



## An Overview of Property Tax

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### What role does property tax play?

Property tax has played a major role in financing government since Illinois' early days. In fact, until the depression of the 1930s, property tax was the main source of funding for state government. Today, however, only local governments levy and collect property tax.

Approximately 6,000 local government units (e.g., municipalities, townships, counties, schools, park districts) use property tax to finance the majority of services that they provide to their citizens. The largest share of local property tax (62 percent) goes to school districts for education. Other public services include police and fire protection, street maintenance, and recreation.

### What is Illinois' property tax cycle?

The Illinois property tax cycle generally extends over a two-year period. A tax year is the year of assessment and reflects the value of real property as of January 1 of that year. The actual tax bills are paid in the year following the tax year. For example, taxes on a 2016 assessment are paid in 2017.

### How is real property assessed in Illinois?

The required assessment level for tax purposes on any parcel of real property in any county, except Cook County, is 33 1/3 percent of the property's fair market value, excluding farmland and farm buildings.

Cook County classifies property and assesses classes at different percentages of fair market value. For example, the required assessment level for the residential class is 10 percent of fair market value. The Cook County Assessor's Office has information about other classes.

### Will I be notified if my assessment is going to change?

Yes. Any change in real property assessments must be published in a newspaper of general circulation by the chief county assessment officer (CCAO) in each county every year. Every four years when all property is reassessed (three years in Cook County), a complete list of assessments must be published for notification purposes. The assessments by the CCAO are subject to further revision and equalization by the board of review. A complete list of the board of review assessment changes and equalization factors is a matter of public record and open to public inspection. In addition, taxpayers outside Cook County must receive a mailed notice of any changes in their assessment from the previous year, unless the change was due to the application of an equalization factor by an assessor. Banks, savings and loans, and other mortgage lenders also are required to forward copies of all assessment change notices to affected borrowers.

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## What determines my property tax?

Your tax bill is based on two factors:

- equalized assessed value (EAV) of your property, and
- amount of money your local taxing districts need to operate during the coming year (*i.e.*, levies).

The assessment on your property is set by local officials and is merely a method of fairly distributing the tax burden among all property owners in your community (*i.e.*, the tax base). Your tax bill can remain the same or decrease even though your assessment is increased if the tax base increases or the taxing districts do not increase their levies. Conversely, your tax bill can increase even though your assessment remains the same or decreases if the tax base decreases or the taxing districts increase their levies.

## How can I determine if my assessment is fair?

Once you have verified that the information on your assessment record is accurate, you can use one of two methods to quickly determine if your assessment is fair.

**Method 1:** Compare the fair market value of your property with recent sales of similar properties in your neighborhood. The fair market value of your property is defined as the price you would accept if a willing and able buyer would offer to purchase your property at today's prices. This method is appropriate if you have either recently purchased your property on the open market or obtained a professional appraisal.

**Method 2:** Compare the assessed value of your property with similar properties in your neighborhood to determine uniformity in assessments. You can get the assessed value of your property from the township or multi-township assessor, or the CCAO, also referred to as supervisor of assessments. You have the right to inspect the assessment record for any parcel of property subject to reasonable regulations set by local officials.

## What can I do if I think my assessment is unfair?

There are several administrative remedies available to you. If your property is in Cook County, you can apply for revision with the county assessor or file a complaint with the Cook County Board of Review. If your property is outside Cook County, you can file a complaint with that county's board of review.

If you are dissatisfied with the board's decision, you may appeal to the Illinois Property Tax Appeal Board or file a tax objection complaint in circuit court. A favorable court ruling is unlikely unless you have exhausted all available administrative remedies.

**Note:** If you think your assessment is unfair, it is important to timely pursue administrative remedies. Your "notice of assessment change" form lists the filing deadlines. Once you receive your tax bill, it is generally too late to challenge your assessment.

## What will happen if I don't pay my property tax?

A lien will be placed on your property that may be sold to recover the amount of tax due. If this action occurs and your property is residential, with six units or less, you may redeem it within two and one-half years of the date of sale. You must pay penalties and other costs (including interest) in addition to any tax due. Other classes of property (e.g., agricultural, commercial) have different redemption time periods. If you do not redeem your property, you may lose it.

## Is there tax relief available to property owners?

The Property Tax Extension Limitation Law (PTELL) generally restricts the growth in property tax revenue to taxing districts to 5 percent or the annual change in the U.S. Consumer Price Index, whichever is less. However, a higher tax rate may be approved by the voters. Originally this law covered property only in Lake, DuPage, Kane, McHenry, and Will counties. In 1995, Cook County property was included, and in subsequent years the law was extended to other counties by referendum. To date, 33 counties have passed referenda. (A referendum can be held in a county at the request of the county board.)

Owner-occupied residences may be eligible for a General Homestead Exemption, which reduces their EAV. This exemption is equal to the current EAV above the EAV on that same property in 1977. The exempt amount cannot exceed \$6,000.

In Cook County, owner-occupied residences may also be eligible for a General Homestead Exemption. This exemption is equal to the current EAV above the EAV on that same property in 1977. The exempt amount cannot exceed \$7,000.

Persons 65 years of age or older who own and occupy their own home may apply for a

- Senior Citizens Homestead Exemption that reduces the EAV of a home by an additional \$5,000, and
- Senior Citizens Assessment Freeze Homestead Exemption if the household income is \$55,000 or less and they meet other criteria. The property's EAV is frozen at a base year value to prevent any increases in EAV due to inflation.

Senior citizens with an income of \$55,000 or less may defer all or part of their property tax on a personal residence through the Senior Citizens Real Estate Tax Deferral

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Program. The program is much like a loan in which the deferred tax, plus 6 percent interest, generally is not due until the taxpayer sells the property or dies.

Other exemptions or preferential assessments may be granted for persons with disabilities, veterans, veterans with disabilities, surviving spouses of veterans with disabilities or veterans killed in the line of duty, natural disasters, historic residences, and solar energy devices. You can get additional information from your township or multi-township assessor and CCAO.

Homeowners receive a 5 percent credit on their state income tax for property tax paid on their primary residence.

## How is farmland assessed?

A parcel of land used for agricultural purposes for at least two consecutive years is eligible for a preferential assessment. Farmland is assessed based on its agricultural economic value (AEV) (i.e., its ability to produce income) rather than on 33 1/3 percent of its fair market value. The AEV is a calculation of an average of prices paid for agricultural products, production costs, and interest rates that are charged by the Agri-Bank over a five-year period.

Assessing officials' value all farmland in the county based upon its productivity, taking into account the land's actual use, slope, erosion, flooding, and other factors that affect productivity.

Farm buildings are assessed at 33 1/3 percent of their contributory value to the productivity of the farm. Farm homesites and residences are assessed at 33 1/3 percent of their fair market value.

## Where can I get additional information?

- **Assessments in Cook County**
  - **COOK COUNTY ASSESSOR'S OFFICE**  
COUNTY BUILDING ROOM 320  
118 NORTH CLARK STREET  
CHICAGO IL 60602  
**312 443-7550**  
**cookcountyassessor.com**
- **Assessments in other counties**
  - Township or multi-township assessor;
  - Chief county assessment officer (CCAO), also referred to as supervisor of assessments
- **Property Tax Relief**
  - **Homestead Exemptions**  
Chief county assessment officer (CCAO), also referred to as supervisor of assessments
  - **Senior Citizens Real Estate Tax Deferral**  
County collector
- **Tax bills**
  - County collector or treasurer
- **Appeals**
  - **COOK COUNTY BOARD OF REVIEW**  
COUNTY BUILDING ROOM 601  
118 NORTH CLARK STREET  
CHICAGO IL 60602  
**312 603-5542**  
**cookcountyboardofreview.com**
  - **Cook County Assessor's Office**  
(See "Assessments in Cook County")
  - **County Board of Review for all other counties**  
Consult your local telephone directory.
  - **ILLINOIS PROPERTY TAX APPEAL BOARD**  
STRATTON OFFICE BUILDING ROOM 402  
401 SOUTH SPRING STREET  
SPRINGFIELD IL 62706-4001  
**217 782-6076**                      **TDD 217 785-4427**  
**state.il.us/agency/ptab**