

# Overview of the Property Tax System in Illinois

Adrienne Suits Bailey, Property Tax Division Manager

# History

- The Illinois Constitution has contained a provision for taxing property in direct proportion to value since 1818
- Since 1933, property taxes have been levied at the local level
- Personal property tax for individuals was eliminated in 1969
- Personal property tax for business entities was eliminated in 1979
  - Business entities now pay a personal property replacement tax (PPRT)

# Property Tax Code

- Property Taxes are governed by 35 ILCS 200/1-1 through 32-20

# Property Tax Cycle

- Two-year cycle
- Property taxes are paid in arrears – 2019 assessments are paid in 2020
- Responsibilities lie within different offices throughout the cycle

# Property Tax Cycle – Seven Steps

1. Assessment – township assessors and CCAOs
2. Review of Assessment Decisions – county boards of review
3. State Equalization – calculated by IDOR, applied by County Clerk
4. Levy – taxing districts, certified to County Clerk
5. Extension – County Clerk
6. Collection and Distribution – County Treasurer/Collector
7. Sales and Redemption – County Treasurer and Clerk

# Roles and Responsibilities - IDOR

- Provide technical assistance, training, and guidance
- Provide taxing district maps
- Give final approval on non-homestead exemptions (churches, government properties, etc.)
- Place value on state-assessed properties
  - Railroad operating property, qualifying water treatment facilities, pollution control devices
- Certify farmland assessment values annually
- Complete sales ratio studies and calculate the tentative and final equalization factors (also known as multipliers)

# Roles and Responsibilities – Local Assessors

- Township Assessors and Chief County Assessment Officers (CCAOs)
- Assess all properties other than state-assessed property
  - Required by law to reassess all property in the jurisdiction at least once every four years (every three years in Cook)
  - May revalue between quadrennials if the value is incorrect
- Provide assistance to residents of the jurisdiction
- Equalize (if necessary)
- Notify taxpayers when assessments change
- Completes required forms and reports, and files them with IDOR

# Assessed Value

- In all counties except Cook, property is assessed at 33 1/3% of its fair market value.
- Exceptions for preferential assessments – farmland, open space, historic property, etc.

# Assessed Value – Cook County

- In Cook County, property is assessed based upon its classification
- Classification was approved via referendum by the Cook County Board
- Nine different classifications ranging from residential to commercial/industrial to incentive classifications
  - Vacant land; Residential; Apartment buildings (7+ units); Not-for-profit; Commercial/Industrial; and various incentive classes
- Assessments range from 10% for residential properties to 25% for commercial/industrial properties depending on the classification

# Other Considerations

- Other considerations that impact the end result:
  - Exemptions
  - Property Tax Extension Limitation Law (PTELL)
  - Tax Increment Financing (TIF)
  - Enterprise Zones
  - Other incentive programs

# Exemptions

- Exemptions “exempt” or remove assessed value from the property tax base
- Two types: Non-homestead Exemptions and Homestead Exemptions
  1. Non-homestead Exemptions: churches, schools, government, charitable, etc.
  2. Homestead Exemptions: General Homestead Exemption, Senior Citizens Homestead Exemption, Standard Homestead Exemption for Veterans with Disabilities, etc.

# Property Tax Extension Limitation Law (PTELL)

- Designed to limit the increases in property tax extension (total taxes billed) in qualifying jurisdictions for non-home rule districts
- Does not cap individual property tax bills or property assessments
- Allows a taxing district to receive limited inflationary increase in extensions on existing property, plus an additional amount for new construction
- Limitation: lesser of 5% or the increase in the national CPI for the year preceding the levy year
  - Can be increased for a taxing body with voter approval

# Tax Base

- Total Equalized Assessed Value (EAV)
- Minus certain Homestead Exemptions
- Plus the value of any state-assessed property

# Calculating the Tax Rate

- Tax Rate = Tax Levy / Tax Base
- Example:
  - School District Levy = \$275,000
  - Taxing District's Tax Base or EAV = \$5,550,150
  - Tax Rate = 4.9548%

# Individual Tax Bills

- Tax Bill = Property's Taxable EAV x Aggregate Tax Rate
  - Aggregate Tax Rate: Combination of county rate, township rate, school district rate, college rate, municipality rate, mosquito abatement rate, etc.

# Tax Sale

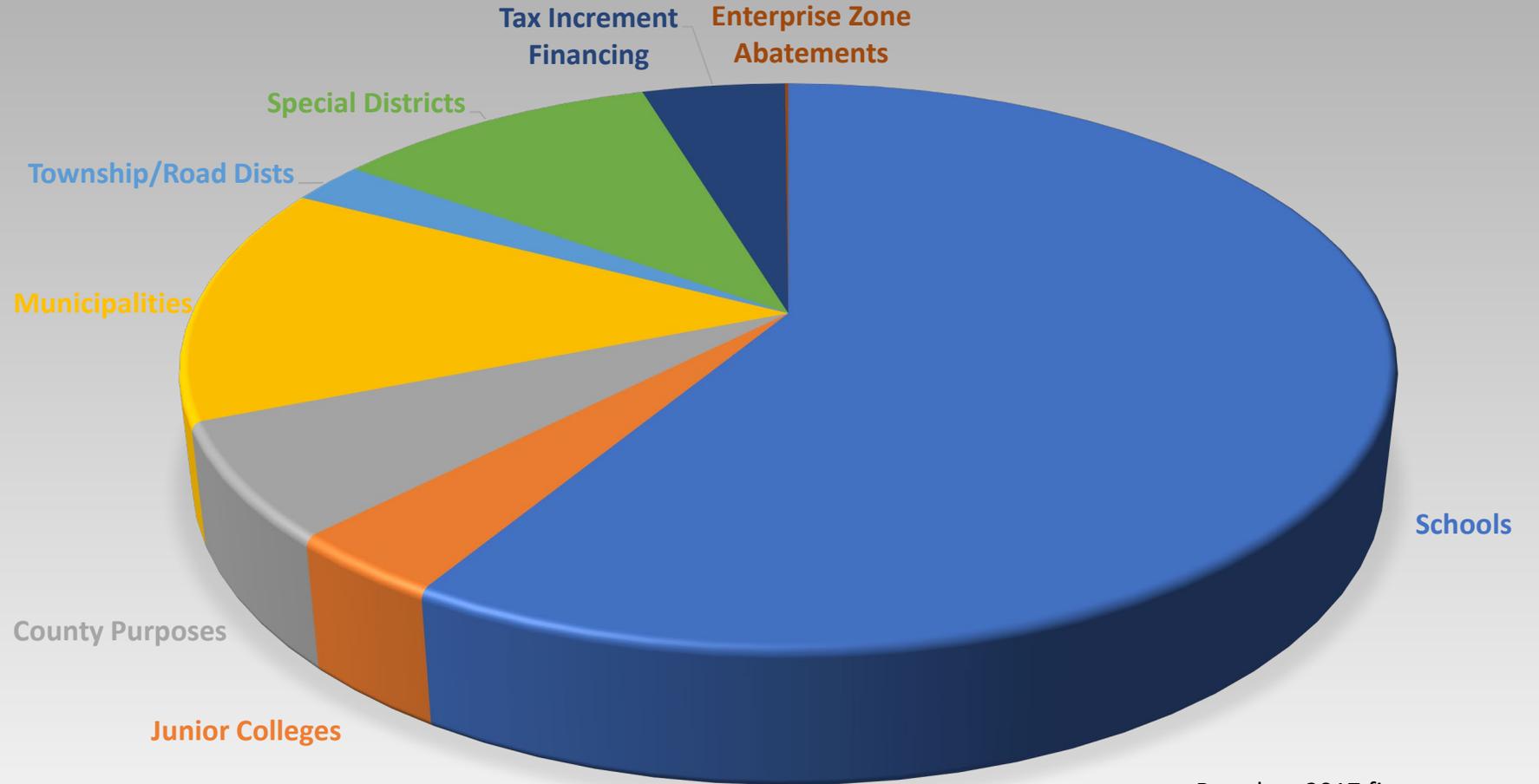
- Occurs after the last installment of property taxes are due
- Must follow specific guidelines – publication, order of judgment application, etc.
- Property itself is not sold – a lien against the property for unpaid taxes is purchased, plus penalties and interest
- Property owner has a redemption period to pay; periods vary from 6 months to 2 ½ years.

# Tax District Statistics

## TOTAL EXTENSION BY DISTRICT TYPE

**Total Taxing Districts:**  
**6,047**

**Total Extension:**  
**\$30,862,228,659.46**



Based on 2017 figures as reported by county officials

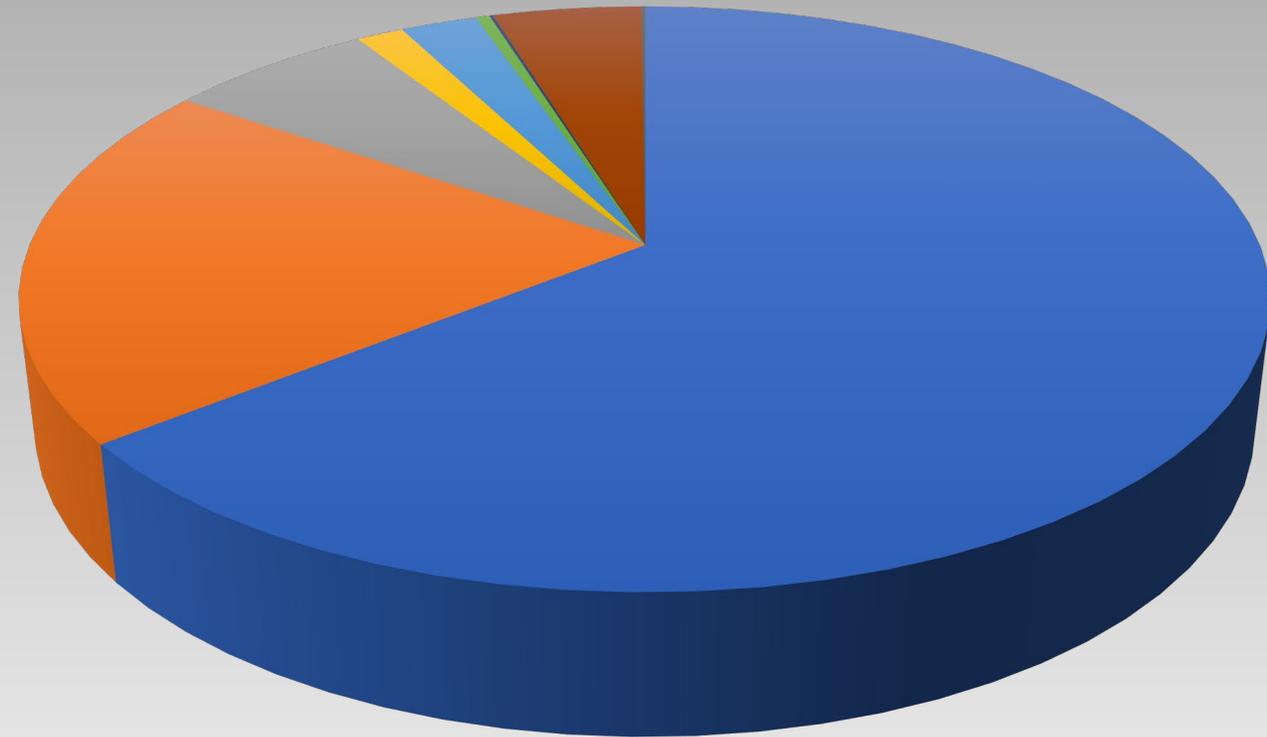
# Property Class Statistics

**Total Parcel Count:**  
**5,675,466**

**Equalized Assessed Value\*:**  
**\$352,270,916,099**

\*Equalized Assessed Value is the taxable base after state equalization and removal of exemptions

PROPERTY CLASS



- Residential
- Commercial
- Industrial
- Farm A "Homesite"
- Farm B "Land"
- Railroad
- Mineral
- Tax Increment Financing
- Enterprise Zone

Based on 2017 figures as reported by county officials

# Resources

- IDOR website: [tax.Illinois.gov](http://tax.Illinois.gov)
- General Property Tax information:
  - <https://www2.illinois.gov/rev/localgovernments/property/Pages/General-Information.aspx>
- Property Tax Cycle overview: PTAX-1004
  - <https://www2.illinois.gov/rev/research/publications/Documents/localgovernment/p-tax-1004.pdf>
- Property Tax Extension Limitation Law (PTELL):
  - <https://www2.illinois.gov/rev/localgovernments/property/Pages/ptell.aspx>
- 2018 TIF Task Force Summary:
  - [http://www.revenue.state.il.us/AboutIdor/TaxResearch/TIFTaskForce/TIF\\_Reform\\_Task\\_Force\\_Report.pdf](http://www.revenue.state.il.us/AboutIdor/TaxResearch/TIFTaskForce/TIF_Reform_Task_Force_Report.pdf)

# Questions?