



# The Civic Federation

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## NEW CIVIC FEDERATION PROPERTY TAX PRIMER TEACHES TAX EXTENSION BASICS

### *Explains Effect of TIF on Local Governments in Cook County*

(CHICAGO) The Civic Federation released today the third in a series of four primers that explain how the property tax system in Cook County works—and doesn't work. "Property Tax Extension Process" explains in plain-English how Cook County determines the amount of revenue local governments may collect. The report also describes the effect of Tax Increment Financing districts on local government revenue.

The first two property tax primers, released in November 2009 and April 2010, described the property tax appeals process at the Cook County Assessor's Office and the Board of Review and the property assessment process. "Unfortunately, a lot of misinformation exists about the property tax system in Cook County, especially with regard to TIF," said Lise Valentine, vice president of the Civic Federation. "These primers set the record straight while educating the public about one of the most visible and least-understood forms of taxation."

The tax extension process is separated into two primary operations: determining the tax base of a taxing district and applying any legal limits to the district's levy. The levy is the amount of money requested by a taxing district and the extension is the amount to which it is entitled once the tax base and limits have been determined. The primer explains how mechanisms to limit property tax growth such as rate limits and tax caps work within this process.

The report additionally provides trend data on Equalized Assessed Value, tax rates, tax extensions, and TIF revenue. The data show that the composite tax rate that appears on City of Chicago tax bills decreased by half between 1994 and 2008 due to significant increases in Equalized Assessed Value. Moreover, tax extensions for the eight major taxing districts in Chicago rose by less than inflation over the same time period.

Finally, the report explains how TIF interacts with tax revenues for local governments. TIF does not freeze property tax revenue available to other taxing districts. It freezes the available EAV. The primary effect of this in Cook County has been an increase in tax rates, not less funding available to local governments.

*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](http://www.civicfed.org).*