

POLICY GUIDE

2 THINGS ILLINOIS HOMEOWNERS SHOULD KNOW ABOUT THE PROPERTY TAX ASSESSMENT PROCESS

Background

The amount of a property tax bill is determined by two things: the amount of money local governments charge property owners to cover government spending – the levy – and the value of a taxpayer's property. The levy determines how much taxpayers pay in total, and the property owner's assessed value determines his or her share of the tab.

Inaccuracy and unfairness in the property tax assessment process mean some homeowners, especially those in poorer areas, pay a disproportionate share of the overall tax burden.

Here are two features of Illinois' property tax assessment system that make the property tax process more complicated, less transparent and less fair than it should be.

1. Illinois' system of "fractional assessments" makes your property tax bill harder to read, can conceal too-high assessments and makes calculation errors more likely.

- **Illinois' Property Tax Code provides for property to be assessed at a fraction of fair market value, not full fair market value.**
 - In Cook County, residential property is assessed at 10% of fair market value, and commercial and industrial property is assessed at 25% of fair market value
 - In all other counties, all nonfarm property is assessed at 33 $\frac{1}{3}$ % of its fair market value.
 - That means your bill shows the assessed value of your home at a much lower number than what it could sell for, which can make your assessed value appear artificially low and can hide overassessment of your property – which could mean you are overcharged on your property taxes.
 - Fractional assessment is also one more unnecessary step that assessors need to take when arriving at the value of your property; it can introduce errors into calculations.
- **Illinois should switch to a full market value assessment system to reduce complexity and make property tax bills easier to read.**

2. In Illinois, property is fully evaluated for property tax purposes only every 3 or 4 years, meaning assessed value lags behind current market value.

- In Cook County property is fully assessed once every three years, and in counties outside of Cook, it is assessed every four years.
- Assessment officials also use real estate sales data going back three years to adjust assessments according to market data.
- This means assessed values can lag current market values, so in a time of declining home prices, the assessed value on which your property tax bill is based could be higher than what you could actually sell your house for on the market.
- Some states (e.g., Michigan) provide for assessment every year, and some states mandate it every other year (e.g., Missouri, Iowa).
- **Illinois should assess property more frequently and use only the previous year's sales data in the assessment process to provide more up-to-date, accurate property values.**