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# The Civic Federation

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### STUDY COMPARES PROPERTY TAX BURDEN IN NORTHEAST ILLINOIS: *Ten-Year Trends for Cook County Show Highest Tax Burden in Harvey, Lowest in Chicago*

(CHICAGO) The Civic Federation released its annual estimate of effective property tax rates in the six-county region of northeastern Illinois today. Among the 12 selected Cook County communities, Harvey had the highest effective tax rate for residential properties at 8.08% in tax year 2013, while Chicago had the lowest residential rate in Cook County at 1.66% and the second-lowest of all 29 communities included in the study. The full report is available at [www.civicfed.org](http://www.civicfed.org).

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 owed in taxes by a property in a given year. Effective tax rates allow an apples-to-apples comparison of tax burden across communities and over time. This report covers the period between 2004 and 2013, the most recent year for which comparable data are available.

Change in effective tax rates over time is a product of changing actual composite tax rates, changing median levels of assessment and changing equalization factors. To calculate effective tax rates, the median level of assessment is first multiplied by the equalization factor to approximate the percentage of a property's total value that is taxed. (Both the median level of assessment and the equalization factor are calculated annually by the Illinois Department of Revenue.) This percentage is then multiplied by the actual tax rate to produce the effective tax rate.

Changes in both the equalization factor and median level of assessment strongly influenced the two-year change in estimated effective residential rates for all Cook County communities. While all 12 Cook County communities experienced increases in their composite property tax rates in 2013 over 2012, estimated residential effective tax rates declined for all communities but one because of a lower equalization factor and lower median levels of assessment for residential properties. The two-year decline in effective tax rates for residential properties in Cook County ranged from 3.5% in Orland Park to 14.9% in Arlington Heights, with Chicago residential properties' effective rates declining by 9.7%. Only Chicago Heights saw a slight 0.9% increase in estimated effective property tax rates in tax year 2013 compared to tax year 2012.

"It is important to recognize that the Federation's calculation of estimated effective rates is just that: an estimate," said Laurence Msall, president of the Civic Federation. "While these estimates are powerful for showing high-level trends over time, individual properties' trends may be different from the estimate." To calculate the effective tax rate for an individual property, a property owner would divide the tax liability for a property into its estimated market value for the same year. Thus, a property with a tax liability of \$6,000 and an estimated market value of \$300,000 would have an effective property tax rate of 2%.

The full report also analyzes trends for selected communities in the collar counties of DuPage, Kane, Lake, Will and McHenry. Among these communities, Waukegan had the highest 2013 effective property tax rate at 5.60% and Oak Brook had the lowest rate at 1.22%. All collar county communities analyzed experienced significant estimated effective property tax rate increases between 2004 and 2013, ranging from a 25.4% increase in the portion of Naperville located in Will County to a 117.1% increase in Waukegan.

*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.*



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