

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

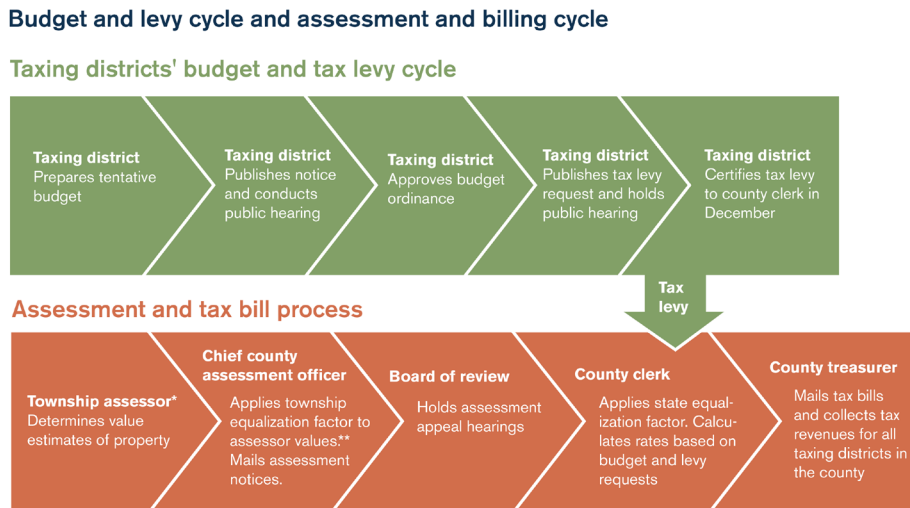
Illinois does not have a state property tax – property taxes are levied, collected and spent only at the local level.⁷⁸ Illinois governments only tax real property, which includes land, buildings, and features attached to land such as driveways. They do not tax personal property such as cars or office 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 assessors⁸⁶ and supervisors of assessment⁸⁷ 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 included¹⁰⁹ 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:	Fair cash value ¹³	388,300
TAXPAYER	Land value	38,460
NAPERVILLE, IL	(+) Building value	90,950
	(=) Assessed value ⁸	129,410
PROPERTY LOCATION:	(X) State multiplier ¹¹	1
XXXX	(=) Equalized value ¹²	129,410
	(-) Residential exemption ⁹	6,000
TOWNSHIP ASSESSOR:	(-) Senior exemption	
NAPERVILLE	(-) Senior freeze	
	(-) Disabled veteran	
TAX CODE:	(-) Disability exemption	
XXXX	(-) Returning veteran exemption	
	(-) Home improvement exemption	
PROPERTY INDEX NUMBER⁷	(-) Housing abatement	
XXXX	(=) 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