessments or county assessor by May 31 of each year. (35 ILCS 200/15-10) However, in counties of less than 3 million annual reapplication forms must be mailed to the taxpayer, and the county board can eliminate the reapplication requirement altogether. (35 ILCS 200/15-170) Senior citizens in counties of less than 3 million who receive this exemption can designate a second person to receive a copy

of their property tax bills in order to help ensure that the bills are paid on time. (35 ILCS 200/15-170)

**Senior Citizens Assessment Freeze Homestead Exemption**—Persons age 65 or older who meet owner-occupancy qualifications similar to those for the general homestead exemption and who have a household income of \$40,000 or less may have his or her assessment “frozen” at the current level. The assessment will remain at the same level as long as the owner continues to meet the qualifications and will continue if the owner enters a nursing home and the home is occupied by the owner’s spouse or is unoccupied. If the taxpayer dies and the surviving spouse qualifies in all respects except age, the surviving spouse retains the exemption for the tax year preceding the year of death and for the tax year of death. If a married couple is separated, only one may claim the exemption. One may apply during the year in which one will become 65 and must reapply each year. In counties of less than 3 million one must submit an application to the chief county assessment officer by July 1 of the taxable year unless the county has by ordinance established a different date. In counties of more than 3 million the chief county assessment officer must give notice of the application period each year by mail or publication. In all counties the chief county assessment officer must publish a newspaper notice of the availability of this exemption between 60 and 75 days before the application is due. (35 ILCS 200/15-172)

**Homestead Improvement Exemption**—Up to \$45,000 of the actual value (not equalized assessed value) added to an existing structure may be exempted from taxation for four years from the date of completion and residential occupancy, or until the next quadrennial assessment, whichever is later. The exemption also applies to the rebuilding of structures after catastrophic events to the extent that the value after rebuilding exceeds the value before the catastrophic event. (35 ILCS 200/15-180) A certificate of status should be filed annually on or before January 31 unless not required by local assessing officials.

## Other exemptions & special valuations

**Maintenance and Repairs of Residential Property**—Maintenance and repairs to property used exclusively for residential purposes should not increase the assessed value of the property. The work may neither increase the square footage of the property nor materially alter its condition and character, but it may restore the property from a state of disrepair to a state of repair. The work must merely prolong the life of the property, and the materials used should not be of greater value than the materials being replaced. (35 ILCS 200/10-20)

**Disabled Veteran Specially Adapted Housing**—A disabled veteran (or spouse or unremarried surviving spouse) may have an exemption of assessed value up to \$58,000 of the veteran’s home if it has been specially adapted for the veteran’s service-related disability. U.S. government funds must have been used for the construction or purchase of the home. The exemption also applies where the proceeds from the sale of a qualifying home are rolled over into another specially adapted home. The exemption must be reestablished annually through certification by the Illinois Department of Veterans’ Affairs. (35 ILCS 200/15-165)

**Rehabilitation of Historic Residences**—Rehabilitation projects that have been certified by the director of the Illinois Department of Historic Preservation for historic or landmark owner-occupied, single-family or multi-family residences may have their fair cash value for assessment valuation frozen for an eight-year period. The full valuation used to calculate the assessment is then phased in over the

following four years. Buildings must meet certain historic designation criteria to qualify. Taxing districts may elect out of the system, but if a project is certified before such election, the project is in the system for the full term. (35 ILCS 200/10-40 through 10-85)

**Solar Heating and Cooling**—When a solar energy system has been installed as an improvement on any real property, the owner may file a claim for an alternate assessment with the chief county assessment officer. The improvement is assessed as if heated or cooled by conventional means, and it is also assessed with the solar energy system. The alternate valuation is the lesser of the two means of assessment. This alternate valuation continues as long as the solar energy system is used. The owner must notify the chief county assessment officer within 30 days of ceasing to use the solar energy system to heat or cool the property. This tax benefit is also available for improvements that harness indirect solar energy, such as wind. (35 ILCS 200/10-5 and 10-10)

**Open Space Assessment**—An assessment based upon “use value” is available for land that is used exclusively for maintaining or enhancing natural or scenic resources, promoting conservation of natural resources or preserving historic sites. This special assessment may be considerably less than  $33\frac{1}{3}$  percent of the fair cash value of the land for its highest value use. The land must consist of more than 10 acres, must have been in a qualified use for the preceding three years, and must not be used primarily for residential purposes. Public and private golf courses qualify. The owner must apply by January 31 of each year, and when the property ceases to be used for open space, the taxpayer must notify the chief county assessment officer in writing. When the property is no longer used for open space, the taxpayer is liable for the difference between the “use value” taxes and normal taxes for the prior three years, plus 5 percent interest. (35 ILCS 200/10-155 through 10-165)

**Former Farm Open Space Assessment**—If a tract has not been used as a farm for more than 20 years and no other use has been established, the property is to be valued as open space under 35 ILCS 200/10-155 through 10-165. (35 ILCS 200/10-147 and 10-223)

**Property Under Forestry Management Plan**—In counties of less than 3 million, land under a forestry management plan accepted by the Department of Natural Resources is assessed as “other farmland” at one-sixth of its productivity index equalized assessed value as cropland. In counties of more than 3 million, this special assessment only applies to tracts of 15 acres or less where an approved forestry management plan was in place on or before the end of 1985. (35 ILCS 200/10-150) Also see “other farmland” in Chapter 6.

**Vegetative Filter Strips**—A vegetative filter strip is land between a farm and some area to be protected (e.g. a stream or lake) that meets certain specifications and guidelines. In counties of less than 3 million, the land is assessed a one-sixth its productivity index equalized assessed value as cropland. In counties of more than 3 million, it is assessed at the lesser of 16 percent of its value if sold for use as farmland or 90 percent of the 1983 average equalized assessed value per acre certified by the Department of Revenue. The county’s soil and conservation district shall assist the taxpayer in completing an application that must be filed with the chief county assessment officer. This provision will terminate at the end of 2006 unless extended by legislation. (35 ILCS 200/10-152)

**Non-Clear Cut Assessment**—Qualifying land must be located within 15 yards of navigable water and cannot be located in a unit of local government with a population of more than 500,000. If such land has not been clear cut of trees it is to be

valued at one-twelfth of its productivity index equalized value as cropland. Specific definitions of navigable and not clear cut of trees must be met. (35 ILCS 200/10-153)

**Registered Land or Land Encumbered by Conservation Rights**—Special assessment treatment is available for land that is either registered in perpetuity under the Illinois Natural Areas Preservation Act or encumbered in perpetuity by a conservation right under the Real Property Conservation Rights Act. Any improvement, dwelling or other structure on the land is assessed as similar property in that county. In counties other than those with a population of more than 200,000 that classify property for taxation, the land is assessed at  $8\frac{1}{3}$  percent of its fair market value if not registered or encumbered (i.e. at 25 percent of the statutory  $33\frac{1}{3}$  percent). In counties that classify property, the assessment is at 25 percent of the ordinance level for that class of property. Application to the chief county assessment officer must be made by January 31 of the year the taxpayer wants the special assessment to begin. The taxpayer must notify the chief county assessment officer within 30 days of land no longer qualifying, and, unless the release is caused by certain circumstances, the taxpayer will be liable for a 10-year recovery of the tax benefits plus 10 percent interest. (35 ILCS 200/10-168 and 10-169)

**Platted and Subdivided Land**—In counties with less than 3 million inhabitants, the improvement of certain platted and subdivided land with streets, sidewalks, curbs, gutters, and sewer, water, and utility lines does not increase the assessed value of the property. The land must have been platted after January 1, 1978, and must have been vacant land in excess of 10 acres or agricultural land before platting. The land is to be assessed each year according to the estimated price it would bring at a fair voluntary sale for use for the same purpose for which it was used before platting. This special valuation on a lot ends when a habitable structure is completed, the property is used for any business, commercial or residential purpose, or the lot is sold. (35 ILCS 200/10-30)

**Demonstration Homes**—When a dwelling, townhome or condominium unit is constructed and used as a model or demonstration home, the equalized assessed value (EAV) of the property remains at the level prior to construction of the home. This lower EAV remains in effect until the home is sold or leased for use other than as a model home. At that point, the EAV is changed to reflect the value of the improved property. An entity can have no more than three qualifying model homes within a 3-mile radius. Deadline for annual application is April 30 in counties of more than 3 million and December 31 in other counties. (35 ILCS 200/10-25)

**Airports**—While the property of airport authorities or other governmental entities used as airports is exempt from real estate taxation (35 ILCS 200/15-160), non-governmental airports in counties of 200,000 or more may qualify for a special assessment. The property is assessed at  $33\frac{1}{3}$  percent of its fair cash value based on its use for airport purposes. It must have been so used for the three preceding years, and there is a 3-year recovery of tax benefits plus interest if the use changes. Application must be made with the chief county assessment officer by January 1 of each year. (35 ILCS 200/10-90 through 10-100)

**Pollution Control Facilities**—Property certified by the Illinois Pollution Control Board as a pollution control facility is assessed by the DOR rather than by local assessing officials. The assessment is to be at  $33\frac{1}{3}$  percent of its fair cash value in terms of capitalized net earnings or salvage value. Earnings are only considered to the extent that the facility produces a salable by-product or either increases the production, or decreases production costs of, the products or services otherwise sold

by the owner. The DOR uses 1½ percent of a facility's depreciated value as its salvage value, and the 33⅓ percent assessment is one-half of 1 percent of the depreciated value. (35 ILCS 200/11-5 through 11-30, 11-60 and 11-65)

**Low Sulfur Dioxide Emission Coal Fueled Devices**—Property certified by the Illinois Pollution Control Board as a low-sulfur dioxide emission coal-fueled device is assessed by the DOR at 33⅓ percent of its fair cash value. For such devices the statute defines 33⅓ percent of fair cash value as “the net value which could be realized by its owner if the device were removed and sold at a fair voluntary sale, giving due account to the expense of removal, site restoration, and transportation.” Any device used or intended to burn or convert locally available coal in a manner that reduces the need for further sulfur abatement qualifies. All machinery and equipment of a coal gasification facility qualifies. (35 ILCS 200/11-35 through 11-65) As of the time this is written, there are no qualifying facilities.

**Undeveloped and Developed Coal Reserves**—The assessment of undeveloped and developed coal reserves is handled separately from assessment of the property under which the coal is situated. There is no per acre assessment for coal on property belonging to persons who are not engaged in the business of mining and who have not severed the coal from the land by deed or lease.

If coal belongs to an entity that is in the business of mining coal but no mining occurred on the property in the year preceding the assessment date, it is assessed as undeveloped coal. Undeveloped coal is given a value of no more than \$75 per acre. The assessed value of undeveloped coal is 33⅓ percent of that value.

Developed coal is assessed at 33⅓ percent of the developed coal reserve economic value. This value is based upon the present dollar value of the anticipated net income from the property during the productive life used to mine the developed coal. Coal assessments are not subject to the equalization factor applied to other properties. (35 ILCS 200/9-145[d] and 35 ILCS 200/10-170 through 200)

**Other Special Valuations**—Special assessment valuation rules also apply to certain property of veterans organizations (35 ILCS 200/10-300), fraternal organizations (35 ILCS 200/10-350 and 10-355) and sports stadiums (35 ILCS 10-205 through 10-220) and to Section 515 low income housing projects (35 ILCS 200/10-235 through 10-260).

## Abatement

Under certain conditions, the property taxes that would normally be due on a given parcel of property may be reduced or eliminated. If a property receiving an abatement becomes ineligible to continue receiving the abatement, all of the abated taxes may have to be repaid. (35 ILCS 18-183)

**General Economic Development**—This abatement is authorized by special statutory language designed to encourage rehabilitation and business development. Any taxing districts may abate taxes of a commercial or industrial firm (including recycling firms) that: 1) moves into the taxing district from outside Illinois; 2) is newly created; or 3) expands its current facility. Usually the abatement cannot last longer than 10 years, and the total taxes abated on a property cannot exceed \$4 million for all taxing districts. However, special rules for qualifying requirements, terms, amounts and renewability apply to certain types of property. These types of property include electric generation and transmission firms, coal mining firms, commercial and industrial firms of at least 500 acres, horse and auto racing firms, academic and

research institutes, housing for older persons, historical societies, recreational facilities and relocated corporate headquarters. (35 ILCS 200/18-165)

**Enterprise Zones**—Any taxing district may abate the taxes on any class of property within an Enterprise Zone. The abatement may be for any portion of the taxes attributable to new construction, renovation, and rehabilitation. Special provisions apply if the property is within a redevelopment area under the Tax Increment Allocation Redevelopment Act or a county economic development project area under the County Economic Project Area Property Tax Allocation Act. (35 ILCS 200/18-170)

**Housing Opportunity Area Abatement**—For the purpose of encouraging access to low-income housing in non-poverty areas, a portion of the taxes of a property subject to Section 8 housing voucher contracts is abated for up to 10 years. Specific limits are applicable for the number of Section 8 units within the property, the relative tax capacity of the township and the percentage of residents in the census tract living below the poverty level. Annual application is required. The abatement applies only in counties with more than 200,000 inhabitants, and certain municipalities may opt out. (35 ILCS 200/18-173)

**Urban Decay Housing Abatement**—Home rule municipalities can abate any percentage of property taxes in an area of urban decay for up to 10 years for newly constructed single-family or duplex residential dwellings. The abatement applies only if the owner of the residence or duplex lives in the property. During the last four years of the abatement period, the abatement is phased out by 20 percent annually. The abatement applies to the taxes levied by all taxing districts, but the taxing districts have a right to be represented on a board that reports to the municipality before the ordinance is adopted. All eligible property receives the same percentage abatement. The total annual abatement for all properties cannot exceed 2 percent of the total tax levies of all taxing districts on residential property of six units or less. (35 ILCS 200/18-180)

**Community Revitalization Projects**—Municipalities may abate real estate taxes of taxpayers that donate a minimum of \$10,000 to certain community revitalization projects. The abatement can be up to 50 percent of a taxpayer's donation but cannot exceed the total taxes levied that year. The targeted projects can cover a broad range including such things as training and counseling, daycare, senior housing, recreation programs and violence shelters. (65 ILCS 5/8-3-18)

**Other Special Abatements**—Special abatements are provided for property subject to an annexation agreement between a municipality and the property owner (35 ILCS 200/18-184), certain multi-family property in a municipality of more than 1 million leased to a housing authority created under the Housing Authority Development Act (35 ILCS 200/18-177) and leasehold interests in certain restaurant/lodging property leased from the Department of Natural Resources (35 ILCS 200/18-175).

## Additional property tax relief

**Circuit Breaker and Senior Citizens Tax Deferral**—Special valuations and tax breaks built in to the property tax assessment process are not the only relief available to Illinois property taxpayers. While the property tax is a local tax, the state of Illinois also offers other forms of relief to property taxpayers.

Two longstanding tax relief programs—the “Circuit Breaker” and Senior Citizens Real Estate Tax Deferral—are designed to provide relief to senior citizens. These programs were enacted in the 1970s to assist those on fixed incomes whose

property taxes were increasing due to increases in the values of their homes, condominiums or cooperative apartments. These individuals were squeezed as taxes ate up an increasing percentage of their fixed incomes.

The Circuit Breaker program provides qualified taxpayers and renters with a grant from the state that helps offset property tax costs. To be eligible for the program, the taxpayer must have an income of less than \$21,218 (one-person household), \$28,480 (two-person household) or \$35,740 (three-person household) and must: turn at least 65 years of age during the year the claim is filed; be a widow or widower who turned 63 before the deceased claimant's death; or be a disabled person as defined in the statute.

The Circuit Breaker claim must be filed with the DOR within one year after December 31 of the year for which the claim is filed. The amount of the grant is based on the amount of residential property taxes paid and the taxpayer's income. Renters are authorized to treat 25 percent of rent as real estate taxes. Mobile home local services taxes also qualify. (320 ILCS 25/1 through 25/13)

The Senior Citizens Real Estate Tax Deferral program is administered by county treasurers but is funded by the state. Under this program, senior citizens with household income no greater than \$40,000 can defer payment of property taxes equaling up to 80 percent of their equity in their homes. Application should be made by March 1 of each year to the county collector (county treasurer), or, for special assessments, to the official designated to collect the special assessments. During the time a taxpayer participates in the program, the state pays the property taxes to the county treasurer. Repayment to the state for the taxes deferred occurs when the home, condominium or dwelling in a cooperative is sold or when the taxpayer dies. The deferral may continue if the surviving spouse is at least 55. The debt is a lien on the property, and the state eventually receives an amount equal to the taxes deferred plus 6 percent annual interest. (320 ILCS 30/2 and 30/3)

**Residential Property Tax Credit**—The State of Illinois also gives taxpayers a tax break by providing a credit against state income taxes. This credit is equal to 5 percent of property taxes paid on a taxpayer's principal residence. (35 ILCS 5/208)

For taxpayers with little or no income tax liability, the credit will not be as helpful. For instance, if a taxpayer is due a credit of \$50 and owes only \$35 in income taxes for the year, the credit will reduce the tax due to zero. But the taxpayer will not receive a rebate of the extra \$15 from the state.

**Longtime Owner-Occupants**—Counties may adopt special property tax relief measures granting longtime owner-occupants deferral and/or exemption of increases in property taxes attributable to construction and renovation of other residences in the area. Taxpayers must meet certain statutory criteria and counties may add other criteria. Municipalities and school districts (except in Chicago) may opt out of such a program. (35 ILCS 250/1 through 250/99)

**Non-Home Rule Municipal Property Tax Relief**—In 2002 non-home rule municipalities were specifically authorized to use revenues from sales and use taxes to grant uniform property tax relief. (65 ILCS 5/8-11-1.2 through 8-11-1.5)

**Property Tax Caps**—In the early 1990s rapidly increasing property values led to sharply higher property taxes in the collar counties around Cook County. The General Assembly responded to taxpayer concerns with the Property Tax Extension Limitation Law (PTELL). (35 ILCS 200/18-185 through 18-245) The law is often referred to as the "property tax cap" law. PTELL initially applied only to the collar counties, but subsequent amendments extended it to Cook County and provided for the limits to be adopted by other counties by a referendum called by the county

board. (35 ILCS 200/18-213) At the time this is written more than 30 other counties have passed referenda to adopt PTELL limitations.

County boards in counties other than Cook County or the collar counties also may call for a referendum to get rid of the limitations adopted by earlier referendum. (35 ILCS 200/18-214)

In general PTELL limits the increase in property tax extensions of non-home rule taxing districts from one year to the next to the lesser of 5 percent or the rate of inflation. A taxing district must get voter approval in a referendum to exceed that limitation. (35 ILCS 200/18-185, 18-195 and 18-205) However, there are a number of exceptions to the PTELL caps, many of which honor payments on bonds. (35 ILCS 200/18-185) New property is not considered in calculating the limitation, so taxing districts can capture revenues from new property without violating PTELL. (35 ILCS 200/18-185)

Probably the most misunderstood aspect of PTELL is that the tax caps do not apply directly to an individual tax bill. Rather, PTELL applies to a taxing district's total revenue-producing ability. If the assessment on a taxpayer's parcel increased more from one year to the next than the assessments increased on other parcels in the county, it would be possible for that taxpayer's bill to increase more than the PTELL limitation.

The DOR monitors the reduction in property tax extensions due to PTELL as reported by the county clerks. The DOR reports the data in its annual publication *Illinois Property Tax Statistics*. The reduction is measured by the difference between what taxes the clerk would have extended under the levies if PTELL was not in effect and what was actually extended under PTELL. For 2000 taxes payable in 2001, the most recent year for which data are published, the PTELL reduction statewide was \$270 million. Of that, \$125 million was in Cook County and \$136 million was in the Collar Counties. The total reduction in tax extensions for tax years 1991 through 2000 was nearly \$1.6 billion.

# 6

## Farmland Assessment

### A Separate Assessment Process

Illinois, like many other states, assesses farmland on its agricultural use value rather than its market value. Farmland is assessed annually, regardless of how often other classes within the county are reviewed. To qualify, land must have been used as a farm for the two preceding years. (35 ILCS 200/10-110)

#### The formula for farmland assessment

There are many different types of farmland soil. The measure of the ability of a soil to produce crops is called its productivity index. The farmland assessment formula specified in the statute is used to calculate an equalized assessed value per acre for cropland for each soil productivity index. The Department of Revenue (DOR) annually certifies these values for local assessing officials to use in assessing farmland tax parcels.

The farmland assessment formula is calculated as follows: For each soil productivity index, the formula calculates a gross income per acre based on standard production practices and past market prices for crops. Then the nonland production costs per acre (estimated by the College of Agriculture of the University of Illinois for soil with that productivity index) are subtracted from the gross income per acre. This yields an estimated net income per acre for land with that soil productivity index.

The next step in the formula is the capitalization of net income. This is achieved by dividing the net income for the given soil productivity index by the most recent five-year average Federal Land Bank farmland mortgage interest rate. This capitalization process turns a perpetual stream of net income into a single current value. Data used in operating the formula are from the most recent 5-year period.

The capitalized net income is divided by three (because property in Illinois is assessed at  $33\frac{1}{3}$  percent of value) to yield the equalized assessed value per acre for that soil productivity index. (35 ILCS 200/10-115)

Farmland assessments are not subject to state-calculated county multipliers that are applied to other real property assessments. Local equalization factors, however, may be used to achieve the assessments required by the farmland assessment law. These would be special farmland factors, however, and not the intra-county factors applied to other property. (35 ILCS 200/10-135)

#### Impact of the net income approach & limits on implementation

As the formula for calculation of farmland assessments is a net income approach, the assessments it calculates vary with changes in the farm economy. The law limits increases or decreases in the formula-calculated farmland assessed values for each soil productivity index to 10 percent of the prior year's values. (35 ILCS 200/10-115) This is done to prevent possible hardship on the local government tax base and to

moderate fluctuations in farmland assessments caused by swings in the farm economy.

## Application of the Farmland Assessment Law to a farm parcel

A typical farm parcel may have several types of soil present. Local assessing officials use soil maps to calculate the number of acres of each soil type and use that information to determine the assessment for the parcel. The farmland assessment law provides the assessment of a farmland parcel is to be adjusted further to take into account factors including, but not limited to, slope, drainage, ponding, flooding, and field size and shape. (35 ILCS 200/10-125)

Use may also impact the assessment. Permanent pasture is assessed at one-third of the adjusted equalized assessed value of the soil type for use as cropland. Farmland that is neither cropland nor pasture is assessed at one-sixth of the adjusted equalized value of such soil type for use as cropland. The equalized assessed value per acre of a parcel of permanent pasture cannot be below one-third of the equalized assessed value per acre of cropland with the lowest productivity index. Similarly, "other farmland" cannot be below one-sixth of the per acre equalized assessed valuation of cropland with the lowest productivity index. An exception to the lower limit is wasteland, which has no lower limit and is assessed on its contributory value to the parcel. (35 ILCS 200/10-25)

## Assessment of farm structures & farm houses

Improvements on the farm such as housing for animals or machinery and storage for feed or grain are to be assessed at  $33\frac{1}{3}$  percent of their value "based upon the current use of those buildings and their respective contribution to the productivity of the farm." (35 ILCS 200/10-140) Like farmland itself, these improvements are not subject to state multipliers. However, each farm dwelling and its associated structures and the land upon which they are located are assessed and equalized like any other residential real estate at  $33\frac{1}{3}$  percent fair cash value, except in counties which classify. (35 ILCS 200/10-145)

## Administration of the Farmland Assessment Law

The DOR is charged with the responsibility to certify the equalized assessed values for each soil productivity index by May 1 of the year prior to the assessment year. A five-member Farmland Assessment Technical Advisory Board provides the DOR with data and technical assistance for the calculations and reviews the DOR implementation guidelines and materials. The board is composed of agricultural experts appointed by the director of the DOR from the state universities and state and federal agricultural agencies. (35 ILCS 200/10-115)

Local assessing officials are responsible for applying the certified values for the various soil types to the specific parcels and adjusting the values where appropriate. Local assessing officials are provided technical assistance by a five-member county farmland assessment review committee. The committee is chaired by the chief county assessment officer, with the chairman of the board of review or the chairman's designee from the board of review also serving as a member. The other three are farmers appointed by the chairman of the county board. (35 ILCS 200/10-120)

On or about May 1 prior to the assessment year, the chief county assessment officer convenes the committee. He or she presents the county farmland assessment review committee with the values certified by the state and with the county's proposed plan of implementation. The committee must hold a public hearing on or about June 1. The committee must either accept the values and plan, or propose alternatives to the DOR by August 1. (35 ILCS 200/10-120)

The DOR must review any proposed alternatives and rule on them within 30 days. A county review committee has 30 days to appeal a decision of the DOR to the Illinois Property Tax Appeal Board (PTAB). The board must hear the case within 30 days, and its decision must be made within 30 days of receipt and not later than December 31. The board's decisions on these matters are not subject to administrative review in the courts. (35 ILCS 200/10-120) (For more information on the PTAB, see page 47.)

The review of values certified for 2003 assessments and taxes as described above would be completed by December 31, 2002. The assessor would place the assessment on the property during 2003 or early 2004. The county board of review can take general actions it feels are necessary to properly implement the farmland assessment law and hears complaints of individual farm property owners just as it hears complaints from other taxpayers. A taxpayer who is not happy with the board of review action may appeal to the Property Tax Appeal Board. The tax bills for the 2003 assessments and taxes are due in the summer of 2004, more than two years after the department first certified the values. But the certification of values process begins one year earlier for farmland than for other types of properties, so bills go out for farmland along with all other bills.

## Farmland in Cook County

Counties with a population greater than 3 million are an exception to the farmland assessment law. In such counties farmland is assessed at the lesser of 16 percent of its fair cash value if sold for use as a farm or 90 percent of the 1983 average equalized assessed value certified by DOR. (35 ILCS 200/10-130)

## How farmland assessment works

Chief county assessing officers use the per-acre values certified by the Illinois Department of Revenue to determine 2003 assessed value of farmland in Illinois; these certified values are calculated in 2002 and are based on data from 1997 to 2001. The 2003 assessed values of farms are the base for taxes to be paid by farm owners in 2004 (see graphic below). Because income and costs vary by soil quality, a separate calculation is done for each soil productivity index.

The county assessor applies the appropriate certified value in calculating the taxable value of farmland in each farm tax parcel after determining the soil index for the parcel and the use of the land in farming. The farmland assessment is added to assessments for buildings, building site, home and home site to get the total taxable value for each farm parcel.

The certified values for 2003 are 90% of the values certified in 2002 for soil productivity index 60 through 130. This is because the assessed values calculated with the income capitalization formula required by the Illinois Farmland Assessment Law were less than 90% of the 2002 values for soils in this quality range.

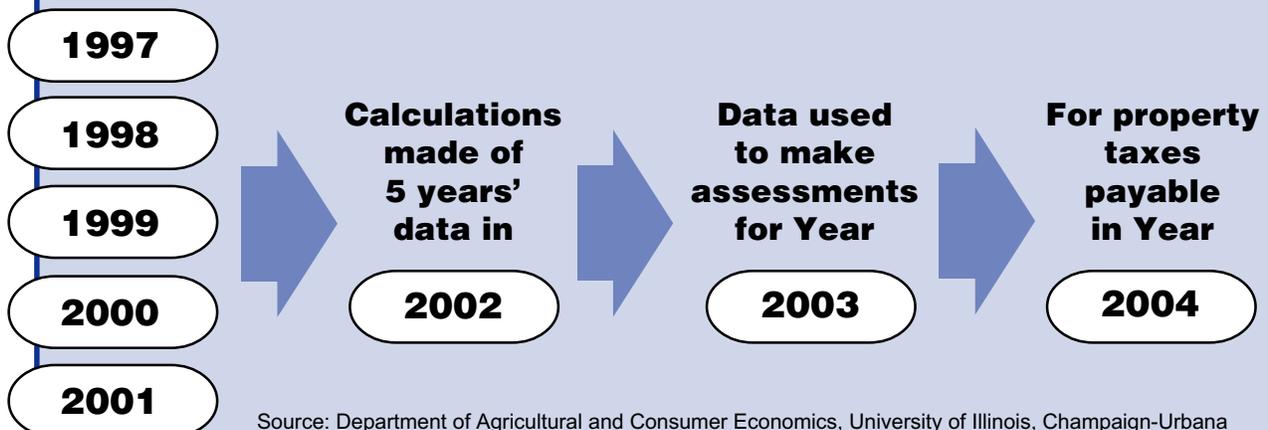
This 10% limit was passed by the General Assembly and signed into law in 1986 to help stabilize fluctuations in farmland property assessments due to swings in the farm economy. The law restricts annual increases or decreases in certified assessed value to no more than 10% of the prior year's value.

The income capitalization formula required by the Illinois Farmland Assessment Law is represented by:

$$\begin{aligned} & \text{Gross income per acre} \\ & - (\text{minus}) \text{ nonland production costs per acre} \\ & + \text{Average Farm Credit System mortgage interest rate} \end{aligned}$$

The formula uses five-year average data (1997-2001) to calculate the per-acre certified assessed value for cropland. There is a two-year lag between the assessment year and the last year of the data used in the calculations. For example, in 2002, five-year average data from 1997 through 2001 were calculated. This information is then used to make assessments in the year 2003 for property taxes due in 2004.

### A TIME-CONSUMING PROCESS: THE FARMLAND ASSESSMENT TAX CYCLE



Source: Department of Agricultural and Consumer Economics, University of Illinois, Champaign-Urbana

# 7

## **Classification in Cook County A Different Apportionment of the Burden**

The Illinois Constitution of 1970 allows counties with a population of more than 200,000 to classify real property for purposes of taxation. The classification must be reasonable and assessments must be uniform within each class. The level of assessment or rate of tax of the highest class of property cannot be more than  $2\frac{1}{2}$  times that of the lowest class. The legislature can limit the power of counties to classify property. (Illinois Constitution of 1970, Article IX, Section 4(b)) The General Assembly has provided that classification must be established by ordinance of the county board. (35 ILCS 200/9-150)

Currently, Cook County is the only county that classifies property for purposes of taxation. The number of classes of property in that county varies from time to time as the county changes the ordinance. For example, classes have been added to encourage commercial or industrial development in certain areas. At the time this is written the ordinance sets forth the classes shown in *Figure 7-1*.

### **Apportionment of the burden**

In all counties except Cook County, most types of property are treated the same for purposes of property taxation. The owners of homes, apartments, commercial buildings and industrial property all pay tax bills that are based on an assessment of  $33\frac{1}{3}$  percent of fair cash value. As explained in earlier chapters, there are some exceptions such as farmland and special valuations.

In Cook County, the classification ordinance specifies that some types of property will carry a heavier burden than other types. Commercial property in Class 5a is assessed at 38 percent of fair cash value, a level more than two times that of residential property in Class 2, which is assessed at 16 percent. Assuming a commercial property and residence were of equal fair cash value and they were properly assessed according to the ordinance levels, the owner of the commercial property might pay a property tax of \$2,375 while the owner of the residential property would pay only \$1,000. Given the availability of homestead exemptions, the burden on the owner for the residence would probably be even less.

### **Homestead exemptions worth more in Cook County**

The general homestead exemption and senior citizen homestead exemption are applied against equalized assessed values. Since residential property is assessed at a lower percentage of fair cash value and the homestead exemption is for a higher amount in Cook County, the homestead exemption protects homeowners over a greater range of increased property value.

An example illustrates this point. Assume a home in Springfield was worth \$60,000 in 1977 and had an equalized assessed value of \$20,000 ( $33\frac{1}{3}$  percent of \$60,000). Further assume that since 1977 its fair cash value has risen to \$75,000. Its equalized assessed value would normally have risen to \$25,000. But the general homestead exemption of \$3,500 of the increase in equalized assessed value since

Figure 7-1

<h2 style="text-align: center;">Property classification in Cook County</h2>	
CLASS	DESCRIPTION
<b>Class 1</b>	Unimproved real estate. ASSESSMENT LEVEL: 22%
<b>Class 2</b>	Real estate used as a farm, or real estate used for residential purposes when improved with a house, an apartment building of not more than six living units, or residential condominium, a residential cooperative or a government-subsidized housing project if required by statute to be assessed in the lowest category. ASSESSMENT LEVEL: 16%
<b>Class 3</b>	All improved real estate used for residential purposes which is not in Class 2 or in Class 9. ASSESSMENT LEVEL: 33% IN 2002, 30% IN 2003 AND 26% IN 2004 AND SUBSEQUENT YEARS.
<b>Class 4</b>	Real estate owned and used by a not-for-profit corporation in furtherance of the purposes set forth in its charter unless used for residential purposes. If such real estate is used for residential purposes, it shall be classified in the appropriate residential class. ASSESSMENT LEVEL: 30%
<b>Class 5a</b>	All commercial real estate not included in Class 1, Class 2, Class 3, Class 4, Class 5b, Class 6a, Class 6b, Class 7, Class 8, or Class 9. ASSESSMENT LEVEL: 38%
<b>Class 5b</b>	All real estate used for industrial purposes as defined herein and not included in any other class. ASSESSMENT LEVEL: 36%
<b>Class 6b</b>	Real estate that is new construction, substantial rehabilitation, or substantial reoccupancy of "abandoned" property and is used for industrial purposes and the municipality (or county if in an unincorporated area) has by resolution approved the real estate to be appropriate for the incentive. ASSESSMENT LEVEL: 16% FOR THE FIRST 10 YEARS, 23% IN YEAR 11, 30% IN YEAR 12, THEN IF NOT RENEWED, REVERTS TO 36% IN YEAR 13.
<b>Class 7a / 7b</b>	Real estate located in an "area in need of commercial development" used primarily for commercial purposes, and which is newly constructed, substantially rehabilitated, or abandoned property reoccupied. The ordinance specifies what qualifies as an "area in need of commercial development." 7a: Development costs of \$2 million or less, exclusive of land costs. 7b: Development costs of more than \$2 million, exclusive of land costs; the application is reviewed by the Cook County Economic Development Advisory Committee. ASSESSMENT LEVEL: 16% FOR FIRST 10 YEARS, THEN 23% IN YEAR 11, 30% IN YEAR 12, AND REVERTS TO 38% IN YEAR 13.
<b>Class 8</b>	Real estate used primarily for industrial or commercial purposes, which is newly constructed, substantially rehabilitated, or abandoned property reoccupied and: 1) is located in an area certified as "severely blighted" in accordance with the ordinance; and 2) the municipality (or county if in an unincorporated area) has by resolution determined the real estate is consistent with the overall plan for rehabilitation of the area. ASSESSMENT LEVEL: 16% FOR 10 YEARS, 23% IN YEAR 11, 30% IN YEAR 12, AND REVERTS TO 38% IN YEAR 13; INDUSTRIAL RETURNS TO 36% IN YEAR 13, ELIGIBLE FOR 10 YEAR RENEWAL.
<b>Class 9</b>	All real estate otherwise entitled to Class 3 classification, when that real estate is: 1) multi-family residential real estate; 2) is new or has undergone major rehabilitation; 3) has at least 35% of the dwelling units leased at rents affordable to low- or moderate-income persons or households; and 4) is in substantial compliance with all applicable local building, safety, and health requirements and codes. ASSESSMENT LEVEL: 16% FOR 10 YEARS, WITH 10-YEAR RENEWAL TERMS.
<b>Class C</b>	Industrial and commercial sites which have undergone remediation under the IEPA Site Remediation Program. Site remediation costs must be at least 25% of the property's market value in the year prior to the remediation. ASSESSMENT LEVELS: COMMERCIAL - 16% FOR 10 YEARS, 23% IN YEAR 11, 30% IN YEAR 12, RETURNS TO 38% IN YEAR 13. INDUSTRIAL - SAME AS ABOVE BUT ELIGIBLE FOR 10-YEAR RENEWAL TERMS.

continued on next page

## Cook County classification (cont.)

Source: Cook County Assessor's Office, October 2003

<b>Class L</b>	Commercial, industrial, multifamily buildings and not-for-profit or "contributing" buildings designated as landmarks must undergo substantial rehabilitation. The owner must invest at least 50% of the buildings full market value in the rehabilitation of the building. The property must be located in an area designated by a "certified local government." ASSESSMENT LEVELS: COMMERCIAL & INDUSTRIAL - 16% FOR 10 YEARS, 23% IN YEAR 11, 30% IN YEAR 12. MULTIFAMILY & NOT-FOR-PROFIT - 33% IN 2002, 30% IN 2003, 26% IN 2004 AND SUBSEQUENT YEARS. ALL BUILDINGS EXCEPT COMMERCIAL ARE ELIGIBLE FOR 10-YEAR RENEWAL TERMS.
<b>Class S</b>	Multifamily properties approved by the U.S. Department of Housing under the Mark-Up-to-Market renewal options. At least 20% of the living units must be project-based Section 8 units for low- and moderate-income persons. The owner must agree to retain at least the existing number of Section 8 units for at least 5 years under the HUD Mark-Up-to-Market option. ASSESSMENT LEVELS: REDUCED FROM THE MULTIFAMILY RATE OF 33% IN 2002, 30% IN 2003, 26% IN 2004 AND SUBSEQUENT YEARS, WITH 5-YEAR RENEWABLE TERMS.

1977 would have eliminated the first \$3,500 increase. Only the last \$1,500 of the increase would be counted, bringing the current assessment to \$21,500.

Now assume a home in Chicago had a fair cash value of \$60,000 in 1977, and its equalized assessment was \$9,600 (16 percent of \$60,000). If the home's fair cash value rose to \$75,000, its equalized assessment would normally have risen to \$12,000. As this is an increase of only \$2,400 over the 1977 assessment, the general homestead exemption would completely offset the increase, and the equalized assessed valuation would remain at \$9,600.

Not only does \$1 of homestead exemption go farther in Cook County, but the general and senior citizen homestead exemptions in Cook County have been increased above the amounts available in the rest of the state. (See "General Homestead Exemption" and "Senior Citizen Homestead Exemption" in Chapter 5.)

### Cook County's built-in multiplier

As discussed in Chapter 4, Cook County's assessments as a whole are equalized by the Department of Revenue (DOR) at  $33\frac{1}{3}$  percent, just like all other counties. The DOR uses a weighting procedure that adjusts for the amount of property in the various classes so the county as a whole is assessed at  $33\frac{1}{3}$  percent. As in other counties, the DOR issues Cook County a single multiplier. That multiplier is used for all property classes in Cook County.

The levels of assessment specified in the Cook County classification ordinance guarantee Cook County will have a multiplier that increases assessments. There is not enough Class 5 commercial and industrial property assessed above  $33\frac{1}{3}$  percent to counterbalance all of the property assessed below  $33\frac{1}{3}$  percent, and bring the overall weighted average up to  $33\frac{1}{3}$  percent.

Even if the Cook County assessor were perfect in all of the assessments, which is an impossible expectation, it would be necessary to have a multiplier of at least 1.4 for Cook County. Thus, residential property in Cook County would actually have an equalized assessed value of about 1.4 times 16 percent, or 22.4 percent. Similarly, certain commercial property would have an actual equalized assessed value of about 1.4 times 38 percent, or 53.2 percent. In reality, the Cook County multiplier has been above 2.0 in recent years because the DOR assessment/sales ratio studies indicate actual assessments have been below the levels set in the county classification ordinance. The multiplier for 2002 taxes payable in 2003 was 2.4689.

# 8

## Rate Limitations & the Extension Calculating the Tax Bills

It is the duty of the county clerk to calculate the property tax rates for all local governments and school districts in the county. The county clerk takes the local assessment for each parcel of property and applies the Department of Revenue's equalization factor or multiplier to that assessment to obtain an equalized assessed value. (35 ILCS 200/18-40)

The county clerk then calculates the tax rate for a taxing district by dividing the district levy, discussed in Chapter 2, by the district's total equalized assessed value (EAV). (35 ILCS 200/18-40,45,50) This simple formula is illustrated by the following example. Assume a taxing district levies for \$1 million and the sum of the equalized assessed values of all the parcels in the district is \$100 million.

$$\text{Tax Rate} = \frac{\text{Levy}}{\text{Total EAV}} \qquad \text{Tax Rate} = \frac{\$1 \text{ million}}{\$100 \text{ million}} \qquad \text{Tax Rate} = .01 \text{ or } 1\%$$

A tax rate of 1 percent, as in the example, is often referred to as a tax rate of "\$1," or "\$1 per \$100 of EAV." When the tax rate is applied against each of the many parcels which make up the total equalized assessed value, the total taxes generated will equal the total levy.

### Rate limitations

Taxing districts are generally subject to statutory rate limitations for each of their various funds. For example, unit school districts with a population of less than 500,000 have a statutory rate limitation on their education fund of 1.84 percent. (105 ILCS 5/17-2) If the above example were for a unit school district education fund levy, the school would get the \$1 million. If, on the other hand, the school district levied for \$2 million, the county clerk would note the necessary 2 percent tax rate would exceed the statutory 1.84 percent limit. The county clerk would use the 1.84 percent rate and the school would receive only \$1.84 million in property tax revenues.

The county clerk has the responsibility of making sure the tax rates which are applied do not exceed authorized levels. (35 ILCS 200/18-105) There are hundreds of different rates scattered throughout the statute books. The Illinois Department of Commerce and Economic Opportunity (formerly Department of Commerce and Community Affairs) annually updates *The Illinois Tax Rate and Levy Manual*. The manual, available as a pdf file on the agency's web site, lists the various funds for which each type of taxing district may levy, the rate limitations (if any) on those fund levies and the statutory citation for each. (See "Errors Other Than Assessment" in Chapter 10 for guidance if the county clerk extends taxes at a rate in excess of the statutory maximum.)

### Rate referenda

Many of the fund levies that have statutory rate limitations provide for local referenda to raise the rate limits. For example, the 1.84 percent education rate limit

for unit school districts can be raised to 4.0 percent, and in some instances to 6.0 percent, by referendum. (105 ILCS 5/17-3)

There is also a general provision describing the process for increasing or decreasing the maximum rate for a fund by as much as 25 percent. (35 ILCS 200/18-130) (See “When Taxing Districts Are Spending Too Much” in Chapter 10 for more information.)

The county clerk must be aware of any changes in tax rates made by referendum so the new rate rather than the statutory rate will be used to judge whether the levy exceeds the authorized maximum rate limit.

## Home rule units exempt from rate limits

Home rule units are not subject to tax rate limitations or PTELL limitations. (35 ILCS 200/18-105 and 18-185) They are, however, subject to the Truth in Taxation limitations discussed in Chapter 2. (35 ILCS 200/18-55) If a home rule city or county levies for \$ X amount, the county clerk will calculate the tax rate necessary to generate \$ X amount from the tax base. The tax rate may go as high as necessary to generate that amount of money, assuming the unit has complied with Truth in Taxation.

Any municipality with a population of more than 25,000 is a home rule unit unless it elects by referendum not to be home rule. Any other municipality may elect by referendum to become a home rule unit. A county which has an elected chief executive officer is also a home rule unit. (Illinois Constitution of 1970, Art. 7, sec. 6) Cook County is the only home rule county. The appendix contains a list of home rule units.

## Extension of the property tax

The application of the tax rates to a parcel of property is called the extension. The extension also is carried out by the county clerk. The tax rates for all of the taxing districts in which a parcel lies are applied against that parcel's EAV to determine the tax bill for the parcel. (35 ILCS 200/18-140 and 18-150)

The county clerk prepares the collector's books and delivers them to the county or township collectors. (35 ILCS 200/18-270 and 18-275) The collector's books contain information regarding the taxes that should be collected from the owner of each parcel and the amount of the total tax due each taxing district, as well as other specified information. (35 ILCS 200/18-25, 18-35 and 18-265)

# 9

## Collection & Delinquency

### Stiff Penalties Encourage Timely Payment

The township collector or the county collector prepares the tax bills based on the collector's books compiled by the county clerk. (35 ILCS 200/20-5) The county treasurer is the ex-officio county collector. (35 ILCS 200/19-35) The bills must be mailed at least 30 days before taxes are due. In instances where the bill is mailed to a mortgage lender, the lender must, within 15 days of receipt of the bill, mail a copy to the borrower. In instances where estimated or accelerated billings are used, the lender mails the copy only with the final installment. (35 ILCS 200/20-5,10,15)

Requests for a change of address for purposes of property tax billings may be made only by the property owner, a trustee, or someone having power of attorney for the owner or trustee. (35 ILCS 200/20-20)

### Information required on the tax bill

The statutes are very specific about what information must be on a tax bill or on a separate sheet mailed with the tax bill. The required information includes:

- Parcel identification number or other identifying information
- Assessment of the property
- Equalizing factors imposed by the county and DOR
- Equalized assessed value of the parcel
- Tax rates extended by each of the taxing districts (counties that use electronic data processing equipment must also include the dollar amount of the tax bill that is allocated to each taxing district)
- Aggregate tax rate
- Total tax due
- Amount by which the total tax and the tax allocated to each taxing body differs from the prior bill
- Fair cash value (for single family residential property in counties that don't classify and in the lowest residential class in classification counties)

Counties that use estimated or accelerated billing only need to provide the information on the bill for the final installment. (35 ILCS 200/20-15)

The failure of a collector to mail a bill or the failure of a taxpayer to receive one does not affect the validity of the tax or the obligation to pay it. (35 ILCS 200/20-15)

A sample tax bill is shown in *Figure 9-1* on the next page.

### Tax due dates

Taxes generally are collected in two equal installments. (35 ILCS 200/20-210) Where a county has adopted an estimated or accelerated system of billing, the first billing is equal to one-half of the total bill for the previous year and the second billing is used to collect the remainder that is due. (35 ILCS 200/21-30) If taxes



installments due until 30 days after returning from active duty. (35 ILCS 200/21-15)

A taxpayer is charged interest on overdue property taxes at the rate of 1½ percent per month. (35 ILCS 200/21-15 through 25) County boards, though, may waive delinquent penalties for low-income seniors under certain limited circumstances. (35 ILCS 200/21-27)

Not less than 15 days before the date of application for judgment for sale of delinquent property, the county collector must notify the property owner, and in counties of less than 3 million, must also notify any lien holder who requests it. The notification must be delivered by registered or certified mail. (35 ILCS 200/21-135) The collector also must publish an advertisement in the newspaper giving notice of the intention to apply for judgment for sale of delinquent property. The notice must be at least 10 days before the day on which the judgment will be applied for and must list each delinquent property including the owners' names, if known, and the taxes due. (35 ILCS 200/21-110 and 21-115) On the date set for judgment the court examines the list and gives judgment for the taxes that appear due. The court will hear tax objections only if the taxes were fully paid. The court then orders a tax sale of delinquent property to pay the taxes due. (35 ILCS 200/21-175)

A taxpayer may pay taxes due and associated costs at any time prior to the tax sale. (35 ILCS 200/21-165)

## The tax sale

The collector or his or her deputy conducts the tax sale. (35 ILCS 200/21-205) Tax “buyers” bid for the right to pay the taxes, interest, and costs due on the property. The winning bidder is the person willing to accept the lowest penalty payment by the owner of the property when it is redeemed. The highest allowable penalty is 18 percent for each six-month period or any portion thereof. (35 ILCS 200/21-215 and 21-355) Exceptions can be made for properties in counties designated as state or federal disaster areas. (35 ILCS 200/21-40)

The taxes and interest collected from the tax buyers are distributed to the respective taxing districts. The purpose of the tax sale is to have someone else pay the taxes for the owner so the taxing district can obtain its revenue and go on about its business.

A tax buyer must deliver a notice in a specific form to the county clerk within five months after the sale. The notice, which advises the owner of the sale and urges redemption, is sent by the county clerk to the party in whose name the taxes were assessed. (35 ILCS 200/22-5)

If no tax buyer bids on a parcel, that parcel is forfeited to the State of Illinois. Under certain circumstances it may be offered again for sale. (35 ILCS 200/21-225)

## Subsequent taxes

If a person buys the taxes on a parcel at a tax sale and the taxes for the following year are also not paid, the tax buyer may come in prior to the tax sale and pay these subsequent taxes. The buyer gets a statutory penalty of 12 percent per year or portion thereof for these “sub” taxes and avoids competing in the tax sale with other buyers who might bid down the penalty percentage. (35 ILCS 200/ 21-355)

## A tax deed may be issued if taxes are not redeemed

The owner of property sold at a tax sale may redeem the tax sale of the property by paying the taxes, interest, costs, and buyer's penalty within a statutory deadline. The redemption payment is made to the county clerk for distribution to the tax purchaser. The deadline for such redemption is generally two years from the date of the sale, but it is extended to two years and six months for sales of owner-occupied improvements with no more than six dwelling units. For non-farm land, commercial, and industrial property, the redemption period is six months if the taxes on the property were delinquent for each of two or more years. (35 ILCS 200/21-350) The tax sale purchaser may extend the redemption period to three years from the date of sale. (35 ILCS 200/21-385)

A redeeming property owner may preserve his rights against an improper tax sale by filing a Redemption Under Protest form at the time redemption is made. (35 ILCS 200/21-380)

As stated under The Tax Sale above, in order to preserve a future right to receive a tax deed, within four months and 15 days after such sale a tax buyer must give the county clerk a specific notice to be mailed by the county clerk to the delinquent taxpayer. The notice informs the delinquent taxpayer about the sale and the right of redemption. The tax buyer must pay the postage plus a \$10 fee to the county clerk. (35 ILCS 200/22-5)

Between three months and five months prior to the expiration of the redemption period, the purchaser must provide specific types of notice to the owners, occupants and other interested parties that the redemption period is coming to an end and a petition has been filed for a tax deed. (35 ILCS 200/22-10) Between three and five months prior to the expiration of the redemption period, the tax purchaser must file a petition in the circuit court seeking a tax deed. If the purchaser has followed all of the procedures correctly and the owner has not redeemed the tax sale, the court will order the county clerk to issue a tax deed to the purchaser. The tax deed gives the purchaser title to the property. (35 ILCS 200/22-30 through 22-50)

## The high cost of redeeming your taxes

A simple example can illustrate how expensive it can be to become delinquent in your taxes and then try to pay off the debt (*Figure 9-2*). Assume a taxpayer had taxes due in two installments of \$500 each for a total of \$1,000. Further, assume the taxpayer didn't pay the June 1 or September 1 installment and didn't try to redeem until seven months after the December 1 tax sale at which the tax buyer paid the taxes, interest, about \$80 in costs, and was the low bidder at 18 percent.

In this example, not paying the taxes as they were due in June and September, but instead settling up the following July, added more than 50 percent to the taxpayer's tax cost. Though lower interest rates in the market place have made tax buyers willing to bid down the interest penalty below the 18 percent ceiling, being delinquent is still an expensive proposition. Taxpayers should avoid delinquency if at all possible.

## Scavenger sales

Another type of tax sale is held for all property on which the taxes are delinquent for more than two years. A purchaser in a scavenger sale does not necessarily have to bid as high as the sum of the delinquent taxes and interest. (35 ILCS 200/

21-145 and 21-260) At a scavenger sale, the purchaser bids an amount, rather than a penalty rate. The law sets forth a minimum bid of \$250, or one-half of the tax, whichever is less. Once the scavenger tax sale has occurred, redemption procedures are identical to those following a regular tax sale except that special interest rates apply rather than the penalty rates bid by tax buyers in a regular tax sale. (35 ILCS 200/21-260) Also, the purchaser at a scavenger tax sale may acquire a deed to the property just as the purchaser at a regular tax sale. (35 ILCS 200/21-260 and 22-30 through 22-55) Delinquent taxpayers may not bid at scavenger tax sales. (35 ILCS 200/21-265)

Figure 9-2

<b>Sample Tax Redemption Expenses</b>	
<b>TAX BUYER PAID—</b>	
<b>Taxes:</b>	<b>\$1,000.00</b>
Interest: \$500 x 1.5% / mo. x 6 months =	\$ 45.00
\$500 x 1.5% / mo. x 3 months =	22.50
<b>Costs:</b>	80.00
<b>Total:</b>	<b>\$1,147.50</b>
<b>Redemption:</b>	
Amount paid by buyer:	\$1,147.50
Penalty: \$1,147.50 x 18% / period	
x 2 periods =	413.10
Redemption Certificate:	5.00
<b>TOTAL REDEMPTION COST—</b>	<b>\$1,565.60</b>

# 10

## Challenging Your Assessment & Tax Bill

### You Can Do Something About It

Taxpayers can take action if they believe that they are paying more than their fair share or that taxing districts are requesting and spending too much.

#### When taxing districts are spending too much

If taxpayers complain taxing districts are spending too much of the taxpayers' money, they should focus their attention on the budget and levy process discussed in Chapter 2.

Budgets, the spending plans of taxing districts, are discussed and adopted at public meetings. Concerned taxpayers who want to make a change in the level of spending or the priorities of spending must attend these meetings and be heard.

The board members who vote on the budget and levy for a taxing district are usually elected officials, and as such they are often sensitive to public opinion. Since few citizens make the effort to attend meetings and express their opinions, those who do can have significant influence on board decisions. Property taxes are local taxes controlled by local officials, and the opinions and actions of individual taxpayers can have an impact.

Many taxpayers may feel unprepared because they are unfamiliar with government programs and their costs and have no idea how a specific budget will affect their own tax bills. The following types of questions might be helpful to ask at a budget hearing:

- “For which programs have there been increases over the most recent year budget? How much are those increases? Why are those increases necessary?”
- “If the district’s total equalized assessed value remained stable, and my equalized assessed value remained stable, how would this budget affect my tax bill?”
- “What kind of increase (or decrease) in equalized assessed values do you anticipate? How much of that is due to new property?”
- “What percentage increase (or decrease) for your district’s portion of individual tax bills do you expect this budget will cause?”

The answers to these questions will give you an idea of the impact the budget proposal being presented will have on your tax bill.

Local tax watchdogs also have a special assistant—the Truth in Taxation Act. This act requires a taxing district that plans to increase its levy by more than 5 percent over its prior year’s extension to publish a specific prominent notice in the newspaper. (See the Truth in Taxation notice in Chapter 2.) The taxing district also must hold a public hearing on this issue. This applies to home rule units as well as other local government units. (35 ILCS 200/18-55 through 18-100) Thus, taxpayers are given fair warning when a tax increase is proposed. This is the time to become involved. Waiting until the tax bill arrives in the mail generally leaves the taxpayer without an opportunity to take effective action.

Even those taxpayers who are not willing to speak out at budget meetings and Truth in Taxation meetings can have an effect on the general size and content of the spending plans of most taxing districts. The board members of these local governments and school districts are usually elected officials. All citizen taxpayers can learn the positions of candidates on budgetary matters and vote accordingly.

In instances in which a taxing district has reached its maximum statutory rate, voters must give approval through referenda before the rates can be increased. The statutes provide for several “front-door” and “back-door” referenda requirements on various taxing districts. A front-door referendum requirement means that the taxing district must receive voter approval before implementing a tax rate increase. A back-door referendum requirement is less restrictive. In this situation, voters must sign a petition asking that a proposed increase that has been approved by a local government be taken to a full referendum. The petition must be signed by a specific number of voters and must be filed within a specific time frame following action by the local government. If the petition requirement is met, a referendum will be held and the tax rate increase will go into effect only if the voters approve it. If the petition requirement is not met, the rate increase automatically goes into effect.

Taxpayers have one more way of reducing local government property tax collections. Voters have the power through referendum in some districts to reduce property tax maximum rates by 25 percent. School districts and certain levies of other taxing districts are excluded. The number of signatures needed on the petition to get a tax rate reduction referendum on the ballot is at least 10 percent of the number of voters in the last general election. (35 ILCS 200/18-120 through 18-130) With certain exceptions, no more than three public policy questions, including tax rate reduction referenda, can appear with regard to a single political subdivision at a given election. (10 ILCS 5/28-1)

## When taxpayers are paying more than they should

The system doesn't always work as well as everyone would like, and taxpayers are sometimes asked to pay more than their fair share in property taxes. These problems generally fall into two categories:

1. A taxpayer's property is over-assessed; or
2. Some error in the system has caused an improper tax to be levied.

Taxpayers can only deal with these problems if they learn how to protect their rights under the system. There is generally a certain set of procedures a taxpayer must follow during a certain time frame to receive relief. **A taxpayer may want to discuss a problem with the appropriate property tax officials before initiating the formal appeals process.** Most taxpayers will find the officials (assessors, chief county assessing officer, boards of review, the state Property Tax Appeal Board, and their respective employees) to be informative and helpful in explaining taxation issues and resolving problems.

## Over-assessment

This is perhaps the most common problem with the property tax process. Property valuation is a subjective undertaking and will never be a perfect science. Considering that there are about five million parcels of property in the state that require a valuation assessment, it is not surprising that many taxpayers find themselves overvalued or over-assessed compared to similar properties.

A taxpayer who feels his or her assessment is improper may challenge the assessment. Challenges, or complaints, may begin with the assessor and, after the assessment notices are mailed and published, be made to the chief county assessment officer, the local board of review, the Illinois Property Tax Appeal Board (PTAB), and finally, if necessary, into the court system. Complaints must be filed in a timely manner. Assessment notices provide instructions as to the correct appeal procedure. An important factor to remember in the appeal process is that once a complaint or appeal deadline is missed, any further appeal opportunities for that assessment year are usually lost.

Another thing to keep in mind: While the taxpayer may feel the assessment and tax bill are incorrect, it still must be paid within the stated time frame so that no penalties accrue as the matter is being resolved.

## ‘How do I know if I’m over-assessed?’

A taxpayer’s property may be unfairly over-assessed in two ways. First, the assessment may be higher than what the law provides. For example, if a taxpayer’s home in Rockford has a fair cash value of \$100,000 and it is assessed at \$40,000, it would be over-assessed. The assessment would be 40 percent of its fair cash value, which exceeds the statutory  $33\frac{1}{3}$  percent. If a house in Cook County valued at \$100,000 were assessed at \$25,000, it would be over-assessed because the assessment would be 25 percent of the fair cash value. That is greater than the 16 percent provided for Class 2 property in the Cook County classification ordinance.

The second way that a property may be over-assessed is that it may be assessed higher than similar property of other taxpayers. This may be true on a neighborhood level or on a county-wide level. For example, there may be 10 similar houses in a Decatur neighborhood, and each may have a market value of \$100,000. If one is assessed at \$30,000, which is only 30 percent of its fair cash value, it could still be over-assessed relative to the other properties if they are all assessed at \$25,000. The taxpayer can make an equity argument, i.e. his property is over-assessed compared to his neighbors and should be assessed at \$25,000 just like them. Remember that property record cards are public information, and taxpayers have a right to see assessment information on any property.

The equity argument also can be on a county-wide basis by reference to the median level of assessment. The median levels are determined by the Department of Revenue’s Office of Local Government Services—Equalization & Review Section as it completes the sales ratio study in the process of equalization. (See Chapter 4.)

The median level of assessment is the middle ratio of assessment to cash sales price of the properties sold in a township or county. In essence, the Department of Revenue (DOR) calculates the assessment to cash sales price ratio for each sale and arranges the ratios in order from the lowest to the highest. The median level of assessment is the middle ratio in the series.

An example should be helpful. Assume a taxpayer’s home is assessed at \$24,000 by the local assessor. The taxpayer can estimate the level of assessment on the property by dividing the \$24,000 assessment by the fair cash value of the home. Suppose the homeowner believes the property would sell for \$80,000 cash in an arm’s-length transaction with no special financing. The level of assessment would be  $\$24,000 \div \$80,000$ , or 30 percent, for that home.

Given the above assumptions, an uninformed taxpayer (outside of Cook County) might jump to the conclusion he is getting a break because the statutes say the assessment should be at  $33\frac{1}{3}$  percent. This is not necessarily a proper conclusion. Whether it is correct depends on how other taxpayers are assessed. If other

taxpayers are assessed at a level below 30 percent, the homeowner in question is being over-assessed.

The homeowner might think he is still getting a break, but everyone else is getting a bigger break. That is not true either. The DOR will make sure that each county is equalized to  $33\frac{1}{3}$  percent. (See Chapter 4.) Assume the median level of assessment is determined by the DOR to be 23.8 percent for the county. The DOR would then issue an equalization factor, or multiplier, of about 1.4 to bring the county as a whole up to the  $33\frac{1}{3}$  statutory level. But what happens to the homeowner who was assessed at 30 percent? When the multiplier equalizes that assessment, it increases to 42 percent of fair cash value ( $1.4 \times \$24,000 = \$33,600$ , which is 42 percent of the \$80,000 estimated value). What looked like a break to the homeowner when the assessment notice came in the mail is anything but that by the time the tax bill arrives a year or so later.

The mailed and published assessment notices in all counties except Cook County are required to contain the median level of assessment for the assessment jurisdiction in which the taxpayer's property lies. These notices also instruct taxpayers to test whether their property is assessed too high by using the following procedure: divide the assessed value by the median level of assessment. If the resulting figure is greater than the fair cash value of the property, the property may be assessed too high. (200/12-10 and 12-30) Continuing the foregoing example, the assessment would indicate a value of \$100,840 ( $\$24,000$  divided by the median level of assessment of  $0.238 = \$100,840$ ). That value is much higher than the homeowner's value estimate of \$80,000.

## 'What do I do if I'm over-assessed?'

Taxpayers who believe their properties have been over-assessed and who are not satisfied after talking to their chief county assessment officer's staff should appeal to their county board of review. In the township counties, the three-member board of review is appointed by the chairman of the county board with the approval of the county board. If the number of complaints to the board is too great, additional members may be appointed. (35 ILCS 200/6-5 through 6-25) In the commission counties, the board of commissioners constitutes the board of review. (35 ILCS 200/6-30) There are also provisions for elected boards of review in certain circumstances. (35 ILCS 200/6-35 and 6-40) The three members of the board of review in counties of more than 3 million are elected by district. (35 ILCS 200/5-5)

**Taxpayers must file timely written complaints in at least duplicate with the board of review to protect their interests with regard to assessments.** (35 ILCS 200/16-55 and 16-115) Currently, the deadline for taxpayers in counties with less than 150,000 inhabitants is the later of August 10 or 30 days after the publication of the assessment lists. In counties with between 150,000 and 3 million inhabitants, the deadline is the later of September 10 or 30 days after the publication of the lists. (35 ILCS 200/16-55) In counties of more than 3 million the board of review must publish notices of the dates when it will review assessments for various townships or taxing districts. The notice must give taxpayers at least 20 days to file complaints. (35 ILCS 200/16-110)

In counties of less than 3 million the board of review is to examine such complaints and make adjustments so that "in no case shall such property be assessed at a higher percentage of fair cash value than the assessed valuation of other property in the assessment district prior to equalization." (35 ILCS 200/16-55) In other words, the board of review should adjust the complaining taxpayer's assessment to the

median level of assessment. However, the counterpart section concerning the board of review in counties of more than 3 million does not contain similar language. (35 ILCS 200/16-120)

## ‘What evidence do I provide to the Board of Review?’

The best case of over-assessment a taxpayer can make is through providing evidence of the fair cash value of property and then asking to be assessed at the level prescribed by law or, if the median level of assessment is below the level prescribed by law, at the median level. Continuing the previous non-Cook County example, the taxpayer would show evidence the house was worth \$80,000 cash on the assessment date and then ask to be reassessed at the median level of 23.8 percent, or \$19,040. This is substantially lower than the \$24,000 assessment the taxpayer might originally have thought was an assessment break. When the multiplier of 1.4 is imposed, the \$19,040 assessment would rise to \$26,656, which is 33<sup>1</sup>/<sub>3</sub> percent of the fair cash value of \$80,000.

The key is to provide the board of review with evidence of the fair cash value of the property. Several methods can be helpful. If the property was recently purchased, the cash selling price could be very good evidence if it was an arm’s-length transaction (e.g., not a sale between relatives or due to foreclosure). Recent sale prices of similar property in the vicinity can also be good evidence. One helpful hint: **do not automatically assume a stated selling price is a good indication of fair cash value**, especially in times of high interest rates. Selling prices tend to overstate the fair cash value if special financing is involved. For example, if the seller pays some of the financing points, or gives a low-interest note, or sells on a low-interest contract for deed, the selling price of the property should be discounted to reflect current fair cash value. Also, personal property may have sold with the real estate, and that should be subtracted from the selling price.

Another method of indicating fair cash value is by submitting a professional fee appraisal. However, the cost of the appraisal should always be weighed against any potential tax savings. Oftentimes, a substantial assessment adjustment is needed to justify the expense of a fee appraisal. What should also be considered, however, is the fact that an appraised value, along with a corresponding assessment reduction, may well establish a valuation basis for local assessment officials that could potentially result in property tax savings for succeeding years as well.

If a taxpayer has difficulty proving the fair cash value of property, another type of presentation is often persuasive before boards of review. If a taxpayer can demonstrate other similar properties of similar value in the neighborhood have lower assessments, then the board of review may reduce his or her assessment accordingly. A taxpayer can compare the assessment with others when they are published in the newspaper and can look through the property record cards at the office of the township assessor or the chief county assessment officer. As indicated in Chapter 3, all record cards must be made available for public inspection. A helpful measure of comparison is the assessed value per square foot of living area of the taxpayer’s property compared to the assessed value per square foot of comparable properties. The taxpayer will need to provide evidence demonstrating the comparable properties are similar to the subject with regard to characteristics such as location, size, age and construction style.

The hearing before the board of review is often quick and informal. Of course, if a complex commercial or industrial assessment is being reviewed, the hearing can be much more involved.

The board of review must give a taxpayer written notice of its assessment decision. (35 ILCS 200/12-50) The board in counties with a population of less than 3 million must also publish a list of all of its changes. (35 ILCS 200/12-60)

## ‘What if I lose before the Board of Review?’

In counties of less than 3 million population, a taxpayer unhappy with the result of an assessment challenge before a board of review has 30 days from the date the board’s written decision is mailed to or served upon the taxpayer or taxpayer’s agent to appeal to the Property Tax Appeal Board (PTAB). In counties of more than 3 million the taxpayer may appeal to the PTAB within 30 days of the latter of the date of the mailed notice or the date the board of review transmits to the county assessor final action on the township in which the property is located. (35 ILCS 200/12-50 and 16-160) However, a taxpayer who fails to appear at the board of review hearing after receiving notice 30 days before that hearing is unable to appeal to the PTAB. (35 ILCS 200/16-160)

## What is the Property Tax Appeal Board?

The Property Tax Appeal Board (PTAB) is an independent state agency that hears appeals from boards of review regarding the valuation of assessed property. The PTAB has five members appointed by the governor with the advice and consent of the Senate. (35 ILCS 200/7-5, 16-160)

Cases are often heard by the PTAB’s hearing officers. The hearings are open to the public and are conducted according to rules established by the PTAB. (35 ILCS 200/16-170) The rules are more formal than those of most boards of review but less formal than those in a courtroom. A homeowner who reads the rules and provides the required evidence can get a fair hearing without hiring a lawyer. The types of evidence the PTAB would find persuasive are basically the same as those one would provide to a board of review. One should obtain a set of rules from the PTAB to be familiar with the proceedings. The rules, along with appeal forms and other helpful information, are available online at [www.state.il.us/agency/ptab](http://www.state.il.us/agency/ptab). The rules also can be obtained by contacting the PTAB at: *Property Tax Appeal Board, State of Illinois, Stratton Office Building Room 402, Springfield, IL 62706; (217) 782-6076*. The local county board of review must provide a taxpayer with forms on which to appeal to the PTAB. (35 ILCS 200/16-165)

For many years the PTAB has held its hearings *de novo*, i.e. they were totally new hearings and taxpayers were not limited to issues and evidence that had been presented at the board of review. (See 35 ILCS 200/16-180.) However, the First District Appellate Court has held that the PTAB’s authority is limited by what occurred at the board of review level. (See the June 30, 2003, MODIFIED ON DENIAL OF PETITION FOR REHEARING decision in *The Cook County Board of Review, Petitioner-Appellant v. The Property Tax Appeal Board; Robert Bosch, Taxpayer; and Komarek School District, Taxing District, Respondents-Appellees*, No. 1-00-1183 and associated cases. The Illinois Supreme Court did not accept an appeal of the case.) The language appears to indicate that the PTAB is limited to reviewing the issues and evidence that were presented at the board of review. However, the state’s attorney’s office in Cook County seems to be taking the position that the limitation only applies to cases where constitutional issues are involved. This area is still in flux, and it is unclear what impact the case will have in cases from counties other than Cook County.

The PTAB must base its decision “upon equity and the weight of evidence and not upon constructive fraud.” (35 ILCS 200/16-185) The PTAB has interpreted this to mean that the appellant has the “burden of going forward” (i.e., calling the assessed valuation into question), but once that burden is met, there is not a presumption in favor of the assessment. The Board will look at all of the evidence and will find in favor of the party that presents the more convincing evidence. The appeal is limited to the grounds listed in the petition to the PTAB. If the PTAB reduces the assessment on an owner-occupied residential property, the reduced assessment, subject to equalization, will remain in effect until the next general reassessment unless the property is sold. (35 ILCS 200/16-185) If the taxpayer’s appeal is initiated solely due to board of review equalization, the PTAB may not grant relief greater than the amount the assessment was increased by the local equalization. (35 ILCS 200/16-180)

Taxpayers should be aware that taxing districts may intervene in a case before the PTAB and present evidence of the proper assessment for the property. The intervening parties may contend that the assessment of the parcel should be increased, and the PTAB occasionally issues decisions increasing the assessment of a parcel.

## Taxes not delayed by appeal to PTAB

If a taxpayer appeals a board of review action to the PTAB, the taxes still come due. (35 ILCS 200/16-185 and 23-5) It is likely the matter will not be decided by the PTAB until after the taxes are to be paid. If the PTAB renders a decision in favor of the taxpayer, the taxes overpaid must be refunded with 5 percent annual interest. (35 ILCS 200/16-185 and 23-20)

A taxpayer is not allowed to challenge a valuation in the court system through a tax objection simultaneously with an appeal to the PTAB. (35 ILCS 200/16-160) (See the upcoming sections ‘You May Appeal Directly to the Courts’ and ‘Tax Objections.’) The taxpayer could, however, challenge some other problem in the courts simultaneously, such as determining whether the property should be exempt from taxation.

## You may appeal directly to the courts

A taxpayer does not have to go to the PTAB with an assessment complaint if dissatisfied with the action of the board of review. The taxpayer may go directly to the court with a tax objection action, discussed more fully later in this chapter. (35 ILCS 200/16-160 and 23-5 through 23-15) However, in the court system a taxpayer will find the “clear and convincing evidence” burden of proof more substantial to overcome than the PTAB’s “equity and weight of evidence.” (35 ILCS 200/23-15) On the other hand, appellants before the PTAB run the risk that taxing districts may intervene in the case, and the PTAB could determine that the assessment should be raised above the current level.

## ‘What if I lose before the PTAB?’

Final decisions of the PTAB are reviewable in the courts under the administrative review law. (35 ILCS 200/16-195)

## Refunds paid with interest

If the taxpayer wins his case before the courts or the PTAB, he or she is entitled to have the taxes on the unauthorized assessment abated, or, if the taxes have already been paid, he or she will receive a refund plus 5 percent annual interest. (35 ILCS 200/16-185 and 23-20)

## The PTAB and Cook County

The PTAB, which was created more than 30 years ago, did not have jurisdiction to accept appeals from Cook County until the late 1990s. Some of the details of PTAB authority in Cook County are still being defined through court challenges.

In counties other than Cook, when taxpayers prove market value of a property, the PTAB has for many years decided the assessment of that property at the median level of assessment for that county as determined by DOR assessment/sales ratio studies. (See 'How Do I Know if I'm Over-assessed?' earlier in this chapter.)

The PTAB has decided Class 2 (residential) cases in Cook County at the median level and has been supported by a circuit court decision. However, the PTAB has been challenged in its decisions applying the median level (and the 2<sup>1/2</sup>-to-1 limitation of the Illinois Constitution of 1970) to Class 5 property. The First District Appellate Court struck down the action by the PTAB in the Class 5 cases on the basis that the issues either were not raised properly by the appellant or insufficient evidence was offered by the appellant. (See the *Bosch* case cited under 'What Is the Property Tax Appeal Board?' earlier and the December 16, 2003, decision in *The Cook County Board of Review v. The Property Tax Appeal Board and The Lurie Company*, No. 1-01-3232.) The courts have yet to decide whether, if the issues were timely raised and sufficient evidence submitted, the PTAB has the authority to decide Cook County cases involving Class 5 commercial and industrial properties based on the median level of assessment or the 2<sup>1/2</sup>-to-1 limitation of the Illinois Constitution of 1970. Also, in recent sessions of the General Assembly legislation has been introduced to limit the authority of the PTAB in Cook County, and those efforts are likely to continue.

## Tax objections

Several types of errors may occur in the system other than excessive assessment of property. Sometimes a county clerk mistakenly extends taxes at a rate in excess of a rate limitation. (See Chapter 8 on rate limitations.) A taxing district may not have complied with the Truth in Taxation Act and a portion of the tax may be unauthorized. (See the section 'When Taxing Districts Are Spending Too Much' earlier in this chapter.) Any number of unusual situations could cause an improper tax bill to be sent.

### **Taxpayers must pay their taxes in a timely manner to protect their rights.**

Generally, if a taxpayer does not pay all of the taxes due within 60 days of the penalty date for the final installment, the taxpayer waives any right to recover improper taxes. (35 ILCS 200/23-5) [An exception to this rule: When the clerk makes a clerical error in calculating the tax rate or making the extension, taxpayers are automatically eligible for an abatement of an overpaid amount the following year. (35 ILCS 200/18-145)] If a taxpayer pays the taxes and files a tax objection under 35 ILCS 200/23-10, the taxes are considered paid under protest without filing a separate letter of protest with the county collector. (35 ILCS 200/23-5)

A tax objection must be filed in the circuit court in the county in which the property is located within 75 days (165 days in Cook County) after the first penalty date of the final installment of taxes. (35 ILCS 200/23-10 and 23-15) Complaints about assessments are not allowed unless the taxpayer has exhausted his remedy before the board of review. (35 ILCS 200/23-10) The taxes, assessments and levies are presumed correct and legal, but the presumption is rebuttable. The court sits without a jury, and the taxpayer must prove his or her case by “clear and convincing evidence.” (35 ILCS 200/23-15) The taxpayer’s burden of proof is easier to meet before the PTAB, but the PTAB’s jurisdiction is limited to the issue of the appropriate assessment.

## Certificates of error

Certificates of error provide a remedy for correcting admitted errors or mistakes discovered after the deadline for appealing to the board of review. The use of certificates of error varies widely throughout the state. Certificates of error generally are used to correct problems other than errors of judgment about assessed value. A taxpayer who has a problem that might be resolved by a certificate of error should check with local assessment officials. (35 ILCS 200/ 14-10 through 14-25) If a county collector refunds money because of a certificate of error, the taxpayer also receives interest at the rate of 0.5 percent per month. (35 ILCS 200/20-178)

# 11

## The Property Tax Cycle

### The Functioning of the System

Chapter 1 described the basic concepts of the property tax system. The two fundamental components to the system are: 1) **budget and levy**—the determination of the tax burden to be imposed; and 2) **assessment**—the determination of the value of property for apportioning the tax burden. The interaction of these components over time is the tax cycle.

#### A 21-month cycle

If the property tax system is working perfectly in a county, the property tax cycle takes approximately 21 months to complete. (Farmland assessment, described in Chapter 6, starts many months earlier and thus has an even longer cycle.) An assessor who is preparing assessment books in the spring of 2003 for the 2003 tax year, is to assess property according to its value on January 1, 2003. (See Chapter 3.) During the summer and fall the board of review hears complaints about assessed valuations and performs intra-county equalization. (See Chapter 10.) The board of review may have its work go on into early 2004.

Taxing districts prepare their budgets and pass their levy ordinances by the last Tuesday in December. Thus, in many instances, the board of review is still in session at the time districts are making their official revenue requests.

Once the board of review completes its work, the Department of Revenue (DOR) evaluates the changes made by the board and compares those revisions with data from the DOR's sales ratio studies. The DOR then issues an equalization factor, or multiplier, which is applied to the assessed value of every locally assessed, non-farm parcel in the county. (See Chapter 4.)

If the assessment process is on schedule, counties have their multiplier for 2003 assessments by the spring of 2004. The county clerk figures tax rates, and taxes are extended with payments due June 1, 2004, and September 1, 2004. (See Chapter 8.) Shortly after receipt, the county treasurer will forward the revenues on to the taxing district that levied the taxes.

If all goes well, the second installment of 2003 taxes arrives in the hands of the taxing districts in September of 2004. This is about 21 months after the January 1, 2003, date upon which the assessed valuation is based.

#### Budgeting & levying in the dark

Taxing districts must certify their levies with the county clerk on or before the last Tuesday in December. (35 ILCS 200/18-10 and 18-15) It should be noted in the above description of the tax cycle that the tax base of a taxing district (i.e., the total equalized assessed value (EAV) of the property lying within its jurisdiction) is not determined until the following spring. Thus the taxing districts don't know when they levy in December what their tax base will be. Those taxing districts that are subject to tax rate limitations must guess what their tax base will be and estimate what revenues they will be able to generate. (See Chapter 8.) If the tax base turns out to be smaller than expected, a taxing district's budget can be left in a shambles

Figure 11-1

# 2003 Property Tax Cycle (2003 taxes payable in 2004)

**PARTICIPANTS**

- COUNTY:
1. ASSESSOR
  2. SUPERVISOR OF ASSESSMENTS
  3. BOARD OF REVIEWS
- STATE:
1. PROPERTY TAX APPEAL BOARD (PTAB)
  2. ILL. DEPARTMENT OF REVENUE

**PROCESSES & DOCUMENTS**

**ASSESSMENT PROCESS**

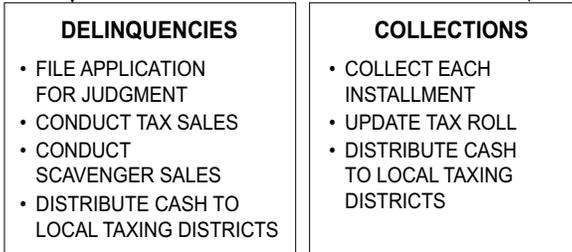
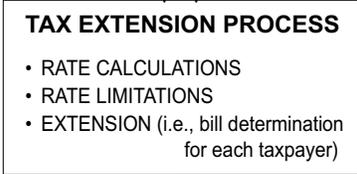
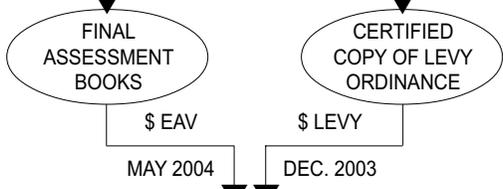
- ASSESSMENT DATE (1-1-03)
- REVIEW
- INTRA-COUNTY EQUALIZATION
- NOTIFICATION(S)
- APPEAL(S)
- INTER-COUNTY EQUALIZATION
- TRANSMITTAL

**BUDGET PROCESS**

- BUDGET PREPARATION
- TRUTH IN TAXATION NOTIFICATIONS
- HEARINGS
- FORMAL ADOPTION
  1. APPROPRIATION ORDINANCE
  2. TAX LEVY ORDINANCE

**PARTICIPANTS**

- LOCAL TAXING DISTRICTS
- FISCAL YEAR BEGINS:
- MUNICIPALITIES ON MAY 1, 2003
  - SCHOOL DISTRICTS ON JULY 1, 2003
  - COUNTIES ON DECEMBER 1, 2003
  - OTHERS



- STATE'S ATTORNEY
- COUNTY TREASURER
- TAXBUYERS

- COUNTY CLERK
- COUNTY TREASURER
- TAXPAYER
- COUNTY TREASURER
- LOCAL TAXING DISTRICTS

because the district may not be able to generate as much revenue as it had planned to spend. If the tax base turns out to be larger than expected, the district may not have levied enough to capture all of its potential revenue. (In the past taxing districts sometimes passed “balloon levies” that asked for much more than they thought they would receive just to make sure they got every penny they could if the EAV was higher than expected. The Truth in Taxation legislation discussed in Chapter 2 made balloon levies politically unattractive.)

School districts can sometimes capture revenues from unpredicted increases in EAV because they are allowed to amend their levies if the DOR equalization factor increases the EAV enough to allow a larger levy without exceeding the authorized tax rate. (105 ILCS 5/17-11.1)

In the early 1990s the law was changed to provide that in Cook County the levy would be made against the prior year’s EAV. This enabled taxing districts to make their budget and levy decisions based on a known tax base. This was complicated somewhat in the late 1990s when legislation allowed new or annexed property in the current tax year to be added to the prior year’s EAV. (35 ILCS 200/18-45)

## Tax cycles overlap

The tax cycle runs about 21 months, and yet tax bills are sent out each year. This means that next year’s cycle must start before this year’s is completed. Before the 2003 tax bills go out in the spring or summer of 2004, the assessor must already have begun work on the 2004 assessments for taxes that will be paid in 2005.

## Diagram of the property tax cycle

*Figure 11-1* illustrates the flow of activity through one complete property tax cycle. Two things should be noted. First, the budget and levy activity and the assessment activity are separate, parallel components of the system whose products are combined by the county clerk. Second, the next cycle of this process must begin before the present cycle is completed.

# Property Tax Glossary

*The following definitions were derived from earlier TFI publications and Department of Revenue sources.*

<b>abatement</b>	Reduction in a property tax levy after the initial levy was enacted by the taxing body.
<b>accelerated billing</b>	An optional system of billing where initial bills based on prior year's tax bills are mailed out before taxes have been finalized for the current year.
<b><i>ad valorem</i></b>	According to value.
<b>agricultural economic value</b>	The basis for assessment of farm acreage. The Department of Revenue calculates these values for each productivity index by dividing its net income over a five-year period by the average Federal Land Bank farmland mortgage interest rate for the same five-year period.
<b>annual tax sale</b>	When property taxes become delinquent, the county can "sell" the underlying property, for the taxes due the local taxing districts, to whomever will pay the delinquent taxes. (This person is known as a "taxbuyer.") If the delinquent taxpayer cannot redeem the property by paying the taxes, fees and penalties owed within a certain period of time, the property can ultimately be transferred via tax deed to the taxbuyer.
<b>application for judgment</b>	A court procedure associated with protested and delinquent taxes, filed by the state's attorney on behalf of the taxing authority. It requests that the court permit the property to be subject to the annual tax sale.
<b>appraisal</b>	An opinion as to the value of real property, generally supported by comparative evidence of recent sales.
<b>appropriation ordinance</b>	A legal action which establishes the expenditure limitations (for each category of line-item in a budget) and provides legal authorizations for payments by the local governmental unit. No financial obligation may be incurred, nor payment made, unless it has been specifically authorized in the appropriation ordinance.
<b>arm's length sale</b>	A voluntary sale between two unrelated parties in the normal course of business.
<b>assessed value</b>	The value placed on real property for tax purposes and used as a basis for distribution of the tax burden. This amount is subject to the state-issued equalization factor and the deduction of the various exemptions (e.g., homestead). The equalization factor is the factor that must be applied to local assessments to result in an equalized assessed value equal to one-third of fair market value of all taxable property in a jurisdiction.
<b>assessment appeal</b>	A formal action prepared by the affected taxpayer, stating that the assessed value of the property in question is incorrect and should be reduced.
<b>assessment level</b>	The percentage of full cash value at which real property is assessed. It may refer to the statutory assessment level or the actual assessment level, as inferred from an assessment/sales ratio study. Excluding Cook County and certain special types of property such as farmland, the statewide statutory requirement is 33 <sup>1</sup> / <sub>3</sub> %.
<b>assessment/sales ratio study</b>	An analysis of the percentage relationship of assessed value to actual market value (i.e., assessment level) for all real property that was sold in each township.
<b>assessor</b>	The official responsible for assigning an assessed value to each parcel of real property. (See county assessor, multi-township assessor, or township assessor.)
<b>back door referendum</b>	Property tax rate changes that provide for an optional and subsequent voter approval. Such referendums are initiated by a petition signed by enough registered voters to equal at least 10% of the votes cast in the last general election.
<b>balloon levy</b>	An artificially increased (i.e., inflated) tax levy that is enacted prior to the final determination of equalized assessed value (EAV). It is a method of ensuring the taxing district will receive the maximum amount when its restricted tax rate is extended by the county clerk, after the final EAV is determined.
<b>board of review</b>	An assessment appeal agency in each county, consisting of three members. It also serves to review initial assessments and acts as an equalizing agency.
<b>budget</b>	A budget is essentially a planning device which allocates scarce resources to competing demands. It is the means by which a local government apportions the available funds it controls during a fiscal year to accomplish public policy goals and directives, as reflected in the appropriation ordinance.
<b>cap rate</b>	An abbreviation for capitalization rate, it is the interest percentage rate used in calculating market value under the income method.
<b>certificate of purchase</b>	A document issued by the county clerk indicating that all delinquent taxes have been paid by a taxbuyer, as a necessary precondition to issuing a tax deed to that taxbuyer.

<b>certified assessor</b>	An assessor who has passed an examination administered by, and received certification from, the Illinois Property Assessment Institute, the IPAO.
<b>circuit breakers</b>	A form of property tax relief inversely related to income. When property taxes rise to levels that are thought to constitute an “overload” relative to income, the relief program “breaks” the load. The law limits the amount of property taxes that can be charged to senior citizens and disabled people, with the amount of tax relief declining as household income rises to the \$14,000 limit.
<b>coefficient of dispersion (CD)</b>	A statistical measure of dispersion from the median level of assessment within an assessment district. The CD describes how close each individual assessment within the study is to the median level. It is based upon actual sales and assessment levels, as found in assessment/sales ratio studies. A CD of 20% or less is an acceptable level, according to the national standard set by the International Association of Assessing Officers (IAAO).
<b>collector's warrant books</b>	A listing of current property taxes extended by the county clerk for all property in that county. The books (or records) are maintained by the county treasurer (the collector).
<b>computer-assisted mass appraisal (CAMA)</b>	Mass appraisal is a process of valuing a large number of properties using common characteristics given to similar property types. Computer-assisted mass appraisal (CAMA) employs the calculational power and speed of the computer, to increase the accuracy and uniformity of assessments.
<b>cost method</b>	An appraisal method used for assessment purposes which estimates the land value and then adds the depreciated replacement cost of the improvement to arrive at an overall estimated market value of the property.
<b>county assessor</b>	An individual elected to oversee the assessment process in the entire county. In practice in such counties, a county assessor is responsible for making initial assessments, rather than township assessors.
<b>county clerk</b>	The elected official responsible for calculating tax rates (based upon taxes levied by local taxing districts) and multiplying them by the equalized assessed value (EAV) to arrive at an “extension” for each parcel of real property.
<b>county treasurer</b>	The elected official responsible for preparing tax bills, which are based on the county clerk's extension, and collecting those taxes. The treasurer is also responsible for conducting annual tax sales. (Also known as the county collector.)
<b>delinquent taxes</b>	Taxes which have not been paid by the due date on the tax bill.
<b>Department of Revenue (DOR)</b>	State agency responsible for the collection and/or administration of various types of taxes, including sales tax, income tax, and certain aspects of the property tax.
<b>effective tax rate</b>	The ratio of taxes billed to the market value, generally expressed as a percentage.
<b>equalization</b>	The application of a uniform or blanket percentage increase or decrease to assessed values of various areas or classes of property to bring assessment levels, on average, to a uniform level of the market value.
<b>equalized assessed value (EAV)</b>	The assessed value of real property, as multiplied by the state equalization factor. Total EAV is the base against which tax rates are calculated, after deducting homestead exemptions, if applicable. For farm acreage, farm buildings, and coal rights, the final assessed value is the equalized value, i.e. the final assessed value is not multiplied by the equalization factor.
<b>equalizer</b>	An equalization factor applied by the Illinois Department of Revenue's Office of Local Government Services–Equalization & Review Section. Computed by comparing actual sales prices versus assessment levels in a particular county, its purpose is to bring county assessment levels to the statutory level of 33 <sup>1</sup> / <sub>3</sub> % of market value. Also known as “multiplier.”
<b>exempt property</b>	Real property which is not part of the tax base. Certain types of property are not subject to any tax, such as church property. Exemption may be complete or partial (for example, homestead exemptions).
<b>fair cash value</b>	The price at which a parcel of real property would be exchanged in a normal sales transaction, with both parties at arm's length, and neither under a compulsion to buy or to sell.
<b>forfeited property</b>	Real property on which forfeited taxes are outstanding.
<b>forfeited taxes</b>	Delinquent taxes that are still outstanding (i.e., not sold) after the annual tax sale.
<b>front door referendum</b>	Property tax rate changes that require prior voter approval, before they can be subject to extension by the county clerk.
<b>general homestead exemption</b>	A \$3,500 deduction (\$4,500 in Cook County) which is applied when calculating the final equalized assessed valuation.
<b>improvements</b>	Any structure, addition, or other product of labor attached, lying upon, or within the land that may not be removed without physical stress. Examples: buildings, fences, landscaping, sewers, drains, and driveways.

## Glossary cont.

<b>income method</b>	A method of assessing real property that capitalizes the income stream of the property, at a given interest rate (or “cap” rate) to determine the fair cash value of the property.
<b>levy</b>	The amount of money a taxing body certifies to be raised from the property tax.
<b>market value method</b>	This method of property assessment uses information from recent sales of comparable properties to arrive at fair cash value of the property being assessed.
<b>median level of assessment</b>	The midway point in a statistical distribution, which compares assessed values to market values for properties actually sold within an assessment district.
<b>multiplier</b>	See “equalizer.”
<b>multi-township assessor</b>	The person elected to make original assessments in a specified combination of small townships (with populations below 1,000).
<b>omitted property</b>	Real property that was not included on the assessment rolls for one or more years, and the associated property taxes were not paid.
<b>property index number (PIN)</b>	A unique identifier which identifies each parcel of real property on the tax rolls.
<b>property classification</b>	A system of classifying property into different categories (e.g., vacant, residential, apartments, commercial, and industrial) and statutorily applying different assessment ratios to each class. Other categories and ratios can be used to encourage economic development. Currently, this system is used only in Cook County.
<b>property record card</b>	The assessor’s record of individual property characteristics used for assessment purposes. Generally recorded upon the card are a sketch of any improvements, details of construction, size, condition, description, and other required information showing how the assessment was derived. This is a public record and the law requires it be maintained.
<b>Property Tax Appeal Board (PTAB)</b>	The highest quasi-judicial body in Illinois that hears appeals, both from taxpayers and taxing bodies, on property tax assessment decisions of county boards of review.
<b>published assessment list</b>	An annual (or quadrennial, depending on the time frame in which property is reassessed) public listing of the assessed values of all the properties in the taxing district. The list is typically published in a general circulation newspaper.
<b>quadrennial reassessment</b>	A system whereby property is reassessed every four years, rather than annually.
<b>sales chasing</b>	This phenomenon occurs when recently sold property is reassessed at its fair cash value (as measured by the recent sale). Substantial differences can then exist with respect to equivalent properties which have not been sold. An issue of equity results since equivalent properties are not assessed uniformly.
<b>sales hunting</b>	A method of appraising the market value of property, by using the actual sales prices of comparable properties. This approach is often used by taxpayers filing assessment appeals.
<b>sales in error</b>	An improper tax sale of delinquent taxes, generally due to incorrect or inaccurate records.
<b>scavenger sale</b>	A variation of a tax sale. Scavenger sales include all prior year’s delinquent taxes that were not sold at the annual tax sale. Such delinquent taxes are generally sold at a discounted amount.
<b>soil productivity index</b>	An index ranking the capability of soils for producing crops under average level management. The highest productivity index in the state is 130.
<b>special assessments</b>	A separate tax levy associated with real property within a defined geographical area, which funds capital improvements (e.g., new streets) within that area. The taxation philosophy is based on a “benefits received” nature.
<b>supervisor of assessments</b>	The individual appointed by a county board, or elected in a county, to supervise township assessors by completing original assessments and by reviewing their work. The supervisor has the power to revise and equalize assessments and is the clerk of the board of review. In commission counties, the supervisor of assessments makes the original assessment.

<b>take notice</b>	A document which the taxbuyer must deliver to the delinquent taxpayer as part of the process of transferring title through a tax deed. This notice: (1) informs the delinquent taxpayer that his real property has been sold to the taxbuyer for the delinquent taxes; (2) sets the deadline for redemption of the delinquent taxes; and (3) warns the delinquent taxpayer that, if he fails to redeem the property, a tax deed will be filed and title to the real property will be transferred to the taxbuyer.
<b>tax bill</b>	The notice sent out to the taxpayer, requiring payment of the property taxes stated and setting a due date by which the taxes must be paid. A general format is specified by statute.
<b>tax cap</b>	A specific limitation (5% or the rate of inflation) on the additional property taxes that a local taxing district can levy, based on the prior year's tax levy. Also known as Property Tax Extension Limitation Law (PTELL).
<b>tax code</b>	A number used by the county clerk that refers to a specific combination of taxing bodies for which the same consolidated tax rate applies.
<b>tax deed</b>	A transfer of title to real property used when, after a tax sale, the taxpayer has been unable to redeem the property within the designated time period. The tax deed transfers title to the taxbuyer.
<b>tax extension</b>	The calculated product of multiplying tax rates by equalized assessed value for each parcel of real property. Prepared by the county clerk, and mailed out by the county collector in the form of a tax bill, it is the amount of taxes owed.
<b>tax lien</b>	The imposition of a lien on real property equal to the proportionate share of property taxes levied on that property. Legally, it represents the first lien on such property. It can also take the form of a statutorily specified legal document, that must be delivered to a delinquent taxpayer by the taxbuyer, as an initial step in the taxbuyer being able to receive a tax deed on that property.
<b>tax rate</b>	An expression of the amount of tax due to a local taxing district, stated in terms of a percentage of the tax base. Example: \$6.81 per \$100 of equalized assessed valuation (6.81% or 0.0681%).
<b>tax rate protest</b>	A property tax payment made under protest, based on an allegedly illegal financial practice perpetrated by a local taxing district. The nature of the protest must be specified as part of the legal action associated with an "application for judgment."
<b>tax redemptions</b>	Payment of delinquent property taxes, fees, and interest for property that has been previously sold at a tax sale.
<b>tax rolls</b>	Listing of all the taxable real property in a taxing district.
<b>taxbuyer</b>	The individual who "buys" the property for the delinquent taxes (or a portion of them), at an annual tax sale (or scavenger sale). Taxes that are sold and not subsequently redeemed can result in the property eventually being deeded over to the taxbuyer (via a tax deed). The scavenger sale taxbuyer can receive title regardless of the amount of delinquent taxes he paid.
<b>taxing body/ taxing district</b>	A local government entity that levies a property tax or the territorial (geographical) area under a taxing body's jurisdiction.
<b>taxpayer</b>	The individual who owns the taxable real property, and is legally liable for the taxes imposed.
<b>township assessor</b>	The elected official who makes original assessments in a political township. Townships of fewer than 1,000 population must have an elected multi-township assessor, in combination with one or more other townships.
<b>township (intra- county) equalizer</b>	An assessment technique to achieve uniformity within a county. Such uniformity is achieved through the application of local equalizers—based on local sales/assessment ratio studies—to identify common assessment biases.
<b>Truth in Taxation Notice</b>	The "Truth in Taxation Act" requires taxing districts to follow a series of disclosure procedures prior to adoption of the levy ordinance—including publication notices and public meetings—if the proposed aggregate levy exceeds 105% of the prior year's tax extension. Publication of the notice must take place no less than seven days nor more than 14 days prior to the hearing date. The notice should be in a newspaper of general circulation, published within the taxing district, subject to location and size requirements.
<b>undervaluation</b>	An assessed value on real property which is below the amount that would result if the true fair cash value of the property was reflected in the assessment.
<b>uniform assessment</b>	An assessed value on a parcel of real property that is uniform in relation to assessments of similar property. All similar property may be uniformly under- or over-assessed, relative to their actual fair cash values.

# Appendices

## Property tax burden by class of property, 2000

Class	Taxes	%
Residential	\$ 9,244,049,803	57.9%
Commercial	4,252,096,003	26.6
Industrial	1,779,443,272	11.1
Farm	628,399,809	3.9
Railroad	58,605,828	0.4
Minerals	5,101,418	0.1
<b>TOTAL</b>	<b>\$ 15,967,696,133</b>	<b>100.0%</b>

## Property taxes by type of district, 2000 (extended and collected in 2001)

TYPE OF DISTRICT	ILLINOIS	% of TOTAL	COOK CO.	COLLAR COS.	REST of STATE
All School Districts:	\$9,872,542,552	61.8%	\$4,563,247,280	\$2,964,178,337	\$2,345,116,935
Elementary Unit	2,669,526,445	16.7	1,467,437,065	941,034,469	261,054,911
High	4,603,335,876	28.8	1,713,311,624	1,185,930,937	1,704,093,315
Non-High	1,977,119,412	12.4	1,111,154,314	678,987,183	186,977,915
Comm. College	56,532	-	0	56,532	-
Enterprise Zone Abatement	622,504,287	3.9	271,344,277	158,225,748	192,934,262
Enterprise Zone Abatement	22,152,646	-	Not provided	1,572,128	20,580,518
Cities, Villages, and Incorporated Towns	2,443,699,004	15.3	1,564,022,570	450,271,868	429,404,566
Enterprise Zone Abatement	7,437,790	-	Not provided	610,536	6,827,254
County	1,415,586,780	8.9	719,419,423	278,153,262	418,014,095
Enterprise Zone Abatement	4,753,633	-	Not provided	281,062	4,472,570
Townships and Road Districts	434,375,495	2.7	91,385,212	120,227,401	222,762,883
Enterprise Zone Abatement	1,797,600	-	Not provided	112,705	1,684,895
All Special Districts:	1,762,188,225	11.0	954,806,197	527,046,280	280,335,748
Sanitary	383,764,805	2.4	356,813,682	12,187,182	14,763,941
Park	671,473,600	4.2	415,498,782	164,258,311	91,716,507
Fire Protection	271,720,446	1.7	51,493,541	141,078,245	79,148,660
Forest Preserve	174,330,668	1.1	60,242,646	105,057,754	9,030,268
Library	182,010,588	1.1	59,311,737	86,731,957	35,966,894
Airport Authority	26,627,273	>1.0	0	6,558,384	20,068,889
Mosquito Abatement	6,692,941	>1.0	5,323,102	917,618	452,221
Hospital	8,611,898	>1.0	0	0	8,611,898
Street Lighting	248,390	>1.0	12,959	32,752	202,679
River Conservancy	1,218,300	>1.0	99,800	22,207	1,096,292
Multi-Twp. Assessment	3,229,795	>1.0	0	10,279	3,219,516
Other Special Districts	32,259,522	>1.0	6,009,947	10,191,593	16,057,983
Enterprise Zone Abatement	3,162,404	-	Not provided	199,147	2,963,257
<b>Total Extensions</b>	<b>\$15,967,696,131</b>		<b>\$7,892,880,682</b>	<b>\$4,342,652,727</b>	<b>\$3,732,162,722</b>

**Note:** Enterprise zone abatement amounts have been removed from the total extension for each district type. TIF distributions have not.

Source: Tax Year 2000 Illinois Property Tax Statistics, Illinois Department of Revenue.

## 5-year change in EAV and extensions for Illinois regions & 14 largest counties, 1995-2000

County / region (+ 2000 pop.)		2000	1995	\$ Change	% Change
Illinois (12,435,970)	EAV	\$204,178,019,641	\$157,653,736,562	\$46,524,283,079	29.5%
	EXT	\$15,967,696,133	\$12,904,653,583	\$3,063,042,550	23.7%
Cook (5,375,821)	EAV	90,753,566,063	72,138,207,761	18,615,358,302	25.8
	EXT	7,892,880,682	6,858,315,013	1,034,565,669	15.1
Collar Cos. (2,519,316)	EAV	63,311,676,137	47,081,090,343	16,230,585,794	34.5
	EXT	4,342,652,726	3,186,629,553	1,156,023,173	36.3
• DuPage (906,559)	EAV	23,850,845,257	18,459,434,120	5,391,411,137	29.2
	EXT	1,514,365,993	1,223,271,529	291,094,464	23.8
• Kane (407,361)	EAV	7,352,997,897	5,329,860,934	2,023,136,963	38.0
	EXT	538,236,868	387,602,196	150,634,672	38.9
• Lake (648,215)	EAV	17,059,530,969	12,821,423,938	4,238,107,031	33.1
	EXT	1,208,307,732	864,464,846	343,842,886	39.8
• McHenry (261,696)	EAV	5,356,477,945	3,845,132,890	1,511,345,055	39.3
	EXT	396,626,610	272,471,097	124,155,513	45.6
• Will (508,159)	EAV	9,691,824,069	6,625,238,461	3,066,585,608	46.3
	EXT	685,115,523	438,819,884	246,295,639	56.1
Rest of State (4,540,833)	EAV	50,112,777,441	38,434,438,458	11,678,338,983	30.4
	EXT	3,732,162,725	2,859,709,018	872,453,707	30.5
Champaign (179,782)	EAV	2,198,470,000	1,647,631,456	550,838,544	33.4
	EXT	163,664,297	125,663,937	38,000,360	30.2
McLean (150,814)	EAV	2,320,289,188	1,662,718,714	657,570,474	39.5
	EXT	168,324,856	122,492,441	45,832,415	37.4
Madison (259,071)	EAV	2,696,984,998	2,108,264,370	588,720,628	27.9
	EXT	198,412,437	153,606,949	44,805,488	29.2
Peoria (183,182)	EAV	2,139,508,945	1,571,929,040	567,579,905	36.1
	EXT	162,669,735	124,884,742	37,784,993	30.3
Rock Island (149,102)	EAV	1,684,808,308	1,237,879,681	446,928,627	36.1
	EXT	136,472,749	103,950,245	32,522,504	31.3
St. Clair (256,227)	EAV	2,275,444,355	1,678,336,749	597,107,606	35.6
	EXT	180,736,709	127,794,574	52,942,135	41.4
Sangamon (189,019)	EAV	2,585,007,362	2,010,258,078	574,749,284	28.6
	EXT	185,234,815	141,959,234	43,275,581	30.5
Winnebago (278,849)	EAV	\$3,151,207,315	\$2,528,511,305	\$622,696,010	24.6%
	EXT	\$297,055,409	\$242,360,249	\$54,695,160	22.6%

EAV = Equalized Assessed Valuation, EXT = Property Tax Extension

Collar Counties are DuPage, Kane, Lake, McHenry and Will.

Source: Illinois Department of Revenue; calculations by Taxpayers' Federation of Illinois.

# 2000 Illinois per capita total property tax extensions by county paid in 2001

**KEY**

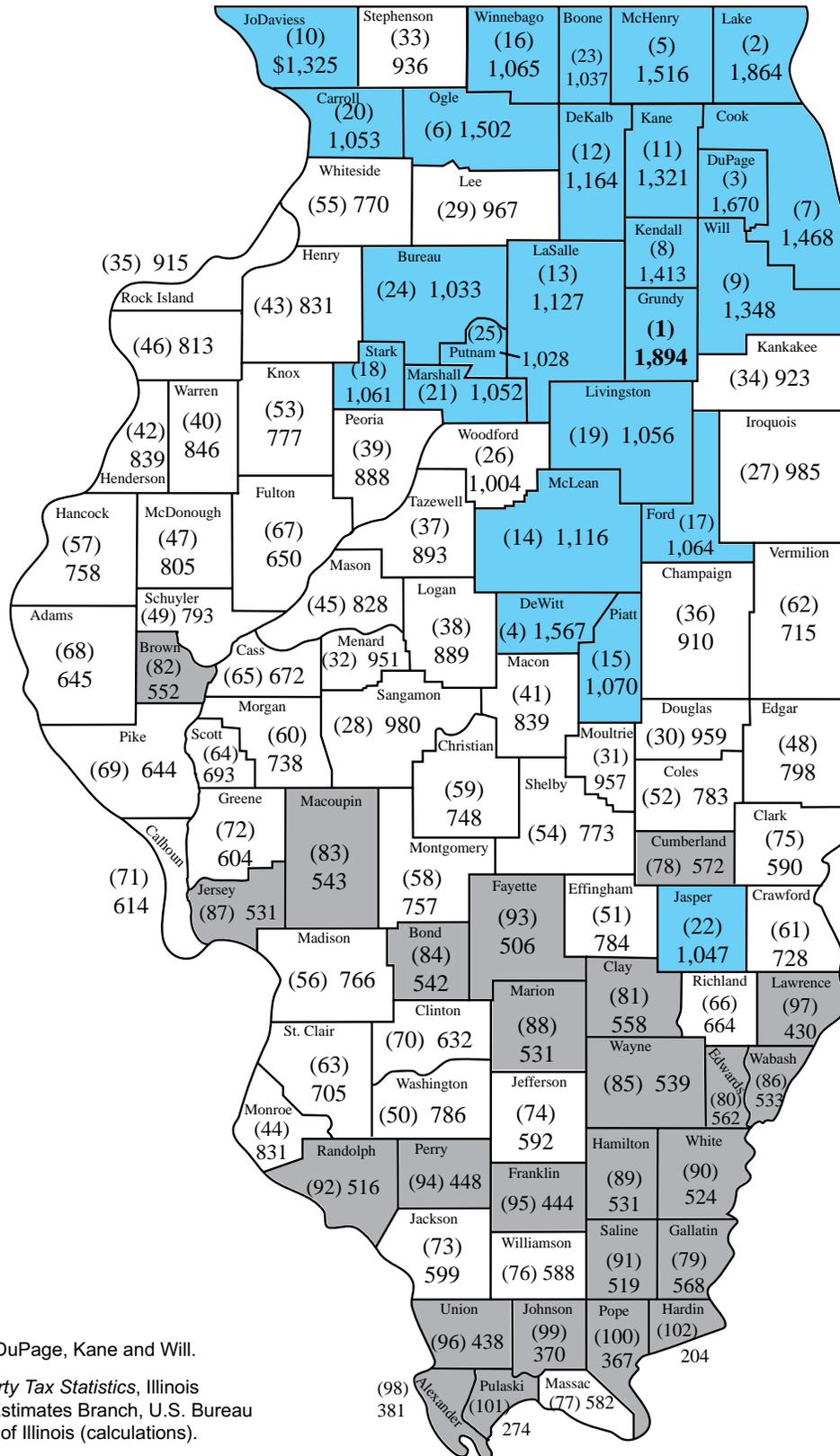
(#) = rank in per capita extensions

Per capita total property tax bill:

- \$1,028 - \$1,894 (25 highest)
- \$582 - \$1,004
- \$204 - \$572 (25 lowest)

**Per capita averages by region**

Illinois	\$ 1,284
Cook Co.	1,468
Collar Cos.*	1,724
Rest of state	822



\*Collar Counties are Lake, McHenry, DuPage, Kane and Will.

Sources: Tax Year 2000 Illinois Property Tax Statistics, Illinois Department of Revenue; Population Estimates Branch, U.S. Bureau of the Census; Taxpayers' Federation of Illinois (calculations).

# 2000 Illinois per capita residential property tax extensions by county paid in 2001

**KEY**

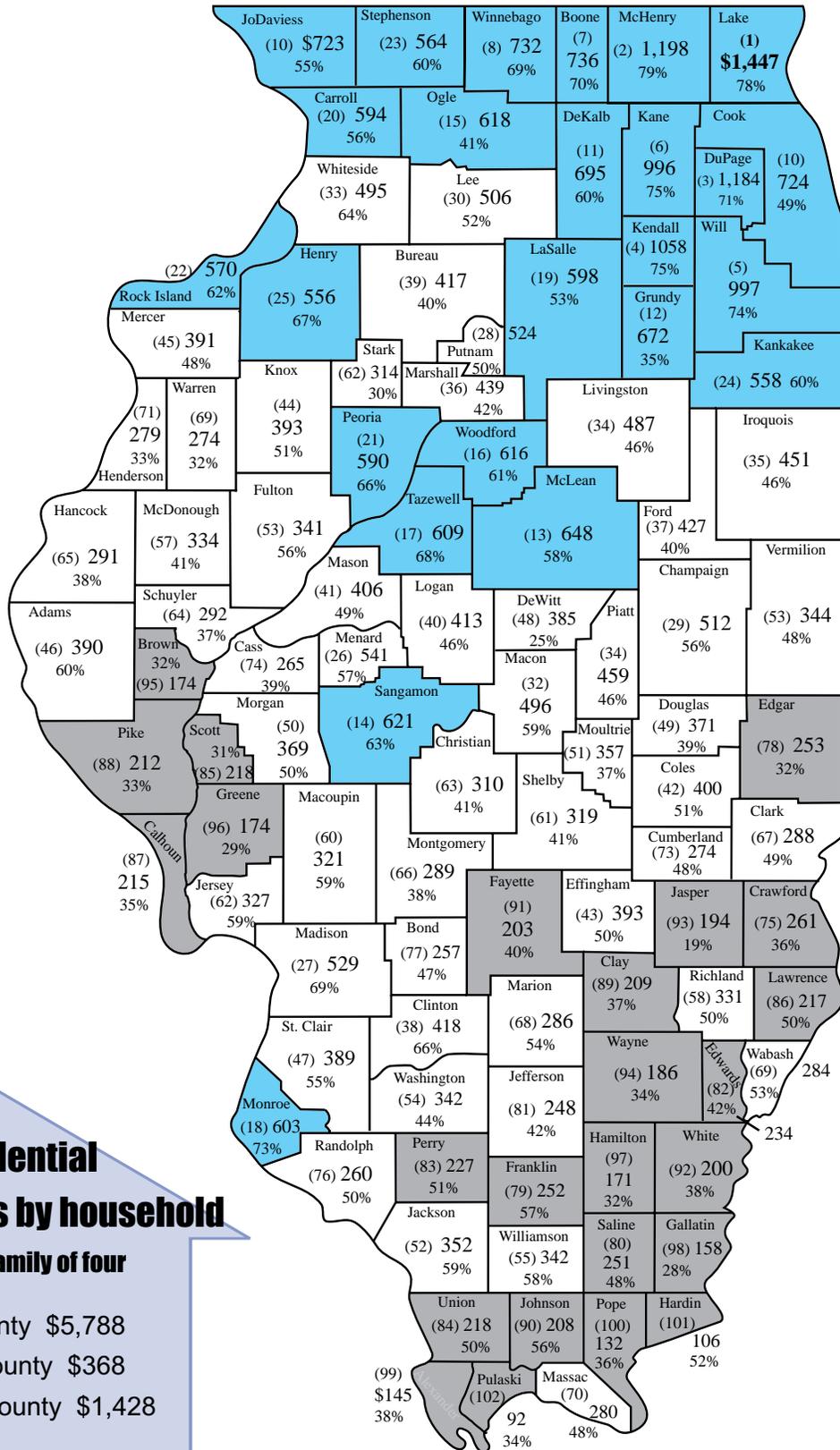
(#) = rank in per capita extensions  
 % = % of residential property in county

Per capita residential property tax bill:

- \$556 - \$1,447 (25 highest)
- \$257 - \$541
- \$92 - \$253 (25 lowest)

**Per capita averages by region**

Illinois	\$ 743
Cook Co.	724
Collar Cos.*	1,285
Rest of state	466



**County residential property tax burdens by household**

**Average tax bill for family of four**

**Highest:** Lake County \$5,788

**Lowest:** Pulaski County \$368

**Median:** Moultrie County \$1,428

# Effective Tax Rates

The true measure of a property's tax burden is its effective rate, which is expressed as a percentage of fair cash value. The effective tax rate is a measure of burden that reflects both the aggregate tax rate and the level of assessment. A 2 percent effective rate indicates that the tax is 2 percent of the fair cash value of the parcel. Thus a home worth \$100,000 with a property tax of \$2,000 would have an effective tax rate of 2 percent.

The aggregate tax rate applied against a parcel's valuation is a summation of several tax rates, e.g. county, township, city, school district, park district, and sanitary district. That aggregate rate is not applied against the fair cash value of the property but against the assessed value of the property.

If assessing were a perfect science, the effective rate in downstate counties would be calculated by merely multiplying the aggregate tax rate of the property by the statutory  $33\frac{1}{3}$  percent level of assessment. However, since assessment is at best skilled guesswork, the effective tax rate must be calculated by multiplying the aggregate tax rate by a level of assessment derived from an analysis of actual assessments and sales prices of real estate.

The source for this information on levels of assessment is the annual assessment/sales ratio study compiled by the Illinois Department of Revenue. The assessment/sales ratio study, used to develop equalization factors of multipliers, is based on assessment and sales price information collected on nearly every real estate transaction in the state. The study compares the assessment to the cash selling price for each relevant, arm's-length sale and identifies the median assessment /sales ratio for each township. As the study can be completed only after the year is over, effective tax rates can't be calculated until long after the taxes have actually been paid. (For the most recent edition of the assessment/sales ratio study, go to the DOR website at [www.revenue.state.il.us/Publications/](http://www.revenue.state.il.us/Publications/).)

One final component is necessary to calculate the effective tax rate. The DOR issues a multiplier for each county that attempts to bring the assessment of the county as a whole to  $33\frac{1}{3}$  percent of fair cash value. The median level of assessment of the township must then be factored by the multiplier to yield the equalized level of assessment. That equalized level of assessment is multiplied by the aggregate tax rate to derive the effective tax rate. The estimated tax bill for a property of a given fair cash value can then be calculated by multiplying the fair cash value by the effective tax rate.

The following equations summarize the calculation of the effective tax rate and estimated tax bill:

$$\begin{aligned} &\text{Median Level of Assessment} \times \text{Multiplier} \\ &= \text{Equalized Level of Assessment} \\ &\text{Equalized Level of Assessment} \times \text{Aggregate Tax Rate} \\ &= \text{Effective Tax Rate} \\ &\text{Effective Tax Rate} \times \text{Fair Cash Value (1,000)} = \text{Estimated Tax Bill} \end{aligned}$$

The Department of Revenue's annual Property Tax Statistics report features a table (Table 10) that lists effective tax rates and rankings for county seats and cities with populations of 10,000 or more. It encompasses more than 500 cities and villages. A sample of tax rates from 60 Illinois communities is featured on the opposite page.

## Effective tax rates and estimated 2000 property taxes on a \$100,000 home in 60 Illinois cities

City	County	Township	Aggregate tax rate	Effective tax rate	Tax bill	Rank (of 533)
ALTON	Madison	Alton	7.808%	1.99%	\$1,990	235
AURORA	Kane	Aurora	7.889	1.98	1,980	241
BELLEVILLE	St. Clair	Belleville	7.344	2.00	2,000	228
BENTON	Franklin	Benton	10.005	2.40	2,400	69
BLOOMINGTON	McLean	Bloomington City	7.424	1.99	1,990	236
CAIRO	Alexander	R.D. 1	12.249	2.96	2,960	4
CANTON	Fulton	Canton	7.720	2.12	2,120	157
CARBONDALE	Jackson	Carbondale	8.791	2.54	2,540	35
CARMI	White	Carmi	6.968	1.88	1,880	293
CHAMPAIGN	Champaign	Champaign City	7.646	2.06	2,060	193
CHARLESTON	Coles	Charleston	8.194	2.42	2,420	59
CHICAGO	Cook	City of Chicago	7.626	1.10	1,100	521
CHICAGO HEIGHTS	Cook	Bloom	14.563	2.36	2,360	81
CICERO	Cook	Cicero	13.282	2.10	2,100	167
CRYSTAL LAKE	McHenry	Nunda	7.583	2.05	2,050	203
DANVILLE	Vermilion	Danville	9.309	2.33	2,330	87
DECATUR	Macon	Decatur	8.272	2.17	2,170	141
DeKALB	DeKalb	DeKalb	8.687	2.42	2,420	62
DOLTON	Cook	Thornton	14.425	2.40	2,400	70
EAST PEORIA	Tazewell	Fondulac	7.118	2.04	2,040	205
EAST ST. LOUIS	St. Clair	East St. Louis	12.526	2.81	2,810	12
EDWARDSVILLE	Madison	Edwardsville	6.427	1.73	1,730	342
EFFINGHAM	Effingham	Douglas	6.911	1.95	1,950	253
ELGIN	Kane	Elgin	8.593	2.23	2,230	123
EVANSTON	Cook	Evanston	10.919	1.27	1,270	487
FREEPORT	Stephenson	Freeport	9.386	2.72	2,720	19
GALESBURG	Knox	Galesburg City	7.523	2.01	2,010	222
JACKSONVILLE	Morgan	R.D. 14	6.963	1.96	1,960	247
JOLIET	Will	Joliet	7.374	2.01	2,010	221
KANKAKEE	Kankakee	Kankakee	9.924	2.87	2,870	10
KEWANEE	Henry	Kewanee	9.526	2.45	2,450	50
LIBERTYVILLE	Lake	Libertyville	7.199	1.84	1,840	308
LINCOLN	Logan	East Lincoln	8.206	2.30	2,300	94
MACOMB	McDonough	Macomb City	8.192	2.14	2,140	151
MOLINE	Rock Island	Moline	8.585	2.22	2,220	127
MORRIS	Grundy	Morris	5.989	1.57	1,570	391
MT. VERNON	Jefferson	Mt. Vernon	8.119	2.03	2,030	214
NORMAL	McLean	Normal	7.084	1.91	1,910	278
NORTHBROOK	Cook	Northfield	7.624	1.12	1,120	519
OAK LAWN	Cook	Worth	9.466	1.66	1,660	364
OAK PARK	Cook	Oak Park	12.259	1.54	1,540	400
OLNEY	Richland	Olney	7.598	2.22	2,220	130
OTTAWA	LaSalle	Ottawa	9.055	2.73	2,730	18
PEKIN	Tazewell	Pekin	7.574	1.97	1,970	246
PEORIA	Peoria	Peoria	7.945	2.16	2,160	144
PONTIAC	Livingston	Pontiac	8.498	2.46	2,460	49
QUINCY	Adams	Quincy	6.929	2.00	2,000	226
ROBINSON	Crawford	Robinson	6.916	2.10	2,100	173
ROCK ISLAND	Rock Island	Rock Island	9.248	2.19	2,190	135
ROCKFORD	Winnebago	Rockford	10.727	2.98	2,980	2
SPRINGFIELD	Sangamon	Capital	7.529	2.14	2,140	149
STERLING	Whiteside	Sterling	8.221	2.30	2,300	92
STREAMWOOD	Cook	Hanover	10.558	1.68	1,680	359
TAYLORVILLE	Christian	Taylorville	7.911	2.10	2,100	169
URBANA	Champaign	Cunningham	8.594	2.37	2,370	79
VANDALIA	Fayette	Vandalia	8.291	1.74	1,740	335
WATSEKA	Iroquois	Middleport	8.426	2.52	2,520	37
WAUKEGAN	Lake	Waukegan	8.145	2.11	2,110	164
WHEATON	DuPage	Milton	6.893	1.81	1,810	314
ZION	Lake	Zion	9.227%	2.38%	\$2,380	75

Source: Illinois Department of Revenue; calculations by Taxpayers' Federation of Illinois.

# Home rule units of government in Illinois, 2003

Cook County and any municipality that has a population of more than 25,000 are home rule units. Other municipalities may elect by referendum to become home rule units, which allows them to exercise any local power not denied them by the state. They are not restricted by the Property Tax Extension Limitation Law (tax caps).

COUNTY	MUNICIPALITY	COUNTY	MUNICIPALITY	COUNTY
	Cook County		Elk Grove Village	Cook-Lake
			Elmhurst	DuPage
			Elmwood Park	Cook
			Elwood	Will
			Evanston	Cook
			Evergreen Park	Cook
			Fairview Heights	St. Clair
			Flora	Clay
			Freeport	Stephenson
			Galesburg	Knox
			Glendale Heights	DuPage
			Glen Ellyn	DuPage
			Glenview	Cook
			Glenwood	Cook
			Golf	Cook
			Granite City	Madison
			Gurnee	Lake
			Hanover Park	Cook/DuPage
			Harvey	Cook
			Harwood Heights	Cook
			Herrin	Williamson
			Highland Park	Lake
			Hillside	Cook
			Hodgkins	Will
			Hoffman Estates	Cook
			Hopkins Park	Kankakee
			Inverness	Cook
			Joliet	Will
			Kankakee	Kankakee
			Lake Barrington	Lake
			Lansing	Cook
			Lincolnshire	Lake
			Lincolnwood	Cook
			Manhattan	Will
			Marion	Williamson
			Mascoutah	St. Clair
			Maywood	Cook
			McCook	Cook
			Mettawa	Lake
			Moline	Rock Island
			Monee	Will
			Monmouth	Warren
			Morton Grove	Cook
			Mound City	Pulaski
			Mt. Prospect	Cook
			Mt. Vernon	Jefferson
			Muddy	Saline
			Mundelein	Lake
			Murphysboro	Jackson
			Naperville	DuPage
			Naples	Scott
			Niles	Cook
			Normal	McLean
			Norridge	Cook
			North Chicago	Lake
			Northbrook	Cook
			Northlake	Cook
			Oak Forest	Cook
			Oak Lawn	Cook
			Oak Park	Cook
			Oakbrook Terrace	DuPage
			Old Mill Creek	Lake
			Onarga	Iroquois
			Orland Park	Cook
			Palatine	Cook
			Park City	Lake
			Park Forest	Cook-Will
			Park Ridge	Cook
			Pekin	Tazewell
			Peoria	Peoria
			Peoria Heights	Peoria
			Peru	LaSalle
			Quincy	Adams
			Rantoul	Champaign
			Robbins	Cook
			Rockdale	Will
			Rock Island	Rock Island
			Rolling Meadows	Cook
			Rosemont	Cook
			Round Lake Beach	Lake
			Sauget	St. Clair
			Schaumburg	Cook
			Schiller Park	Cook
			Sesser	Franklin
			Sherman	Sangamon
			Skokie	Cook
			South Barrington	Cook
			South Holland	Cook
			Springfield	Sangamon
			St. Charles	DuPage-Kane
			Standard	Putnam
			Stickney	Cook
			Stone Park	Cook
			Streamwood	Cook
			Sycamore	DeKalb
			Thornton	Cook
			Tinley Park	Cook-Will
			University Park	Cook-Will
			Urbana	Champaign
			Valmeyer	Monroe
			Washington	Tazewell
			Watseka	Iroquois
			Waukegan	Lake
			West Dundee	Kane
			Wheaton	DuPage
			Wheeling	Cook
			Wilmette	Cook
			Woodridge	DuPage

Source: "Illinois Counties & Incorporated Municipalities," Secretary of State's Office, July 2003