Puzzled by property taxes: Improving transparency and fairness in Illinois' assessment system

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Executive summary

Illinoisans shoulder one of the highest property tax burdens in the nation. The assessment process determines how that burden is distributed among property owners. While property values themselves shouldn't raise or lower the overall level of property taxes in a given locale, Illinois' property assessment laws and practices do affect individuals' property tax bills, and inaccurate or unfair assessments can mean that some homeowners shoulder more of the property tax burden than they should.

To get a glimpse at property tax assessments in some of Illinois' most populous counties, the Illinois Policy Institute examined data for Cook, DuPage, Lake and St. Clair counties. The Institute then studied the extent to which state assessment laws make the system less fair and more complicated than it should be. Here is what the research shows:

1. Cook County performed worst on measures of assessment accuracy and fairness, but each county studied fell outside accepted standards in some cases.

Properties with comparable features located in similar areas should have roughly the same assessed value. Data from the Illinois Department of Revenue, or IDOR, show Cook County performed worst on uniformity of assessments among similar properties, compared with DuPage, Lake and St. Clair counties. All of the counties studied were outside accepted standards in at least some instances, though.

Cook County also showed considerable regressivity in its assessments, according to IDOR information. This means owners of higher-value residential, commercial and industrial property had lower levels of assessed value than owners of less expensive property. In short, wealthier property owners in Cook County tended to catch a break in their assessed values, while poorer property owners did not. The other counties studied also had some instances of regressivity, though not to the extent that Cook County did.

2. Illinois can improve its assessment process by replacing fractional assessment with assessment at full market value.

Illinois law requires property to be assessed at 33 1/3 percent of its market value outside of Cook County; in Cook County, property is assessed at 10 percent and 25 percent of market value for residential and commercial property, respectively. This system of fractional assessments makes it harder for a homeowner to read his or her property tax bill and immediately tell what the assessor thinks the market value is.

Property taxes should be based on the full value of the property, not a fraction of that value. This would eliminate an unnecessary step in the calculation of assessed value, and would make bills easier for taxpayers to read and less likely to obscure overassessment and the effective tax rate.

3. Illinois can improve its assessment process by requiring more frequent assessments and more recent sales data.

In general assessment years, local assessment officials evaluate each parcel of property within a county to determine its fair market value. This happens every four years in all counties outside of Cook County, and every three years in Cook County.

That's not a good way to operate, considering the fluctuation that can take place in the housing market. Conducting assessments more frequently, such as every year or every other year, would especially benefit taxpayers in times of declining home values, which can't happen when homes are evaluated every few years.

Additionally, policymakers should reconsider the use of sales data going back three years in the assessment process. Although this might smooth the ascent of assessed values in rapidly rising markets, using the previous three years' sales data also means that in declining markets, assessed values can be higher than what a homeowner could actually sell his or her property for. Where enough annual sales occur to constitute a representative sample of market data, policymakers should consider whether using only the previous year's sales data would better serve assessment accuracy and fairness.

4. Targeted relief programs should be limited to homeowners who need help the most.

To the extent that Illinois maintains exemptions from assessed value or other similar relief programs, they should be targeted at property owners who might not otherwise be able to afford their property tax bills. Tailoring exemptions in this way could help struggling Illinoisans while not unduly complicating the property tax system, making it less clear who pays what, or severely distorting the distribution of the burden.

Improving the assessment process, which determines what portion of the tax burden each property owner must shoulder, would result in more accurate, fair and easily understandable property valuations and tax bills – and a more transparent, less complicated and fairer system than Illinois has today.

Introduction

Property taxes are among the most unpopular taxes.[1] In Illinois, this anger has recently been fueled by reports of unfair assessment practices, government incompetence and a lack of transparency.[2] Taxpayer outrage has spurred a host of campaign promises by Illinois gubernatorial candidates pledging to fix the problem.[3]

Illinoisans are justified in thinking they have high property taxes.

The median effective tax rate in Illinois, or property taxes paid as a percentage of home value, was 2.29 percent in 2016, according to the U.S. Census Bureau.[4] This was close to twice the U.S. median of 1.15 percent[5] and the second-highest rate in the nation.[6]

Moreover, the real burden of property taxes – the share of household income they consume – has grown heavier over the last several years. Property taxes grew six times faster than Illinoisans' household incomes from 2008 to 2015.[7]

Illinoisans' property taxes are high because local taxing bodies in Illinois, such as school districts, spend a lot of money.[8] Reducing tax bills will require local governments to keep their spending – and the taxes they demand to cover it – in line with what Illinoisans can afford.

But Illinois' system also has several features that make the property tax process itself more complicated, less transparent and less fair than it should be.

Recently, the process by which the property tax burden is distributed has come under increasing scrutiny. In Cook County in particular, critics have called attention to the incompetence and corruption behind the egregious variability and unfairness in Cook's property tax assessments.

The Illinois Policy Institute examined data for assessments – which determine what portion of the tax burden a given property owner must shoulder – in Cook, DuPage, Lake and St. Clair counties. The Institute's study confirms reports of a lack of uniformity in Cook County's valuation of similar properties, as well as the relatively heavier burden that Cook County places on owners of lower-valued homes compared with owners of more expensive homes. But Cook County was not alone in failing to meet industry standards for uniformity and fairness: Albeit to a lesser degree, the other counties studied fell short in some instances as well.

This report highlights the overly variable and unjust results of current assessment practices and shows how improving Illinois' assessment process would result in more accurate, fair and easily understandable property valuations and tax bills for all Illinoisans.

Fairness of assessments: Comparing Cook, DuPage, Lake and St. Clair counties

Cook County performs worst on uniformity of assessments among similar properties, compared with DuPage, Lake and St. Clair counties, although all of the counties studied were outside accepted standards in at least some instances.

As explained in detail in Appendix A, 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.[9]

The Illinois Property Tax Code provides for assessment of property at a fraction of fair market value: In Cook County, which uses a classification system, residential property is assessed at 10 percent of fair market value, and commercial and industrial properties are assessed at 25 percent of fair market value. In the rest of Illinois, nonfarm property is assessed at 331/3 percent of its fair market value.[10]

In general assessment years, local assessment officials review, inspect and evaluate each parcel of property within a county to determine its fair market value. This happens every four years in all counties outside of Cook,[11] and every three years in Cook County.[12]

Industry standards hold that similar properties should be assessed at similar levels, so owners do not unfairly bear disproportionate shares of the property tax burden.[13] For example, if two homes in Chicago would each sell for $100,000, they should both be assessed at $10,000, which is 10 percent of the fair market value in accordance with Cook's classification system. If the Cook County Assessor's Office assesses one property at $8,000 and the other at $12,000, there is a uniformity problem, and the second homeowner will have a higher property tax bill than the first homeowner.

Assessment officials use the coefficient of dispersion, or COD, as a chief measure of the uniformity of assessments among similar properties.[14] The COD measures the variation of individual assessment ratios around the median level of assessments and gauges the degree to which assessments cluster near the median.[15] Assessment industry norms provide that a COD of 5 to 10 is the acceptable range for newer or more similar homes, and a COD of 5 to 15 is an acceptable range in areas that are older or have more varied types of properties.[16] Similarly, the COD should be between 5 and 20 for income-producing properties, or between 5 and 15 if those properties are in larger, urban market areas.[17] CODs above these ranges indicate assessors are valuing similar properties at different levels.

The Illinois Policy Institute examined Cook, DuPage, Lake and St. Clair counties to see how different counties perform on assessment fairness according to metrics reported by the Illinois Department of Revenue, or IDOR. Among the four counties examined for this report, Cook performed the worst on assessment uniformity, according to assessment ratio tables compiled by IDOR.[18] DuPage had the most uniform assessments.

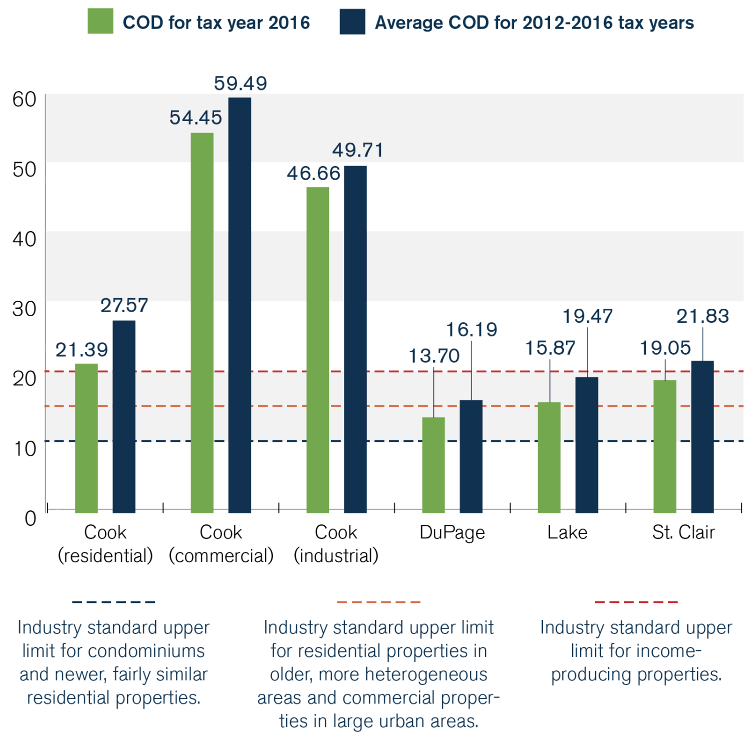
In 2016, Cook County had a countywide COD for residential property that was almost 43 percent above the acceptable upper level for an older area with a more diverse housing stock.[19] And Cook County's commercial and industrial assessments varied even more drastically. The countywide COD for commercial properties for 2016 was more than 260 percent higher than the upper range for income-producing properties in larger, urban areas.[20] The countywide COD for industrial properties was 211 percent higher than the industry standard.[21] These 2016 numbers were significantly better than the average for the five-year period from 2012 through 2016.

Behind the countywide numbers for Cook are CODs that varied widely among the townships within the county. For example, in 2016, the COD for residential assessments in the Hyde Park area of Chicago was 143 percent above the industry upper limit, while the COD for residential assessments was 8 percent below the upper limit in the North Chicago assessment township, which includes the Near North Side parts of the Lincoln Park neighborhood.[22] The northern suburb of Barrington had a COD for residential properties that was 35 percent higher than the upper limit, while the south suburban town of Thornton had a COD that was 138 percent above the upper limit. [23]

CODs for other counties – which lack Cook's assessment classifications – are for both residential and commercial properties combined. As demonstrated by the following graphic, these counties all performed significantly better than Cook, and DuPage had the most uniform assessments, as measured by the COD.

While the numbers show their assessments are more uniform than Cook's, every county studied had a five-year average outside the accepted standard.[24] Lake also had a COD slightly above the norm for 2016, and St. Clair's COD was about 27 percent higher than the norm for 2016.

Cook County performs the worst on assessment uniformity between similar properties, but other counties fall outside accepted standards as well
Coefficient of dispersion, or COD, in Cook, DuPage, Lake and St. Clair counties, tax years 2012-2016



Sources: Illinois Department of Revenue, Sales Ratios 2012-2016; International Association of Assessing Officers, "Standard on Mass Appraisal of Real Property"

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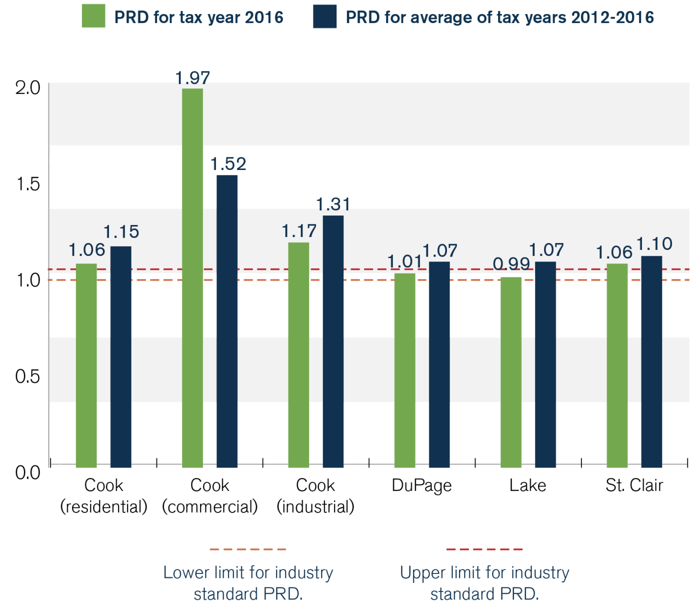
Cook County performs the worst on equity between low- and high-value properties

The price-related differential, or PRD, measures the pattern of inequity in assessments that has a correlation with the value of the property.[25] This shows the degree to which higher-value properties are assessed at a lower level than lower-value properties, or lower-value properties are assessed at lower levels than high-value properties.[26] The Illinois Department of Revenue, along with the International Association of Assessing Officers, or IAAO, considers a PRD of more than 1.03 indicative of regressive assessments and a PRD of less than 0.98 indicative of progressive assessments.[27] From a standpoint of assessment accuracy, neither regressivity nor progressivity is desirable.

Cook County showed considerable regressivity in its assessments, according to the PRD metric. This means owners of higher-value residential, commercial and industrial property had lower levels of assessed value than owners of less expensive property. In short, wealthier property owners tended to catch a break in their assessed values, while poorer property owners did not. Neither DuPage nor Lake showed regressivity in 2016, as measured by PRDs, while St. Clair's PRD showed some regressivity. The 2012-2016 averages for all counties demonstrated regressivity.[28]

Cook County's assessments are very regressive, but other counties also show more regressivity than industry standard
Price-related differentials, or PRDs, for Cook, DuPage, Lake and St.Clair counties, tax year 2016, and average of tax years 2012-2016



Sources: Illinois Department of Revenue, Assessment Ratios, 2012-2016; International Association of Assessing Officers, Standard on Ratio Studies, 2013

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Illinois Department of Revenue data support other findings of unfair assessments in Cook County

The data from IDOR's assessment ratios come as no surprise, as Cook County has drawn much criticism for the lack of uniformity in its assessments and the regressivity the system has fostered. Reports have also noted the booming business that has flowed to property tax appeals lawyers – who have donated heavily to Cook County Assessor Joseph Berrios' political campaigns – as a result of Cook's faulty assessment system.[29]

The Chicago Tribune in 2017 released a series of reports that showed how for years the Cook County Assessor's Office assessed homes and business property in less affluent areas of the county more highly relative to actual market values than it assessed properties in wealthier areas.[30] The result is that lower-income property owners pay a higher percentage of their properties' value in taxes than do owners of more expensive properties.[31] A study by the Civic Consulting Alliance commissioned by Cook County in the wake of the Tribune's reporting confirmed the regressivity and lack of uniformity in the system.[32] And in March 2018, a study by University of Chicago researchers quantified the effects of the Cook County Assessor's Office's underassessment of higher-value properties: The report noted that in Chicago, $800 million of the property tax burden had shifted to poorer homeowners from owners of properties in the top 10 percent of sale prices.[33]

The Tribune investigation noted that some of the problems with the assessment process stemmed from using an outdated mainframe computer from the 1990s and failing to implement a more accurate computer assisted mass appraisal, or CAMA, system.[34] Moreover, assessment officials adjusted results by hand on a case-by-case basis and did not conduct sales ratio studies of their work on a neighborhood basis to gauge its accuracy and uniformity.[35]

The Civic Consulting Alliance recommended the assessor conduct and publish sales ratio studies throughout the assessment process, which would reveal the accuracy and uniformity of the assessor's work as it is completed.[36]

By contrast, DuPage County notes that its supervisor of assessments conducts yearly sales ratio studies to ensure the different townships within the county are at the proper level of assessment compared with actual sales in the area.[37] Lake County also performs regular sales ratio studies for this purpose.[38] Personnel in the St. Clair County Assessor's Office said the board of review examines sales data each year as part of the equalization process.[39] The Illinois Policy Institute could not determine whether the St. Clair County Assessor's Office itself also monitors its assessment accuracy by conducting its own annual sales ratio studies.

A closer look at the assessment process

Some of the problems outlined above are exacerbated by certain features of Illinois' assessment system. The following is a description of the processes by which property values are determined for tax purposes.

Determining market value

In Illinois, the assessed value is supposed to be based on market value, which the Illinois Department of Revenue defines as the amount at which property would sell in a competitive, open market with a knowledgeable buyer and seller using sound judgment, allowing a sufficient time for a sale, which is not affected by pressures such as foreclosure or bankruptcy.[40]

To arrive at market value, assessment officials use different valuation approaches depending on the kind of property they are assessing. For residential property, assessors generally use a combination of cost analysis and market value approaches.[41] Cost analysis means an assessor will value the land a house is on and add what it would cost to build the house. Then the assessor will subtract an amount for depreciation of the property.[42] The assessor also uses market data going back three years for the house and similar properties in the neighborhood to adjust the numbers arrived at through the cost estimate to comport with the actual sales prices of similar houses in the area.[43] Assessors rely on computer-assisted mass appraisal, or CAMA programs in the property valuation process.[44]

For commercial properties, assessors often examine the income the owner derives from the property to arrive at a value for property tax purposes.[45]

Property classification and fractional assessment

State law sets forth Illinois' scheme of property valuation. The Illinois Constitution allows counties with over 200,000 residents to establish a classification system for taxing different kinds of real property and gives the General Assembly the right to establish how property will be valued.[46] Only Cook County uses a classification system[47] – it has 13 different classes of property.[48] Cook's property classification system is structured to impose a lesser share of the property tax burden on homeowners than on owners of office buildings or factories and to provide incentives to property owners to engage in activities such as preserving historically significant structures and building commercial or industrial properties in economically depressed areas. In Cook County, residential property is assessed at 10 percent of fair market value, and commercial and industrial property is assessed at 25 percent of fair market value.[49]

The Illinois Property Tax Code requires counties that do not use classification systems to value nonfarm property at 33 1/3 percent of its fair market value.[50] This is called fractional assessment and is authorized by statute in a number of states.[51] In many cases, official fractional assessment has replaced a de facto system in which assessors were informally valuing certain kinds of property at a fraction of the full market value.[52] The following graphic shows the fractional assessed value on a sample property tax bill.

Sample DuPage County tax bill for a $388,000 home, 2016 assessment year, payable in 2017

Information that the Illinois Property Tax Code mandates is included on tax bills

Taxing district	Taxes 2015[1]	Rate 2015[2]	Taxes 2016[1]	Rate 2016[2]
Unit School District 204	6,673.96	5.7101	6,755.09	5.4737
Pension fund[3]	164.09	0.1404	156.36	0.1267
City of Naperville	324.92	0.278	312.22	0.253
Pension fund[3]	271.62	0.2324	290.63	0.2355
Naperville Park District	360.34	0.3083	364.67	0.04367
Pension fund[3]	27.34	0.0234	29.61	0.024
College of DuPage	325.71	0.2786	324.15	0.2626
Naperville Public Library	267.42	0.2288	261.5	0.2119
County of DuPage	138.5	0.1185	136.98	0.111
Pension fund[3]	29.92	0.0256	29.74	0.0241
Forest Preserve District of DuPage County	176.25	0.1508	174.87	0.1417
Pension fund[3]	13.32	0.0114	11.97	0.0097
Naperville Township	52.82	0.0452	53.68	0.0435
Naperville Township Road District	31.2	0.0267	41.21	0.0334
Pension fund[3]	2.22	0.0019	1.97	0.0016
DuPage Airport Authority	21.97	0.0188	21.72	0.0176
County Health Department	46.75	0.04	44.92	0.0364
Pension fund[3]	15.19	0.013	16.41	0.0133
Total tax bill[4,5,6]	**8,943.54**	**7.6519**	**9,027.70**	**7.3152**

MAILED TO:
TAXPAYER
NAPERVILLE, IL
PROPERTY LOCATION:
XXXX
TOWNSHIP ASSESSOR:
NAPERVILLE
TAX CODE:
XXXX
PROPERTY INDEX NUMBER[7]
XXXX

Fair cash value[13]	388,300
Land value	38,460
(+) Building value	90,950
(=) Assessed value[8]	129,410
(X) State multiplier[11]	1
(=) Equalized value[12]	129,410
(–) Residential exemption[9]	6,000
(–) Senior exemption	
(–) Senior freeze	
(–) Disabled veteran	
(–) Disability exemption	
(–) Returning veteran exemption	
(–) Home improvement exemption	
(–) Housing abatement	
(=) Net taxable value[10]	123,410
(X) Tax rate	7.3152
(=) Total tax due	**9,027.70**

Source: DuPage County website, property information; 35 Ill. Comp. Stat. 200/20-15
Notes: Assessed value is stated as 33 1/3 percent of fair market value in counties outside of Cook.

[1] The dollar amount of tax due from the person assessed allocable to each taxing district
[2] A statement itemizing the tax rate for each of the taxing districts for the property
[3] A separate statement for each of the taxing districts of the dollar amount of that tax allocable to a tax levied for public pension or retirement purposes
[4] The total tax rate
[5] The total amount of tax due
[6] The amount by which the total tax and the tax allocable to each taxing district differ from the taxpayer's last prior tax bill
[7] The property index number or other suitable description
[8] The assessment of the property
[9] The statutory amount of each homestead exemption applied to the property
[10] The assessed value of the property after application of all homestead exemptions
[11] The equalization factor imposed by the Illinois Department of Revenue
[12] The equalized assessment resulting from the application of the equalization factor to the basic assessment
[13] Statement to reflect the fair cash value determined for the property (for residential property)

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How Illinois can improve its assessment process

1) Replace fractional assessment with assessment at full market value

In addition to having lower-performing counties such as Cook improve the quality of assessments by implementing high-quality CAMA systems and conducting sales ratio studies on an ongoing basis to monitor uniformity, Illinois should address other factors that make assessment and property tax bills less accurate and less transparent than they should be.

First, the fractional assessment system makes it harder for a homeowner to read his or her property tax bill and immediately tell what the assessor thinks the market value is. At first glance, assessed value stated as 10 percent or 33 1/3 percent of market value can make the assessor's estimate appear low. Some observers have wondered whether this opaqueness might be viewed by taxing districts as a feature, not a bug, of fractional assessment.[53]

Moreover, applying fractional assessment requires one more step in the assessment process where errors can potentially be introduced. The state assessor of Maine once described it as "an unnecessary step in the assessment process whereby the full value which must first be found is factored back to produce the fractional assessment to be used."[54] The assessor went on to characterize fractional assessment as a "very real hindrance to true equalization of assessments."[55]

According to the International Association of Assessment Officers, or IAAO, "[n]umerous studies indicate that appraisal equity, as measured by such indicators as the … COD, improves significantly when governments eschew fractional assessments and classification schemes for full market value."[56]

Significantly, "classification obscures the effective tax rate … [as] the assessment fraction … for the class must be multiplied by the nominal tax rate to determine the effective tax rate."[57] The IAAO concluded: "This step increases confusion and reduces understandability."[58] Scholars have pointed out that fractional assessment can breed "secretiveness" in the tax system, obscuring politically motivated errors, as well as those stemming from incompetence and corruption.[59]

Other authors have observed that literature on the matter shows fractional assessment can make uneven or unfair assessments harder for property owners to discern.[60] This especially hurts property owners with the fewest resources of time and money to pore over and challenge their property tax bills.

Requiring assessment at full fair market value, as Virginia,[61] Wisconsin[62] and Massachusetts[63] do, would eliminate an unnecessary step in the calculation of assessed value and would make bills easier for taxpayers to read and less likely to mask overassessment and the effective tax rate.

2) Require more frequent assessments and more recent sales data

Illinois could improve the accuracy of its assessments by conducting general appraisals more often than every four years or every three years. This would especially benefit taxpayers in times of declining home values, which are not quickly reflected in quadrennial or triennial assessments. The IAAO has observed, "The longer the period between reappraisals, and the more rapidly market conditions are changing, the greater the inequity and the larger the potential magnitude of changes in appraised value."[64] During the Great Recession, property taxes nationwide peaked in 2009, two years after housing prices began to fall.[65] To the extent infrequent reassessments cause or exacerbate phenomena such as this, more frequent assessment would improve the situation.

The IAAO has noted that a current market value standard implies the annual assessment of property.[66] Accordingly, each year assessors should at least analyze the factors that affect value and use mass appraisal techniques to estimate property values. Assessed values might not necessarily change each year, but assessment officials should monitor the elements that influence them to make sure assessments reflect current market value.[67] Cook County's failure to perform ongoing sales ratio studies or otherwise effectively monitor assessment accuracy flies in the face of this advice.

Illinois lawmakers in consultation with local assessment officials should consider whether annual assessments could be implemented in Illinois, as is the case in Michigan.[68] If this is not feasible or if it is too burdensome for local assessment officials, then Illinois could consider conducting general assessments every other year, as Missouri[69] and Iowa[70] do. Moreover, policymakers should ensure that all localities – including Cook County – measure the accuracy of their assessments through meaningful and effective mechanisms such as properly conducted sales ratio studies.

In addition, policymakers should reconsider the use of sales data going back three years in the assessment process. Although this might smooth the ascent of assessed values in rapidly rising markets, using the previous three years' sales data also means that in declining markets, assessed values can be higher than what a homeowner could actually sell his or her property for.[71] Where enough annual sales occur to constitute a representative sample of market data, policymakers should consider whether using only the previous year's sales data would better serve assessment accuracy and fairness.[72]

3) Targeted relief programs should be limited to homeowners who need help the most

Appendix B provides an explanation of Illinois' property tax exemptions and relief and incentive programs. To the extent that Illinois maintains exemptions from assessed value or other similar relief programs – as opposed to restrictions on levies or rates imposed on local governments – they should be targeted at property owners who might not otherwise be able to afford their property tax bills. Tailoring exemptions in this way could help struggling Illinoisans while not unduly complicating the property tax system, making it less clear who pays what, or severely distorting the distribution of the burden.[73]

Conclusion

Illinois should take steps toward more accurate and frequent property assessments to ensure the tax burden is distributed as fairly as possible. More accurate, equal and fair assessments can diminish cases in which neighbors with similar homes pay different taxes, and prevent the poor from bearing a disproportionate share of the tax burden, while wealthier homeowners benefit from lighter assessment levels. Limiting relief programs to homeowners who especially need help can also play a role in creating a fairer system.

Unfortunately, improving the assessment process alone will not protect taxpayers from high bills. Illinois needs effective limits on local government spending – which gives rise to high tax levies and rates – to bring property taxes down. Although Illinois has some property tax limitations such as the Property Tax Extension Limitation Law, these have not sufficed to keep the growth in property taxes from outpacing increases in personal income. As a first step, freezing levies or tax rates might be needed to accomplish this. Pension reform and changes to collective bargaining laws will be crucial to holding government costs down.[74] Consolidating many of Illinois' nearly 6,000 taxing districts would help streamline operations and reduce costs as well.[75]

Appendix A: Overview of Illinois' property tax system

Across Illinois, more than 6,000 units of government billed taxpayers a total of $29.8 billion in 2017, $19.2 billion of which was billed to residential property owners.[76] By comparison, the state of Illinois collected just over $29.9 billion in individual and corporate income taxes and sales taxes for fiscal year 2017.[77]

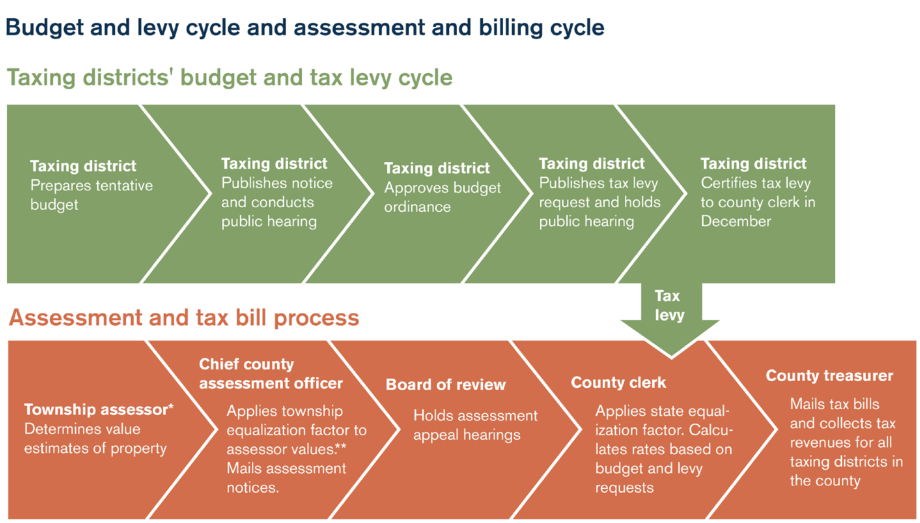
Illinois does not have a state property tax – property taxes are levied, collected and spent only at the local level.[78] Illinois governments only tax real property, which includes land, buildings, and features attached to land such as driveways. They do not tax personal property such as cars or office equipment.[79] The largest share of property taxes goes to school districts, and they also pay for roads and streets, police and fire departments, public libraries and county services.[80]

The Illinois Property Tax Code sets forth the structure and methods for property taxation by Illinois' local governments.[81]

Property tax process

By the time a homeowner gets his or her property tax bill in the mail, several steps have taken place, through different cycles that proceed on parallel tracks over a two-year period. 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.[82]

The following graphic demonstrates these processes.



* In Cook and St. Clair counties the county assessor's office performs valuations. In commission counties, the supervisor of assessments performs this function.
** This does not occur in Cook County.

Source: Lake County Treasurer's Office website, "Your property assessment and billing cycle" http://www.lakecountyil.gov/DocumentCenter/View/1660

Levies

Local government bodies with taxing authority, such as school districts, park districts, cities, counties, community colleges and water reclamation districts, arrive at their levies through the budget process.[83] The boards of taxing bodies determine how much they plan to spend, consider their expected revenues such as state aid and fees, and determine the amount of taxes they need to raise on top of these sources to cover their expenditures. Once adopted, every taxing body in Illinois must file its property tax levy with the county clerk by the last Tuesday in December and must show it has complied with any relevant notice requirements.[84]

Assessment

The county clerk calculates the tax rate that will result in each taxing body raising the revenues it is seeking by dividing the levy by the value of all the taxable property in the taxing district. Local officials such as township assessors,[85] county assessors[86] and supervisors of assessment[87] establish the value of taxable property through a process called assessment.[88]

The assessment year starts Jan. 1 for property taxes that are billed the following year.[89] For example, bills that will hit mailboxes in the spring of 2018 are based on the value of property as of Jan. 1, 2017.

In general assessment years, each parcel of property within a county is reviewed, inspected and evaluated. This happens every four years in all counties outside of Cook,[90] and every three years in Cook County.[91]

Farmland is assessed every year, according to “agricultural economic value,” which is based on statewide studies of soil productivity and net income generated from farmland.[92]

In nongeneral assessment years, township assessors list and assess property that becomes taxable and was not part of the last general assessment, such as new buildings or improvements to homes.[93] Assessors also take properties that have been demolished off the rolls and adjust the values of properties that have been seriously damaged.

Once those initial assessments are completed, the chief county assessment officer is responsible for ensuring assessment levels are uniform within the county by “equalizing” assessments if necessary (except in Cook County) and that they amount to the statutorily required percentage of fair market value.[94] He or she also publishes notices in local newspapers and sends notices to property owners of changes in assessed value (in nongeneral assessment years) or of the newly assessed value (in general assessment years).[95]

The chief county assessment officer sends the assessment books to the county board of review and sends abstracts of the books to the Illinois Department of Revenue.[96]

The county board of review examines the assessment rolls to ensure local assessment officials properly completed their work and that assessments are uniform among comparable properties throughout the county (except in Cook County).[97] The Illinois Department of Revenue uses the statistics to arrive at state equalization factors for each county, which are used to bring each county’s overall assessment level to the required percentage of market value.[98]

Appeals

Once notices of assessments are published or mailed, a property owner typically has 30 days to appeal the assessed value.[99] Often a property owner can bring up concerns about assessed value with the township assessor or chief county assessment officer directly. If the property owner does not succeed in getting his or her assessed value lowered through talks with the assessment official, he or she may file a complaint with the county board of review.[100] If the assessed value is not reduced at the board of review, the property owner may appeal the board's decision to the Illinois Property Tax Appeal Board.[101] Taxpayers can also pay taxes under protest and file a complaint about the assessment, tax or levy with the circuit court.[102]

Taxpayers should know that the time to appeal their properties' assessed value is generally several months before bills arrive in the mail. By the time a taxpayer has his or her bill in hand, it is usually too late to appeal for that year's taxes.

Calculating property tax rates

The process of billing taxes is called "extension."[103] When the assessment and appeals processes are complete, the board of review certifies the assessment books so the county clerk can calculate the tax rates needed to get each taxing district the revenues it is seeking.[104]

By dividing each local taxing district's levy by the taxable value of all the properties in the taxing district's jurisdiction – the tax base – the county clerk arrives at the tax rate for each taxing district.[105] The aggregate of all the taxing districts' rates in a given jurisdiction is the property tax rate for that jurisdiction.

The larger the tax base, the lower the rate required to raise the levy sought by a taxing district.[106]

After they have calculated the bills, the county clerks prepare the books and send them to the collectors, who will send bills and collect taxes.[107]

Billing property taxes

The township or county collector – often the county treasurer – is responsible for preparing and sending out property tax bills.[108] This sample bill shows information that the Illinois Property Tax Code mandates be included[109] with property tax bills:

Sample DuPage County tax bill for a $388,000 home, 2016 assessment year, payable in 2017

Information that the Illinois Property Tax Code mandates is included on tax bills

Taxing district	Taxes 2015[1]	Rate 2015[2]	Taxes 2016[1]	Rate 2016[2]
Unit School District 204	6,673.96	5.7101	6,755.09	5.4737
Pension fund[3]	164.09	0.1404	156.36	0.1267
City of Naperville	324.92	0.278	312.22	0.253
Pension fund[3]	271.62	0.2324	290.63	0.2355
Naperville Park District	360.34	0.3083	364.67	0.04367
Pension fund[3]	27.34	0.0234	29.61	0.024
College of DuPage	325.71	0.2786	324.15	0.2626
Naperville Public Library	267.42	0.2288	261.5	0.2119
County of DuPage	138.5	0.1185	136.98	0.111
Pension fund[3]	29.92	0.0256	29.74	0.0241
Forest Preserve District of DuPage County	176.25	0.1508	174.87	0.1417
Pension fund[3]	13.32	0.0114	11.97	0.0097
Naperville Township	52.82	0.0452	53.68	0.0435
Naperville Township Road District	31.2	0.0267	41.21	0.0334
Pension fund[3]	2.22	0.0019	1.97	0.0016
DuPage Airport Authority	21.97	0.0188	21.72	0.0176
County Health Department	46.75	0.04	44.92	0.0364
Pension fund[3]	15.19	0.013	16.41	0.0133
Total tax bill[4,5,6]	**8,943.54**	**7.6519**	**9,027.70**	**7.3152**

MAILED TO:
TAXPAYER
NAPERVILLE, IL
PROPERTY LOCATION:
XXXX
TOWNSHIP ASSESSOR:
NAPERVILLE
TAX CODE:
XXXX
PROPERTY INDEX NUMBER[7]
XXXX

Fair cash value[13]	388,300
Land value	38,460
(+) Building value	90,950
(=) Assessed value[8]	129,410
(X) State multiplier[11]	1
(=) Equalized value[12]	129,410
(–) Residential exemption[9]	6,000
(–) Senior exemption	
(–) Senior freeze	
(–) Disabled veteran	
(–) Disability exemption	
(–) Returning veteran exemption	
(–) Home improvement exemption	
(–) Housing abatement	
(=) Net taxable value[10]	123,410
(X) Tax rate	7.3152
(=) Total tax due	**9,027.70**

Source: DuPage County website, property information; 35 Ill. Comp. Stat. 200/20-15
Notes: Assessed value is stated as 33 1/3 percent of fair market value in counties outside of Cook.

[1] The dollar amount of tax due from the person assessed allocable to each taxing district
[2] A statement itemizing the tax rate for each of the taxing districts for the property
[3] A separate statement for each of the taxing districts of the dollar amount of that tax allocable to a tax levied for public pension or retirement purposes
[4] The total tax rate
[5] The total amount of tax due
[6] The amount by which the total tax and the tax allocable to each taxing district differ from the taxpayer's last prior tax bill
[7] The property index number or other suitable description
[8] The assessment of the property
[9] The statutory amount of each homestead exemption applied to the property
[10] The assessed value of the property after application of all homestead exemptions
[11] The equalization factors imposed by the county and by the Illinois Department of Revenue
[12] The equalized assessment resulting from the application of the equalization factors to the basic assessment
[13] Statement to reflect the fair cash value determined for the property (for residential property)

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Timeline for tax bills

The collectors in counties that do not use accelerated billing, such as Lake and DuPage, typically mail bills by early May. Payment for counties on this schedule are due in two equal payments, usually in early June and September.[110] For counties that use accelerated billing, such as Cook, the first installment is 55 percent of the previous year's tax bill. In Cook County, the first installment is due by March 1, and the second installment is usually due around Aug. 1.[111] Counties can also set up a billing system with four installment payments.[112]

Distribution

The collector distributes all taxes and any interest earned to taxing districts.[113]

Appendix B: Exemptions, preferential assessments and relief programs

Nonhomestead exemptions

Illinois law exempts from taxation property that belongs to the state, units of local government, school districts, and property used for school, religious, cemetery, and charitable purposes.[114] Owners of exempt property may enter into agreements with taxing bodies to make contributions toward the cost of services, but they are not required to do so.[115]

Homestead exemptions

General homestead exemption

A general homestead exemption applies to a house occupied as a primary residence by the owner or the person liable for property taxes on it.[116] Statewide, there were 3,105,492 general homestead exemptions taken for the 2016 tax year, which amounted to more than $19.4 billion in equalized assessed value that was not subject to property taxes.[117] In counties outside of Cook, homeowners are entitled to a $6,000 deduction from the equalized assessed value of their homes.[118] The general homestead deduction in Cook County went up to $10,000 from $7,000 starting with the 2017 tax year.[119]

Homestead exemptions are deducted from assessed value when the bills are prepared. In many cases, township assessors will automatically grant general homestead exemptions without the need for a formal application.[120] In Cook County, new homeowners must apply directly with the assessor's office, and exemptions on properties that were not sold can be renewed automatically by the assessor.[121]

Longtime occupant homestead exemption (Cook County)

In Cook County, the longtime occupant homestead exemption can limit the increase in assessed value for residential property owners who occupy their primary residence continuously for five to 10 years, depending on the circumstances, and have total household income of $100,000 or less. This exemption can limit the increase in equalized assessed value to 10 percent per year or 7 percent per year, depending on the taxpayer's income.[122] The Cook County Assessor's Office notes that for 2016, of the 1.5 million residential properties in the county, less than 2 percent qualified for this exemption and that in most cases, the longtime occupant homestead exemption would not have resulted in a larger deduction than the general homestead exemption.[123]

Homestead improvement exemption

Homeowners can also exempt from assessed value some of the increase in value caused by improvements such as added rooms or rebuilding after a catastrophe such as a fire or flood. The homestead improvement exemption applies up to an annual maximum amount of $75,000 and continues for four years from the date the improvement or rebuilding is complete and the home is occupied.[124]

Senior citizens homestead exemption

This exemption applies to property occupied as a residence by someone 65 years or older who owns the property or is otherwise liable for paying real estate taxes on it.[125] The maximum reduction in equalized assessed value for counties outside of Cook is $5,000. A law signed by Gov. Bruce Rauner in August 2017 raised the amount of this exemption to $8,000 for Cook County seniors starting in tax year 2017.[126] The senior citizens homestead exemption can be claimed in addition to the general homestead exemption. Statewide, 823,341 of these exemptions were claimed, amounting to $4,061,249,646 in equalized assessed value.[127]

Senior citizens assessment freeze homestead exemption

Illinois' senior citizens assessment freeze homestead exemption is intended to protect older residents from rising property taxes that are due to increasing home values. Illinoisans at least 65 years old with a total household income within the limits set by the statute are eligible to have their equalized assessed value frozen at the level of the year they apply for this freeze.[128] For tax year 2017, the statute limits the household income to $55,000 or less for counties outside of Cook and to $65,000 for residents of Cook County. For tax year 2018 and beyond, the $65,000 income limit will apply to seniors in all Illinois counties. For tax year 2017 and beyond, Cook County residents will be entitled to the greater of the amount of the freeze or $2,000. The freeze will remain so long as the homeowner qualifies and applies for it. However, despite the freeze, equalized assessed value can still rise for seniors who add improvements to their homes. For the 2016 tax year, nearly 38 percent of Illinois seniors paying property taxes claimed a senior assessment freeze. This amounted to 312,694 senior freezes and $3,137,127,583 in equalized assessed value.[129]

The senior exemption and senior freeze are in addition to the general homestead exemption, and a qualified senior can use all three.

Other homestead exemptions

Illinois also provides exemptions from equalized assessed value to veterans with disabilities,[130] returning veterans,[131] persons with disabilities[132] and for properties affected by natural disasters.[133]

Preferential assessments and freezes

Illinois law also provides for preferential assessments and freezes. Certain properties can be assessed at a lower percentage or have their assessed value frozen for a period of time. Examples of assessment advantages include those for:

- Open space land[134]
- Conservation stewardship[135]
- Property under forestry management[136]
- Solar energy systems[137]
- Rehabilitation of historic residences[138]
- Platted and subdivided land[139]
- Veterans organizations' property[140]
- Fraternal organizations' property[141]

Other programs to aid taxpayers

Senior Citizens Real Estate Tax Deferral Act

The Senior Citizens Real Estate Tax Deferral Act provides that residents age 65 or older with household income $55,000 or less can defer up to a maximum of $5,000 annually of real estate taxes plus interest on their principal residences.[142] A qualifying owner must enter an agreement with the county treasurer that provides for the repayment of the deferred taxes plus 6 percent annual interest upon the sale or transfer of the property. The amount of deferred taxes and accrued interest cannot exceed 80 percent of the taxpayer's equity interest in the property. If at any point the total amount owed equals 80 percent of the owner's equity interest in the home, the taxpayer must pay enough interest to bring the debt down to the required level. For tax year 2016 there were 1,239 participants in the program.[143]

Circuit breaker program

The Senior Citizens and Persons with Disabilities Property Tax Relief Act, also known as the Circuit Breaker Act, had the purpose of "provid[ing] incentives to senior citizens and persons with disabilities … to acquire and retain private housing … and at the same time to relieve those citizens from the burdens of extraordinary property taxes against their increasingly restricted earning power."[144] The program provided grants to seniors and persons with disabilities whose household income was below a certain threshold. In tax year 2009, for example, the upper income limit was $36,635 for a household with two people. The grant was limited to the amount by which the property taxes owed by a lower-income senior or person with a disability exceeded 3.5 percent of household income. The upper limit of the grant, however, was $700 minus 4.5 percent of household income. And only those with household incomes of $14,000 or less would have been eligible for the maximum grant.

In 2008, the state provided circuit breaker grants to 238,000 people, which cost the state $47.4 million.[145]

Funding for the circuit breaker program was discontinued in 2012.[146]

Incentives

The Illinois Property Tax Code authorizes local taxing districts to direct the county clerk to abate portions of their taxes for qualifying types of property, such as recycling facilities, commercial and industrial expansions, horse racing, auto racing, academic and research institutes, senior housing, historical societies, recreational facilities and U.S. military public / private housing developments.[147]

Illinois law further allows abatements for property located within designated enterprise zones,[148] which are intended to stimulate economic growth and neighborhood revitalization in depressed areas.[149]

Endnotes

[1] Nathan B. Anderson and Daniel McMillen, "Why Is the Property Tax So Unpopular?" *Institute of Government & Public Affairs Policy Forum, vol. 22, no. 3, April 2010,* https://igpa.uillinois.edu/sites/igpa.uillinois.edu/files/reports/PF-Property-Taxes-IGPA-2010.pdf; see also Matt Moon, "Special Report: How Do Americans Feel About Taxes Today?" Tax Foundation, April 2009, https://files.taxfoundation.org/legacy/docs/sr166.pdf (finding 25 percent of survey respondents considered local property taxes "not at all fair," while only 5 percent considered property taxes "very fair"); Gallup, poll, April 2005, http://news.gallup.com/poll/1714/taxes.aspx (a plurality of 42 percent of respondents said local property taxes were the least fair tax, compared with 20 percent who said the federal income tax was the least fair tax).
[2] See, e.g., Jason Grotto, "An Unfair Burden," *Chicago Tribune, June 10, 2017,* http://apps.chicagotribune.com/news/watchdog/cook-county-property-tax-divide/assessments.html.
[3] See, e.g., Rick Pearson, "Chris Kennedy Calls Property Tax System 'Extortion,'" *Chicago Tribune, May 30, 2017,* http://www.chicagotribune.com/news/local/politics/ct-chris-kennedy-democratic-governor-speech-met-0531-20170530-story.html; "Candidate Q&A: Daniel Biss, Democratic Candidate for Illinois Governor," *Rock Island Dispatch-Argus, March 1, 2018,* http://qconline.com/news/elections/candidate-q-a-daniel-biss-democratic-candidate-for-illinois-governor/article_0e5d78fb-cace-536b-a80a-4bf7035e1b2f.html.
[4] U.S. Census Bureau, American Community Survey, one-year estimates (table S2506) https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_16_1YR_S2506&prodType=table.
[5] Ibid.
[6] Median effective property tax rates calculated using median household value and median property tax paid in each state according to U.S. Census Bureau, 2016 American Community Survey, one-year estimates.
[7] Orphe Divounguy, "Rising Property Tax Burdens Squeeze Illinois Families," Illinois Policy Institute, https://www.illinoispolicy.org/reports/rising-property-tax-burdens-squeeze-illinois-families/?ct=t(HDD)&goal=0_e27f32f43a-78185b2f27-16087921.
[8] Illinois spent the second-most per student in the Midwest and the 13th-most in the nation in fiscal year 2015. Bryce Hill, Joe Tabor, "Illinois Spends More on Education, but Outcomes Lag," Illinois Policy Institute, February 25, 2018, https://www.illinoispolicy.org/illinois-spends-more-on-education-but-outcomes-lag/. And Illinois school districts collectively spend more per year on administrative costs than school districts in any other state. Andy Shaw, "How Illinois Schools Could Spend More in the Classroom – Without Raising Taxes," *Crain's Chicago Business, March 31, 2017,* https://www.chicagobusiness.com/article/20170331/ISSUE07/170339970/illinois-schools-overspend-on-administrative-expenses-study.
[9] Illinois Department of Revenue, *Illinois Property Tax System, 10, 19.*
[10] 35 Ill. Comp. Stat. 200/9-145.
[11] The Illinois Property Tax Code allows county boards to divide their counties into four assessment districts in order to stagger general assessments; St. Clair County's assessment system is structured this way. See 35 Ill. Comp. Stat. 200/9-225.
[12] 35 Ill. Comp. Stat. 200/9-220. Cook County's assessment areas are divided into the north suburbs, the city of Chicago and the south suburbs. The general assessments for these three areas are staggered. Cook County Board of Review, Township Triennial Reassessment Schedule, https://www.cookcountyboardofreview.com/files/BOR-File-293.pdf.
[13] International Association of Assessing Officers, *Standard on Property Tax Policy, full revision ap-*

proved January 2010, 9, https://www.iaao.org/media/standards/Standard_on_Property_Tax_Policy.pdf.
[14] International Association of Assessing Officers, *Standard on Mass Appraisal of Real Property, 2017, 10-11,* https://www.iaao.org/media/standards/StandardOnMassAppraisal.pdf.
[15] The Illinois Department of Revenue states the formula as: COD = average deviation ÷ median x 100%. Illinois Department of Revenue, *Publication 136: Property Assessment and Equalization, 12.*
[16] International Association of Assessing Officers, *Standard on Mass Appraisal of Real Property,* 2017, 11.
[17] International Association of Assessing Officers, *Standard on Ratio Studies, 2013, 19,* https://www.iaao.org/media/standards/Standard_on_Ratio_Studies.pdf.
[18] Illinois Department of Revenue, Sales Ratio and Equalization Tables, Table 1: Assessment Ratio, http://www.revenue.state.il.us/AboutIdor/TaxStats/.
[19] Illinois Department of Revenue, Assessment Ratios 2016, http://tax.illinois.gov/AboutIdor/TaxStats/PropertyTaxStats/Table-1/2016-AssessmentRatios.pdf.
[20] International Association of Assessing Officers, *Standard on Ratio Studies, 19;* Illinois Department of Revenue, Assessment Ratios 2016.
[21] Ibid.
[22] Illinois Department of Revenue, Assessment Ratios 2016.
[23] Illinois Department of Revenue, Assessment Ratios 2016.
[24] While commercial properties in smaller, less urban areas can have an upper COD of 20, and assessments of residential properties in similar, newer neighborhoods can have an upper COD of 10, the Illinois Property Code contemplates a COD of 15 as the acceptable upper limit for counties such as DuPage, Lake and St. Clair. This is seen in the provision of performance bonuses for assessors in counties with populations of 50,000 to 3,000,000. These bonuses are awarded only to assessors who have achieved CODs of 15 or less, along with assessment levels near the statutory 33 1/3 percent. 35 Ill. Comp. Stat. 200/4-20. Though the Cook County assessor is not eligible for a performance bonus under the statute, according to industry standards, a COD of 15 should apply to both Cook County residential and commercial assessments.
[25] Illinois Department of Revenue, *Property Assessment and Equalization, 11.*
[26] The Illinois Department of Revenue states the formula as: PRD = Mean assessment ratio ÷ sales-based average ratio. *Property Assessment and Equalization, 12.*
[27] Illinois Department of Revenue, *Property Assessment and Equalization, 11; International Association of Assessing Officers, Standard on Mass Appraisal of Real Property, 11.*
[28] Illinois Department of Revenue, Assessment Ratios 2012-2016.
[29] See Jason Grotto and Sandhya Kambhampati, "Commercial Breakdown," *Chicago Tribune, December 7, 2017,* http://apps.chicagotribune.com/news/watchdog/cook-county-property-tax-divide/; Austin Berg, "Investigation: Madigan Firm the Biggest Player in Commercial Property Tax Appeals," Illinois Policy Institute, December 8, 2017, https://www.illinoispolicy.org/investigation-madigan-firm-the-biggest-player-in-commercial-property-tax-appeals/.
[30] Jason Grotto, "An Unfair Burden," *Chicago Tribune, June 10, 2017,* http://apps.chicagotribune.com/news/watchdog/cook-county-property-tax-divide/assessments.html; Jason Grotto and Sandhya Kambhampati, "Commercial Breakdown," *Chicago Tribune, December 7, 2017,* http://apps.chicagotribune.com/news/watchdog/cook-county-property-tax-divide/index.html.
[31] Ibid.
[32] Civic Consulting Alliance, *Residential Property Assessment in Cook County: Summary of Analytical Findings, February 15, 2018,* https://www.scribd.com/document/371608567/Summary-Results-of-Phase-2 - from_embed.

[33] Christopher Berry, *Estimating Property Tax Shifting Due to Regressive Assessments: An Analysis of Chicago, 2011-2015, University of Chicago, March 2018,* https://harris.uchicago.edu/files/inline-files/Estimating Property Tax Shifting Due to Regressive Assessments.pdf.
[34] Grotto, "An Unfair Burden."
[35] Ibid.
[36] Civic Consulting Alliance, *Residential Property Assessment in Cook County.*
[37] DuPage County Supervisor of Assessments, "Assessment Cycle Overview," http://www.dupageco.org/SOA/1467/; DuPage County Supervisor of Assessments, "Equalization Factor Calculation Background," http://www.dupageco.org/SOA/1472/.
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[39] Call with personnel in St. Clair County Assessor's Office, April 18, 2018.
[40] Illinois Department of Revenue, *Illinois Property Tax System, 10.*
[41] Lake County website, "How Is the Value of Real Property Assessed?" https://www.lakecountyil.gov/Faq.aspx?QID=240.
[42] Illinois Department of Revenue, *Illinois Property Tax System, 11.*
[43] York Township Assessor's Office, http://www.yorkassessor.com/York/; Lake County, "How Is Real Property Assessed?" https://www.lakecountyil.gov/Faq.aspx?QID=240.
[44] Cook County Assessor's Office, "How Residential Property Is Valued," http://www.cookcountyassessor.com/Resources/Property-Valuation.aspx.
[45] Illinois Department of Revenue, *Illinois Property Tax System, 11.*
[46] Ill. Con. art. IX, § 4.
[47] Illinois Department of Revenue, *Illinois Property Tax System, 14.*
[48] Cook County Code of Ordinances, Art. II, Div. 1, Sec. 74-63 https://library.municode.com/il/cook_county/codes/code_of_ordinances?nodeId=PTIGEOR_CH74TA_ARTIIREPRTA_DIV2CLSYAS; Richard F. Dye, *State-by-State Property Tax at a Glance Narratives: Illinois, Lincoln Institute of Land Policy, February 2018,* http://datatoolkits.lincolninst.edu/subcenters/significant-features-property-tax/state-by-state-property-tax-at-a-glance.
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[54] Robert L. Beebe and Richard J. Sinnott, "In the Wake of Hellerstein: Whither New York," *Albany Law Review 43(3) 482-83 (1979), cited in Youngman, A Good Tax, 102.*
[55] Ibid.
[56] International Association of Assessing Officers, *Standard on Property Tax Policy, 19.*
[57] Ibid.
[58] Ibid.
[59] John A. Miller, "Rationalizing Injustice: The Supreme Court and the Property Tax," 22 *Hofstra L. Rev.*

79, n. 17 (Fall 1993), citing Diana B. Paul, The Politics of the Property Tax 4-5 (1975).

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Vol. 105, 105th Annual Conference on Taxation (November 15-17, 2012), 147. https://www.jstor.org/stable/prancotamamnta.105.146?seq=1 - page_scan_tab_contents.

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[62] Wis. Stat. § 70.05(5)(b).

[63] ALM GL ch. 59, § 38.

[64] International Association of Assessing Officers, *Standard on Property Tax Policy.*

[65] Benjamin H. Harris and Brian David Moore, "Residential Property Taxes in the United States," Tax Policy Center of the Urban Institute and Brookings Institution, November 18, 2013, 3.

[66] International Association of Assessing Officers, *Standard on Property Tax Policy.*

[67] Ibid.

[68] MCLS § 211.10.

[69] State Tax Commission, *Property Reassessment and Taxation, (Jefferson City, Mo., revised January 2017), 3,* https://stc.mo.gov/wp-content/uploads/sites/5/2017/01/Property-Reassessment-Pamphlet-1-18-16.pdf.

[70] Iowa Department of Revenue, *Iowa Property Tax Overview,* https://tax.iowa.gov/iowa-property-tax-overview.

[71] See DuPage County Supervisor of Assessments, "Equalization Factor Calculation Background," http://www.dupageco.org/SOA/1472/, (noting Illinois' three-year sales data period "somewhat disconnect[s] the timely relationship between property values and property assessments").

[72] See International Association of Assessing Officers, *Standard on Ratio Studies, 10-11.*

[73] See Jeremy Horpedahl, "Principles of a Privilege-Free Tax System, with Applications to the State of Nebraska," working paper, Mercatus Center, September 2014, https://www.mercatus.org/publication/principles-privilege-free-tax-system-applications-state-nebraska (noting that from an economic and a tax transparency standpoint, it is preferable to apply exemptions to low-income taxpayers rather than to all individuals). See also Nathan B. Anderson, "No Relief: Tax Prices and Property Tax Burdens," *Regional Science and Urban Economics* 41 (2011), 548 (explaining that "homestead exemptions do not produce reductions in average residential property tax payments" and that "elimination or reduction of these relief programs is likely not to result in property tax increases for homeowners, but rather declines in commercial-industrial tax payments and public expenditures").

[74] See, e.g., Ted Dabrowski, "Rahm Trades Reform for the Largest Property-Tax Hike in Chicago's Modern History," *Forbes, October 26, 2015,* https://www.forbes.com/sites/realspin/2015/10/26/rahm-emanuel-trades-reform-for-the-largest-property-tax-hike-in-chicagos-modern-history/2/ - 5d7f475e748e; Mailee Smith, "Rigged: How Illinois' labor laws stack the deck against taxpayers," Illinois Policy Institute, Winter 2017, https://www.illinoispolicy.org/reports/rigged-how-illinois-labor-laws-stack-the-deck-against-taxpayers/.

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[77] Illinois Department of Revenue, *Annual Report of Collections Remitted to the State Comptroller,*

http://www.revenue.state.il.us/Publications/AnnualReport/2017-Table-1.pdf.

[78] Illinois Department of Revenue, *The Illinois Property Tax System, 5,* http://tax.illinois.gov/Publications/LocalGovernment/PTAX1004.pdf.

[79] Ill. Const., art. IX, § 5.

[80] Illinois Department of Revenue, *Illinois Property Tax System, 6,* http://tax.illinois.gov/Publications/LocalGovernment/PTAX1004.pdf. Of DuPage County taxes payable in 2017, 73.2 percent were for schools, 2.52 percent were for the county, 2 percent went to the forest preserve, 1.66 percent went to townships, 9.83 percent was for cities, 5.15 percent was for parks, and 5.64 went to fire and other costs. York Township Assessor's Office, "Tax Formula," http://www.yorkassessor.com/york/content.asp?file=formula.

[81] 35 Ill. Comp. Stat. 200/ et seq., http://www.ilga.gov/legislation/ilcs/ilcs3.asp?ChapterID=8&ActID=596.

[82] Illinois Department of Revenue, *Illinois Property Tax System, 10, 19.*

[83] Ibid, 8.

[84] 35 Ill. Comp. Stat. 200/18-15. If a governing body of a taxing district plans to raise property taxes by more than 5 percent over what it charged the previous year, it must comply with Illinois' "truth in taxation" law. 35 Ill. Comp. Stat. 200/18-70. This statute requires a public hearing about the proposed property tax hike, and mandates that notice of the hearing be published in local newspapers (and often on the taxing district's website) beforehand.

[85] In Illinois, assessments are conducted at the township level in 83 counties. In these counties, elected township or multi-township assessors act as "mass appraisers" and evaluate property for tax purposes. Illinois Department of Revenue, *Illinois Property Tax System, 10.*

[86] In Cook and St. Clair counties, the county assessor is responsible for property assessments. Illinois Department of Revenue, *Illinois Property Tax System, 10.*

[87] Illinois' 17 commission counties (Alexander, Calhoun, Edwards, Hardin, Johnson, Massac, Menard, Monroe, Morgan, Perry, Pope, Pulaski, Randolph, Scott, Union, Wabash and Williamson) with no township government charge the county's supervisor of assessments with primary responsibility for property assessments. Illinois Department of Revenue, *Illinois Property Tax System, 10.*

[88] The state assesses certain properties such as railroad operating property and water treatment facilities. Illinois Department of Revenue, *Illinois Property Tax System, 10.*

[89] Illinois Department of Revenue, *Illinois Property Tax System, 6.*

[90] The Illinois Property Tax Code allows county boards to divide their counties into four assessment districts in order to stagger general assessments; St. Clair County's assessment system is structured this way. See 35 Ill. Comp. Stat. 200/9-225.

[91] 35 Ill. Comp. Stat. 200/9-220. Cook County's assessment areas are divided into the north suburbs, the city of Chicago and the south suburbs. The general assessments for these three areas are staggered. Cook County Board of Review, Township Triennial Reassessment Schedule, https://www.cookcountyboardofreview.com/files/BOR-File-293.pdf.

[92] Illinois Department of Revenue, *Illinois Property Tax System, 11-12.*

[93] 35 Ill. Comp. Stat. 200/9-160. Assessors consult records of building and occupancy permits so they can tell when a homeowner completed an addition to his or her house or put in a swimming pool, for example.

[94] Illinois Department of Revenue, *Illinois Property Tax System, 7.* Assessment officers consult property sales studies for the three years prior to the assessment to help achieve this goal and, except in Cook County, can apply equalization factors to neighborhoods, classes of property or townships to bring the entire county assessment level to the required percentage of fair market value. 35 Ill.

Comp. Stat. 200/9-210. The Illinois Department of Revenue *refers to this as "intracounty equalization." Illinois Department of Revenue, Publication 136: Property Assessment and Equalization,* http://www.revenue.state.il.us/Publications/Pubs/PUB-136.pdf, 16. See also, The Civic Federation, *The Cook County Property Assessment Process: A Primer on Assessment, Classification, Equalization and Property Tax Exemptions, April 5, 2010, 13,* https://www.civicfed.org/sites/default/files/100405_CookCountyAssessmentPrimer.pdf.

[95] Illinois Department of Revenue, *Illinois Property Tax System, 7.*

[96] Ibid.

[97] Illinois Department of Revenue, *Illinois Property Tax System, 7; 35 Ill. Comp. Stat. 200/16-65.* Outside of Cook County, county boards of review also have equalization authority should they find a lack of uniformity within their respective counties.

[98] Illinois Department of Revenue, *Property Assessment and Equalization.* The department reviews aggregate assessment data and historical sales data and issues a state equalization factor for each county, which is applied when tax bills are computed. If a county's overall level of assessment is not at the statutory level, the factor will be something other than 1.

[99] In counties outside of Cook, taxpayers have 30 days from the publication of assessments in which to file an appeal. 35 ILCS 200/16-55 (d). In Cook County, taxpayers must file their appeals by the deadline of their township's "closing" date, which is about 30 days after assessment notices are mailed. Cook County Assessor's Office, "Assessment Filing Dates," http://www.cookcountyassessor.com/Appeals/Appeal-Deadlines.aspx;
DuPage County Supervisor of Assessments, "DuPage County Assessment Status: 2017 Assessment Year," https://www.dupageco.org/SOA/1486/. http://www.lakecountyil.gov/503/Appeal-Process; http://www.co.st-clair.il.us/departments/assessor/Documents/PublicationsListing.pdf.

[100] Illinois Department of Revenue, *Illinois Property Tax System, 14.* In Cook County, taxpayers can appeal directly to the Cook County Assessor's Office or to the Cook County Board of Review.

[101] Illinois Property Tax Appeal Board, "How Can I Reduce My Property Tax?" http://www.ptab.illinois.gov/getStarted.html.

[102] Illinois Department of Revenue, *Illinois Property Tax System, 16.*

[103] Illinois Department of Revenue, *Illinois Property Tax System, 20.*

[104] 35 Ill. Comp. Stat. 200/16-35 and 150.

[105] The levies must also comply with Illinois' Property Tax Extension Limitation Law, or PTELL. PTELL applies to non-home rule local governments, as well as to home rule governments that have adopted it, such as Cook County. The law limits the annual increase in the amount of property taxes billed to the lesser of 5 percent or the growth in the consumer price index. 35 Ill. Comp. Stat. 200/18-185.

[106] A tax base can grow due to new property added to the area, the removal of exemptions, the expiration of a tax incentive program or an increase in property values. By contrast, a tax base can shrink if property values decline, buildings are demolished, or if more exempt property is added to an area or becomes subject to tax incentive programs. Illinois Department of Revenue, *Illinois Property Tax System, 20. Some property such as educational, charitable and religious institutions, and property owned by the government, is exempt from taxation entirely. Illinois also has several exemptions from assessed value that apply. Common exemptions and incentive programs are set forth in Appendix B.*

[107] Illinois Department of Revenue, *Illinois Property Tax System, 23.*

[108] 35 Ill. Comp. Stat. 200/20-5.

[109] In counties that use the estimated or accelerated billing methods, such as Cook County, these statements only have to be provided with the final installment of taxes due. 35 Ill. Comp. Stat. 200/20-15.

[110] See, e.g., Lake County Treasurer's Office, "General FAQ," https://www.lakecountyil.gov/FAQ.

aspx?TID=19; DuPage County Treasurer, "2017 Tax Year Calendar of Events," https://www.dupageco.org/Treasurer/5943/. St. Clair County mails bills in May, and payments are due in June and September. St. Clair County Treasurer, "Helpful Information," http://www.co.st-clair.il.us/departments/treasurer/Pages/helpfulInfo.aspx.

[111] Cook County Treasurer, Important Dates, https://www.cookcountytreasurer.com/duedates.aspx.

[112] Illinois Department of Revenue, *Illinois Property Tax System, 23.*

[113] Illinois Department of Revenue, *Illinois Property Tax System, 24.*

[114] 35 Ill. Comp. Stat. 200/ 15-35, 15-40, 15-45, 15-50, 15-55, 15-60.

[115] 35 Ill. Comp. Stat. 200/15-30.

[116] 35 Ill. Comp. Stat. 200/15-175.

[117] Illinois Department of Revenue, Table 21: Number of General Homestead Exemptions and the EAV Reduction, 2012 – 2016.

[118] 35 Ill. Comp. Stat. 200/15-175.

[119] Ibid.

[120] See, e.g., DuPage County Supervisor of Assessments, "General (Residential) Homestead Exemption: Application Process," https://www.dupageco.org/SOA/1508/.

[121] Cook County Assessor's Office website, "Exemptions: Homeowner Exemption," https://www.cookcountytreasurer.com/exemptions.aspx.

[122] 35 Ill. Comp. Stat. 200/15-177.

[123] Cook County Assessor's Office website, "When Do I Apply for the Longtime Homeowner Exemption?" http://cookcountyassessor.com/Exemptions/Exemption-Forms.aspx.

[124] 35 Ill. Comp. Stat. 200/15-180.

[125] 35 Ill. Comp. Stat. 200/15-170.

[126] Public Act 100-0401.

[127] Illinois Department of Revenue, Table 22A: Senior Citizens Homestead, Senior Citizens Assessment Freeze Homestead, Homestead Improvement, and Disabled Persons' Homestead Exemptions.

[128] 35 Ill. Comp. Stat. 200/15-172.

[129] Illinois Department of Revenue, Table 22A: Senior Citizens Homestead, Senior Citizens Assessment Freeze Homestead, Homestead Improvement, and Disabled Persons' Homestead Exemptions.

[130] 35 Ill. Comp. Stat. 200/15-165.

[131] 35 Ill. Comp. Stat. 200/15-167.

[132] 35 Ill. Comp. Stat. 200/15-168.

[133] 35 Ill. Comp. Stat. 200/15-173.

[134] 35 Ill. Comp. Stat. 200/10-155.

[135] 35 Ill. Comp. Stat. 200/10-166.

[136] 35 Ill. Comp. Stat. 200/10-150.

[137] 35 Ill. Comp. Stat. 200/10-5.

[138] 35 Ill. Comp. Stat. 200/10-40.

[139] 35 Ill. Comp. Stat. 200/10-30.

[140] 35 Ill. Comp. Stat. 200/10-300.

[141] 35 Ill. Comp. Stat. 200/10-350.

[142] 320 Ill. Comp. Stat. 30/1.

[143] Data from Illinois Department of Revenue, email from taxpayer services personnel, March 13, 2018.

[144] 320 Ill. Comp. Stat. 25/1.

[145] Property Tax Reform and Relief Task Force, *Report to the General Assembly, December 2009, 29, 43,* http://tax.illinois.gov/localgovernment/propertytax/taskforcereport.pdf.

[146] Illinois Department on Aging, "Statutes and Administrative Rules," https://www2.illinois.gov/ag-

ing/AboutUs/Pages/rules-main.aspx 823,341.

[147] 35 Ill. Comp. Stat. 200/18-165.

[148] 20 Ill. Comp. Stat. 655/1.

[149] Illinois Department of Commerce and Economic Opportunity, “Illinois Enterprise Zone Program,” https://www.illinois.gov/dceo/expandrelocate/incentives/taxassistance/pages/enterprisezone.aspx.

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