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# The Civic Federation

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### PROPERTY TAX BURDEN MODERATES IN AREAS OF COOK COUNTY *Effective Tax Rates in Collar Counties Continue to Climb*

(CHICAGO) The Civic Federation released its annual estimate of effective property tax rates in the six-county region of northeastern Illinois today. The report found mixed results across the region for effective tax rates in 2011 with rises in tax rates for all of the collar county municipalities studied over 2010 while in Cook County some communities saw decreases in residential effective tax rates. Commercial effective tax rates in each of the 12 Cook County communities studied declined by between 11.4% and 27.1%. Additionally, effective tax rates in 2011 were higher than they were 10 years ago for all communities studied.

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. The report covers the 10-year period between 2002 and 2011, the most recent year for which comparative data are available.

Changes in effective tax rates are due either to changes in actual tax rates or changes in median levels of assessment, or both. Because tax rates were up across Cook County in 2011, the decrease in effective tax rates for commercial properties in Cook County therefore must be due to decreases in the 2011 median levels of assessment for commercial properties in each Cook County reassessment district calculated by the Illinois Department of Revenue's Assessment Sales Ratio Study. The fall in the median level of assessment for commercial properties in Cook County is likely due to assessments catching up with previous falls in the sales prices of commercial properties. Each triad has now been reassessed by the Cook County Assessor since the sharp downturn in the economy and real estate market. Notably, the assessment sales ratios for commercial properties are now very close to the ordinance level of assessment of 25%.

"The wide difference in rates and trends across the region 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," said Sarah Wetmore, Vice President of the Civic Federation. Other variations between communities reflect differences in property wealth and the extent to which local governments are dependent on property taxes. The City of Chicago had the lowest effective tax rates of all of the selected communities in Cook County and Oak Brook had the lowest rates of all 32 selected communities. Both Chicago and Oak Brook have high property values and diversified tax bases, while Harvey, which again had the highest effective tax rates of all of the communities, has relatively low property values and relies heavily on property taxes to fund its local governments.

In 2011 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 2011 industrial property effective tax rates to prior years. Effective rates for 2011 alone were calculated using county-wide numbers.

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*The Civic Federation is an independent, non-partisan government research organization that promotes efficient delivery of public services and sustainable tax policies in the Chicago region and State of Illinois.*