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FINAL CIVIC FEDERATION PROPERTY TAX PRIMER EVALUATES EFFECTIVENESS OF COOK COUNTY PROPERTY TAX SYSTEM

(CHICAGO) The final installment in the Civic Federation's four-part educational series describing and evaluating the Cook County property tax system was published today. "The growing complexity of the property tax system in Cook County challenges even the most well-intended citizen," said Laurence Msall, president of the Civic Federation. "With this series of primers, the Federation aims to empower taxpayers, public officials, and the media to participate in discussions about hot-button issues like TIF and property tax swaps." The full series of primers is available on the Civic Federation's website, www.civicfed.org.

Previous installments in the series have described the assessment and appeals processes and how Cook County determines the amount of revenue local governments may collect, also known as property tax extension. The final report compares the Cook County property tax system to four basic criteria by which all taxes can be evaluated: equity, simplicity, neutrality and revenue adequacy. It is important to note that the report does not evaluate all taxes imposed by Cook County, so principles of fair and economically sound taxation that are violated by the property tax could be sustained by other taxes in the system.

The report came to strong conclusions with regard to three of the four criteria. The Cook County property tax system is excessively complex, it creates considerable economic distortion and is therefore not neutral, but it is a stable and adequate source of revenue for most local governments. However, there is much controversy over how equitable it is.

Part of the difficulty in evaluating a tax's equity stems from determining how best to *measure* equity. Should only those who benefit from government services pay the taxes to fund them? Should only those who are most able to bear the cost pay taxes? Is the tax levied in a non-discriminatory and consistent manner? The full report examines the Cook County property taxes with regard to each of these ideas and notes the often conflicting conclusions they generate.

"These four primers are intended to describe and improve understanding of the property tax system in Cook County as it now exists," said Mr. Msall. "The Civic Federation plans to release our comprehensive set of recommendations to improve property taxes in the coming weeks."

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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