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PROPERTY TAX BURDEN UP ACROSS NORTHEASTERN ILLINOIS BETWEEN 2008 AND 2009

Chicago Retains Comparatively Low Effective Property Tax Rates

CHICAGO - The Civic Federation's annual estimate of effective property tax rates in the six-county region of northeastern Illinois found that effective tax rates for residential properties rose between tax year 2008 and 2009 for each of the 32 municipalities studied. The 2009 effective rates for nearly all communities were also higher they were ten years ago, except in the City of Chicago. Effective tax rates for residential properties in Chicago were 1.4% lower in 2009 than in tax year 2000 while effective rates for commercial properties in Chicago fell by 37.3% over the same period.

Effective tax rates are a measure of property tax burden for homeowners and businesses. They translate the tax rates on property tax bills into rates that reflect the percentage of full market value that a property owed in taxes for a given year. Effective tax rates allow an apples-to-apples comparison of tax burden across communities and over time. Changes in effective property taxes are due either to increases in actual tax rates or increases in median levels of assessment, or both. The report released today by the Civic Federation covers the ten-year period between 2000 and 2009, the most recent year for which comparative data is available.

“Chicago's effective tax rates are competitive compared to most of the other municipalities that were analyzed in Cook County and the collar counties,” said Laurence Msall, president of the Civic Federation. Chicago had the lowest 2009 effective tax rates for residential, commercial and industrial properties of any of the selected Cook County municipalities. In the ten years between 2000 and 2009, effective tax rates for commercial property in all selected Cook County municipalities declined, while the residential property rates rose in all communities except Chicago. Effective rates in all the collar county communities studied rose over the ten-year period, most by double-digits.

The study found a wide variation in effective tax rates between communities. This is due partially to the fact that Cook County assesses residential, commercial and industrial properties at different rates, whereas all other counties in Illinois assess properties at the same level. Other variations between communities reflect differences in property wealth and the extent to which local governments are dependent on property taxes. For example Oak Brook, which has the lowest effective property tax rate of any of the 32 municipalities studied at 1.03%, has high real estate values and a diversified tax base that includes significant retail sales tax revenues. Conversely Harvey, which has the highest effective property tax rates, has relatively low property values and relies heavily on property taxes to fund its local governments.

In 2009 there were fewer than 25 useable sales of Class 5b industrial property in each of the three Cook County assessment districts, so the Illinois Department of Revenue could not accurately calculate median levels of assessment by triennial reassessment district for that type of property. For this reason, the Civic Federation was unable to compare 2009 industrial property effective tax rates to prior years.

The Civic Federation is an independent, non-partisan government research organization founded in 1894. The Federation's membership includes business and professional leaders from a wide range of Chicago area corporations, professional service firms and institutions. For more information, please visit the Federation's website at www.civicfed.org.

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