

How the Illinois Property Tax System Works

Office of Cook County Treasurer Maria Pappas

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www.cookcountytreasurer.com

studies and helpful information
for property owners



Maria Pappas
Cook County Treasurer

Introduction

Property taxes have served as a way to fund government in the United States since the founding of the country – at a time when property ownership typically was synonymous with wealth, making it a mostly progressive tax in the 18th and 19th centuries.

The federal government and the vast majority of state governments have stopped using that tax to fund their operations, in part because property ownership and wealth – or the ability to pay – are no longer so closely linked.

Nevertheless, property taxes continue to be a major source of revenue for local governments.

In 40 U.S. states, the biggest single source of income for local governments is the property tax, according to the [Pew Research Center](#)¹.

It remains the case despite a growing body of studies that question whether the overall property tax burden can be spread equitably, whether the revenue it generates can be distributed fairly and whether the

enforcement of tax payments through sales of delinquent taxes disproportionately affects people of color.

In Illinois, those questions have dominated the debate over property taxes in recent decades, leading to limits on property tax increases, higher tax exemptions for owner-occupied homes, a revamping of the Cook County property tax assessment system and changes to the way the state distributes public school funding to make educational opportunities more equitable between wealthier and poorer communities.

The Treasurer's Office sends more than 3.2 Million Tax Bills every single year.

¹ (The Pew Charitable Trusts, 2021) <https://www.pewtrusts.org/en/research-and-analysis/data-visualizations/2021/how-local-governments-raise-their-tax-dollars>



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Illinois continues to rely heavily on property taxes to fund local government, particularly for kindergarten through 12th grade public education. Half of public school funding in the state comes from property tax revenue, according to the [Illinois State Board of Education](#)² (Figure 1).

In Illinois, about 40% of local government revenue comes from property taxes, according to the [Lincoln Institute for Land Policy](#)³. That compares with an average of 30% across the nation.

Although many other states rely more heavily, in percentage of local revenue, on property taxes to fund local government, Illinois still has [the nation's second-highest effective property tax rates](#)⁴ – defined as the percentage of a property's value that is paid in taxes each year, according to multiple studies. Only New Jersey has a higher effective property tax rate. (Figure 2)

² (Illinois School Funding: Property Tax Reliance Down, but New Demands for State Funds Loom, 2020) <https://www.illinoistax.org/index.php/illinois-school-funding-property-tax-reliance-down-but-new-demands-for-state-funds-loom-mike-klemensolten/>

³ (Lincoln Institute of Land Policy 2022) <https://www.lincolnst.edu/research-data/data-toolkits/significant-features-property-tax/state-state-property-tax-glance>

⁴ (ibid) <https://www.lincolnst.edu/research-data/data-toolkits/significant-features-property-tax/state-state-property-tax-glance>

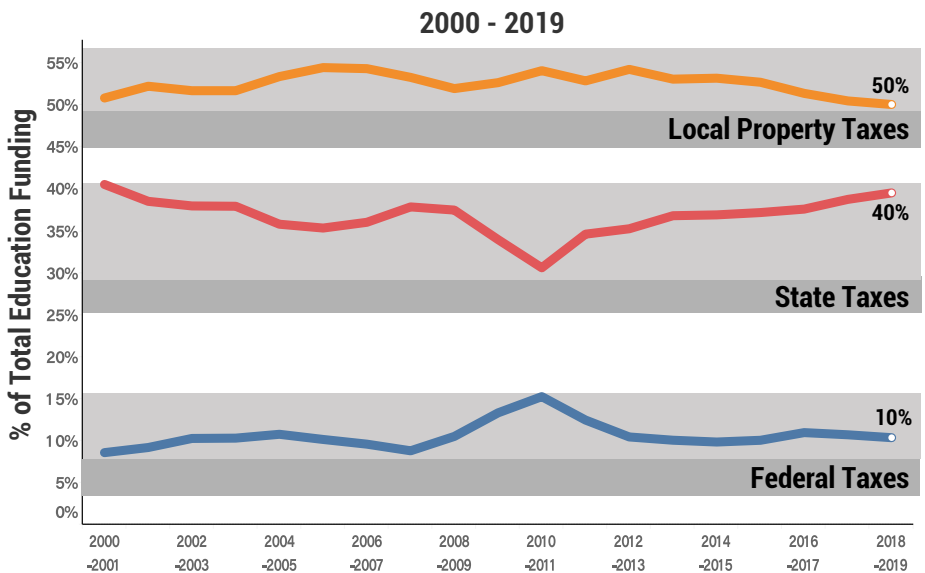


Figure 1. Share of education funding by jurisdiction (Source: Taxpayers' Federation of Illinois)

Looked at another way, the median residential property tax bill in Illinois between 2015 and 2019 was \$4,419, compared to a median of \$2,471 across the nation, according to the Lincoln Institute⁵. That median Illinois tax bill is the sixth highest in the country.

There are many reasons that property taxes are higher in Illinois than other states that rely more heavily, in percentage terms, on that tax for local revenue. Among them: the heavy reliance on the tax for school funding, outsized costs associated with restoring financial health to the state's underfunded government worker and teacher pensions, and the high number of local governments in the state.

⁵ (ibid) <https://www.lincolnst.edu/research-data/data-toolkits/significant-features-property-tax/state-state-property-tax-glance>

Illinois state government pays about 44% of all kindergarten through 12th grade public education costs, compared with a national average of about 46%, according to the [National Education Association](#).⁶ That leaves federal aid – which is declining – and property taxes to pick up the rest of the costs.

⁶ (2022 NEA Research, 2022) <https://www.nea.org/sites/default/files/2022-06/2022%20Rankings%20and%20Estimates%20Report.pdf>

How the Illinois Property Tax System Works

\$4,419

*Median Property
Tax Bill in **Illinois***

\$2,471

*Median Property
Tax Bill in the **U.S.***

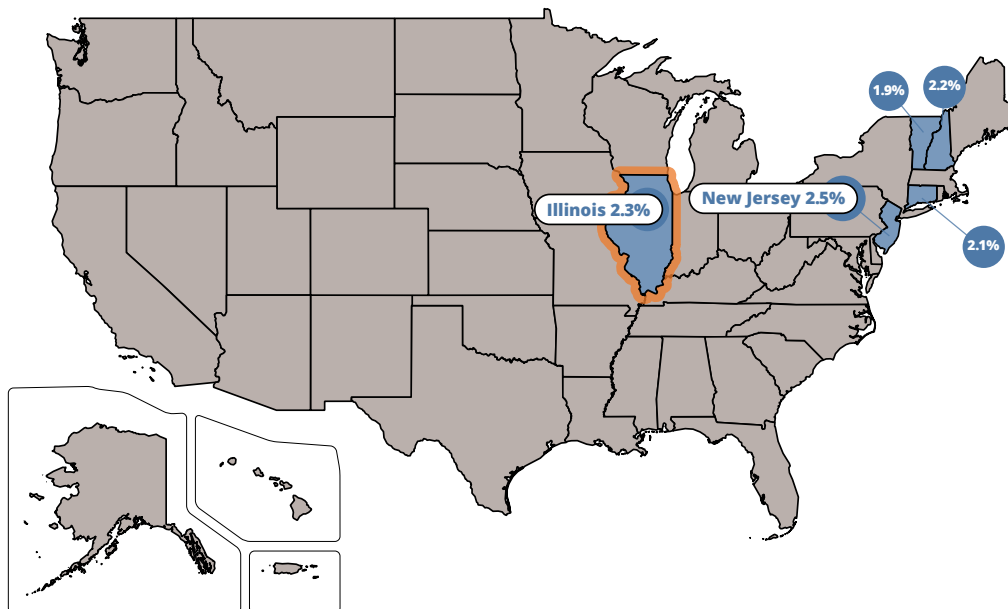


Figure 2. The top five states in the US in terms of effective property tax (Source: Lincoln Institute of Land Policy)

Pension liabilities

In addition, many municipalities across Illinois have some of the highest unfunded pension liabilities in the U.S., which can result in steep tax increases as municipalities and counties [take steps to comply with a state law that mandates those local pension funds achieve 90% funding](#)⁷ in the coming decades (Figure 3).

The 15 local government agencies with the highest levels of unfunded pension liabilities in Cook County

Agency Name	Total Liability	Unfunded Liability	Funded Ratio*
City of Chicago	\$74,703,131,000	\$33,696,585,003	23.48%
Chicago Public Schools	\$29,255,897,000	\$15,440,803,000	37.35%
County of Cook	\$23,004,219,360	\$14,984,908,546	42.53%
Chicago Park District	\$2,931,436,000	\$1,691,529,000	16.91%
Metro Water Reclamation Dist	\$4,448,926,000	\$1,121,072,000	61.29%
Cook County Forest Preserve District	\$548,552,253	\$334,111,011	38.07%
City of Calumet City	\$371,281,612	\$189,303,580	33.84%
Town of Cicero	\$519,636,944	\$180,427,822	30.64%
Village of Skokie	\$240,467,605	\$151,872,557	64.58%
City of Elgin	\$413,022,979	\$151,161,749	78.90%
City of Evanston	\$500,971,662	\$140,452,700	78.13%
Village of Oak Lawn	\$418,697,769	\$139,210,889	62.45%
City of Des Plaines	\$224,295,843	\$134,353,228	69.28%
City of Chicago Heights	\$242,344,471	\$131,398,345	49.56%
Village of Lansing	\$192,710,553	\$119,584,511	39.77%

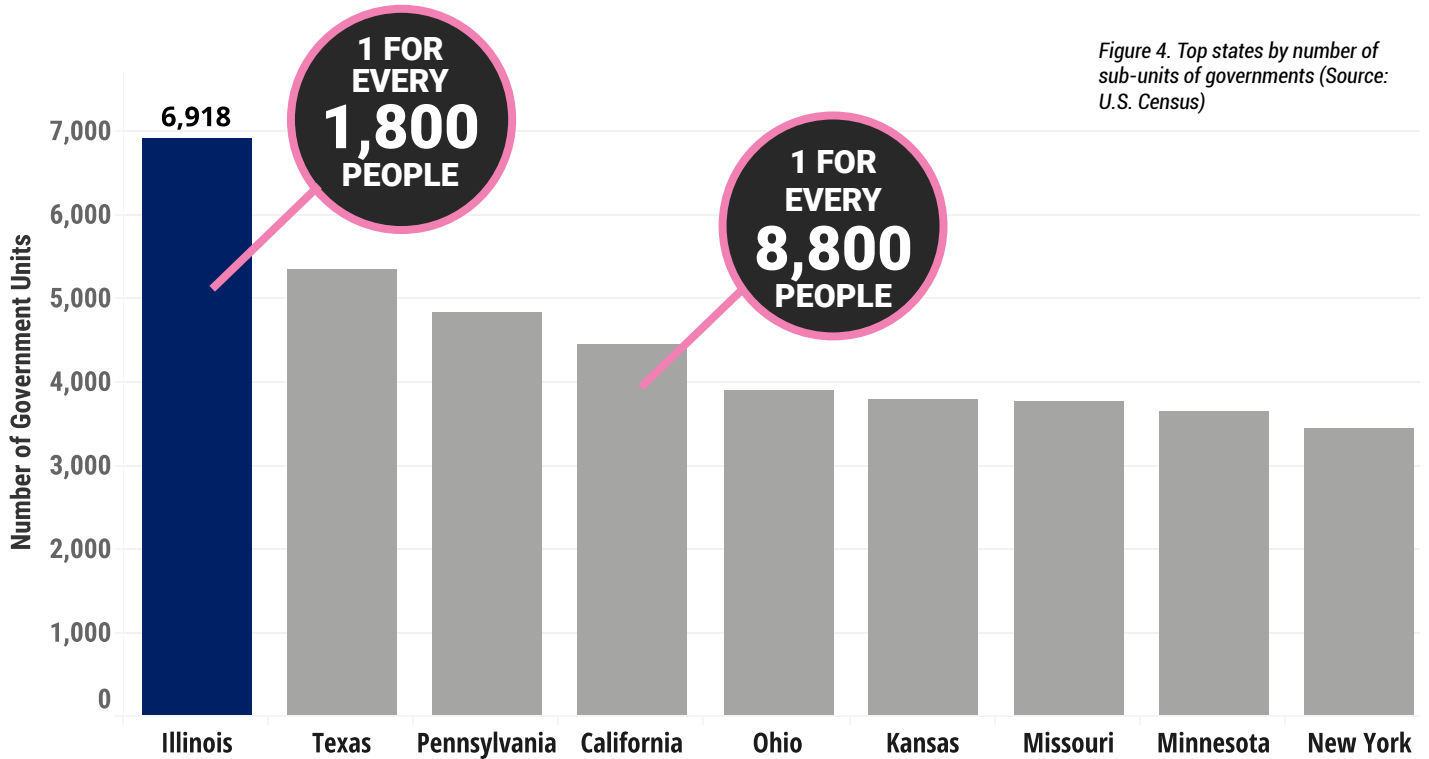
*Unfunded liabilities in this chart are calculated on an accrual basis. Individual pension funds often calculate these numbers on an actuarial basis.

⁷ (Niles tax increase will not be as high as expected; many will pay \$340 more instead of \$480, 2021) <https://www.chicagotribune.com/suburbs/niles/ct-nhs-property-taxes-down-tl-0630-20220628-xz-z7akha7fcb7ma7lskwjr5cp4-story.html>

Figure 3. Top Sources of Pension and Post-Employment Liabilities in Cook County, IL, (Source: The Pappas Studies, Debt Report)

How the Illinois Property Tax System Works

So Many Government Agencies...



Another factor driving up the overall cost of local government in Illinois is the extraordinarily high number of local governments in the state. Surveys from both the U.S. Census Bureau and the Civic Federation government budget watchdog group found that Illinois has the most local governments of any state in the union. Each government has its own bureaucracy that adds costs borne by taxpayers (Figure 4).


Local governments tend to rely heavily on property taxes because the amount collected is generally stable. When the economy falters, the other two major local government sources of revenue — sales taxes and local income taxes (Illinois does not have the latter) — tend to decline.

Property taxes in many states don't decline with a downward turn in the economy, because of the way they are determined. In those states, local government property tax levies — the amount governments seek to collect in a given year — are established after budgets are drawn up, without regard to ups and downs in the values of the properties on which the taxes are paid. Sales and income taxes, by contrast, are fixed at certain percentages, so the receipts from those two taxes fluctuate based on consumers' financial health.

No two states' property tax systems are the same, and in several, there are variations from one locale to another. But generally, there are two ways property taxes are set in the U.S.



1)

In many states, like Illinois, New York and New Jersey, the levy — the overall amount of property taxes sought by local taxing agencies — is set first, followed by the tax rate. If the total value of local properties declines, the tax rate is set higher to ensure the full levy is collected from property owners.




Assessments Decrease \$100,000,000 to \$87,500,000		Total Tax Amount Set \$1 million	Tax Rate Increases	
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2)

In other states, including Texas, properties are first assessed and then the rate is set, determining the amount of taxes to be collected. That method also allows local governments to increase their rates when the total value of all property declines — unless the state enacts strict rate limits.*

Assessments Decrease \$100,000,000 to \$87,500,000		Tax Rate Increases 1% to 1.143%		Total Tax Amount \$1 million
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* Many states, including Arizona and California, in recent decades have enacted laws or changed their constitutions to lower limits on tax rates, according to the [Lincoln Institute](https://www.lincolnst.edu/research-data/data-toolkits/significant-features-property-tax/state-state-property-tax-glance)⁸. In those states, property tax bills can decrease when property values decline, but so do the revenues at a time when governments are asked to do more.

Assessment Decreases \$100,000,000 to \$87,500,000		Tax Rate is Limited 1%		Total Tax Amount \$875,000	
---	---	---	--	---	---

8 (Lincoln Institute of Land Policy, 2022) <https://www.lincolnst.edu/research-data/data-toolkits/significant-features-property-tax/state-state-property-tax-glance>

How the Illinois Property Tax System Works

One notable characteristic of property taxes — not just in the U.S., but throughout the world — is that all systems are dizzyingly complex, making it tough for ordinary taxpayers to understand how they work. For example, the [Illinois property tax code](#) is laid out in more than 200,000 words that prints out at more than 400 standard-size pages.

Each U.S. state devises its own tax system, often with variations by region, and other countries have similarly complex and diverse systems of property taxation.

A [Lincoln Institute working paper](#) examining European tax systems in 41 countries at the start of this century found 190 different forms of taxation. But European and other foreign governments tend to rely less on property taxes than they do in the U.S., largely because schools tend

to be funded directly by national governments. The notable exception is the United Kingdom, which relies more on property taxation than the U.S., [according to the Tax Foundation](#).

It's also worth noting that many states, but not Illinois, tax "personal property" like cars, boats and business equipment. The 1970 Illinois constitution banned personal property taxes. To make up for the lost revenue, the state assesses a Personal Property Replacement Tax that ranges from 0.8% to 2.5% of income on businesses and utilities.

Of course, the process of determining tax levies, and each property owner's share of the tab, is much more complex than just setting a levy and then a rate. Assessments, appeals of assessments, tax exemptions, the complex state "equalizer," collections and enforcement all play a role.

AREA (number sequential township)
SUB-AREA number (section)
BLOCK number
01-01-301-016-0000
PARCEL number
*** UNIT number for condos and leaseholds**

A Word on Property Index Numbers (PINs)

In Cook County, the Clerk assigns each property a Property Index Number (PIN), for both property record and taxation purposes. PINs are unique 14-digit numbers that identify each parcel or unit in the county.

When properties are redeveloped, sometimes they are assigned new PINs. Take the example of a single-owner building that is torn down and replaced with a condominium building. In that case, each separately owned unit in the building is assigned a PIN. Conversely, if parcels are combined to build a new single-owner structure, the multiple PINs may be consolidated into a single PIN.

The Cook County Property Tax Process

Setting property tax amounts to be billed is a complex, months-long process that involves at least six government agencies. (See chart on next page.) The decisions made by these agencies will determine how much each property owner is billed. The following pages document the entire process, from setting property values to sending out the bills and enforcing collection.



Cook County Assessor

- Determines the market value of each property
- Considers first appeals
- Approves homeowner exemptions



Cook County Board of Review

- Hears property assessment appeals
- Property owners may appeal this board's decisions to the Illinois Property Tax Appeals Board or state courts



Illinois Department of Revenue

- Determines an equalization factor to make property assessments uniform throughout the state



Local Governments

- Individual taxing districts, municipalities, schools, fire districts, libraries, etc., set their levies, which are the amount of taxes to be collected



Cook County Clerk

- Determines the tax rates, based on the total levy
- Applies the rates to assessments, determining taxes owed



Cook County Treasurer

- Prepares and mails tax bills
- Collects from taxpayers
- Distributes collections to taxing districts
- Conducts tax sales



Step 1 – Assessments

Assessments are a key and often misunderstood part of the property tax process. The assessments – estimates of the market value of a property – determine how much of the overall property tax burden within a jurisdiction falls on each individual property owner.

For example, if a property's assessed value is one-tenth of 1% of the total assessed value within a taxing jurisdiction, the owner of that property is responsible for paying one-tenth of 1% of the burden. So, if the total tax burden in the local jurisdiction is \$1 million, that hypothetical property owner would pay \$1,000.

An increased assessment alone does not predict a tax increase:

- If a property's assessment increases at the same rate as other properties in a taxing district – and local governments don't increase the amount of money sought in property taxes (the levy) – the property's tax bill will hold steady.
- If a property assessment goes up, but by a lesser percentage than other properties in the taxing district – and local governments don't increase their property tax levy – the property's tax bill will go down.
- If a property's assessment increases a greater percentage than other properties in the taxing district, that property's bill will go up – even if local governments don't increase their property tax levy.

County and township assessors in Illinois determine the value of nearly all properties, based on the "fair cash value," which is what the property would sell for on the open market. To determine those values, assessors look at real estate market conditions and, in the case of business and industrial properties, income derived from the property being assessed. Farm assessments are based on "agricultural economic value."

The Illinois Department of Revenue assesses the values of railroad properties, pollution-control facilities, low sulfur dioxide emission coal-fueled devices and regional water treatment facilities – all of which are assessed by different methodologies than residential and most business properties.

In all Illinois counties except for Cook County, the final assessment level is 33 1/3% of fair cash value. In Cook, vacant parcels and residential properties – including apartment buildings – are assessed at 10% of fair cash value, while businesses and industries are assessed at 25% of fair cash value. As a result, a commercial property with the same market value as a home would be taxed two-and-a-half times as much as the home.

Those assessment differentials, designed to lessen the burden on homeowners and renters, were a matter of practice long before 1970, when they were specifically allowed in the Illinois Constitution. As a result, Chicago has one of the highest effective commercial and industrial property tax rates among cities across the nation, according to the Lincoln Institute and the Minnesota Center for Fiscal Excellence.

How the Illinois Property Tax System Works

But treating commercial and residential properties differently when conducting assessments is hardly unique to Cook County. About half of the states have different tax rates or assessment levels for different types of property. In nearly all cases, the different rates in assessment levels shift more of the burden from residents to businesses. And nearly all states, including Illinois, have some type of “homestead” exemption, which reduces tax bills on primary residences even further.

It’s worth noting that in recent years, investigators and analysts at the [Chicago Tribune](#) and [University of Chicago](#) among others, have determined that assessments in Cook County and across the nation tend to overvalue lower-priced properties, particularly in Black neighborhoods, and undervalue higher-priced homes, typically in predominantly white neighborhoods. Those analysts concluded that practice results in a regressive and inequitable property tax system that harms the poor. (Figure 5)

Homeowners and businesses can apply for various exemptions and reductions that can lower a tax bill; the assessor decides whether to grant them.

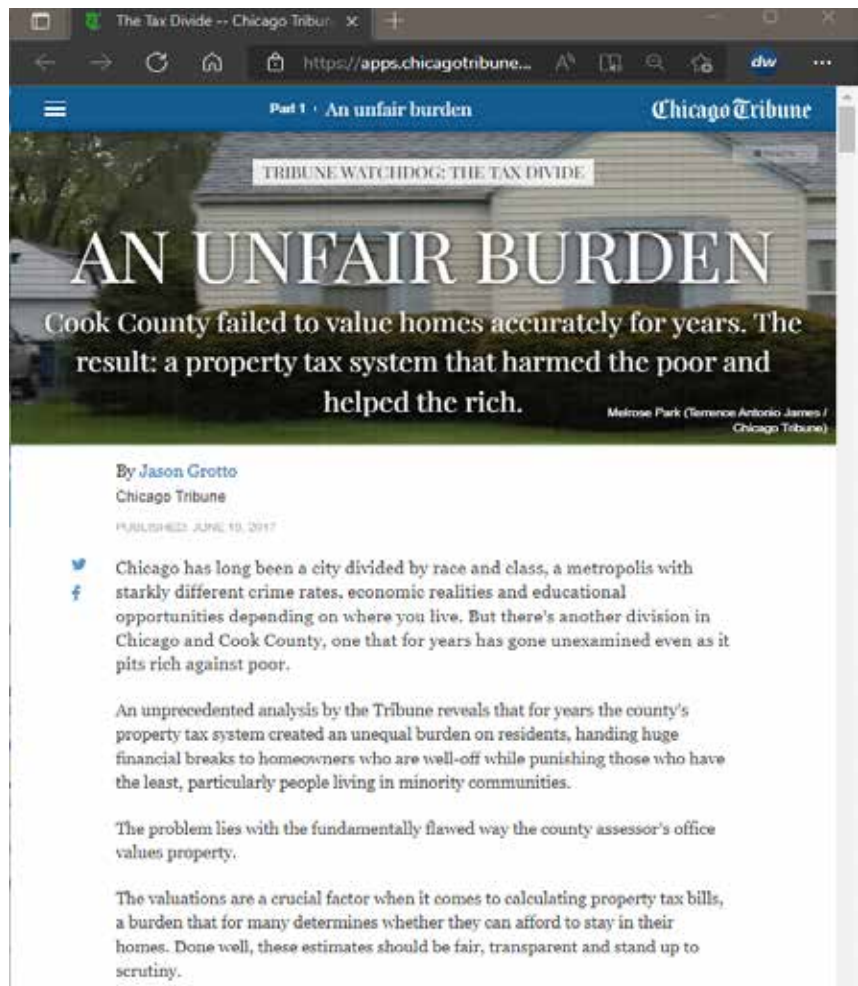


Figure 5. Chicago Tribune Article from June 10, 2017, Part of a Four-Part Investigation of Cook County Property Tax Issues

The three most common homeowner exemptions:



General Homestead Exemption

This exemption is available to every homeowner for their primary residence and is by far the most common. It lowers a property's equalized assessed value by \$10,000 in Cook County and \$6,000 in the rest of the state.



Senior Citizens Homestead Exemption

This exemption is available to homeowners who are age 65 and older for their primary residence. It results in an \$8,000 reduction in equalized assessed value in Cook County and \$5,000 in the rest of the state.



Senior Citizens Assessment Freeze Homestead Exemption

Homeowners who are 65 or more years old and have an annual household income of less than \$65,000 may apply for this exemption. The assessed value of the home is frozen at the level where it stood when the exemption was first received – resulting in lower tax bills as other property assessments rise.

Other potential assessment reductions for various types of property are included in Appendix I.



Step 2 – Appeals

Once assessments are complete, property owners are notified of the new assessment values.

Property owners have 30 days to appeal (challenge) their assessments at their **Assessor's Office**. In some jurisdictions, an appeal at that level is informal; in others, there's a formal written process. To win an appeal, a homeowner typically has to prove their property was assessed at a higher value than comparable properties. Businesses also can contest their assessments, using comparisons, occupancy level and income generation.

If the property owner does not appeal to the assessor or is dissatisfied with the assessor's appeal decision, the homeowner can file an appeal with the county **Board of Review**.

If a property owner is not satisfied with the Board of Review's decision, the property owner has two options: appealing to the state **Property Tax Appeal Board** or to a county **Circuit Court**. It often takes years to complete an appeal with the Appeals Board, and Circuit Court proceedings can be lengthy in some counties. That means property owners generally have to pay the taxes based on the contested assessment while the appeal is pending. (Figure 6)

It's also important to note that studies in the [press](#) and [academia](#) have concluded that the appeals process often makes the property tax system more regressive, given that wealthier property owners typically have greater wherewithal to file successful appeals.

Property Tax Assessment Appeal Path

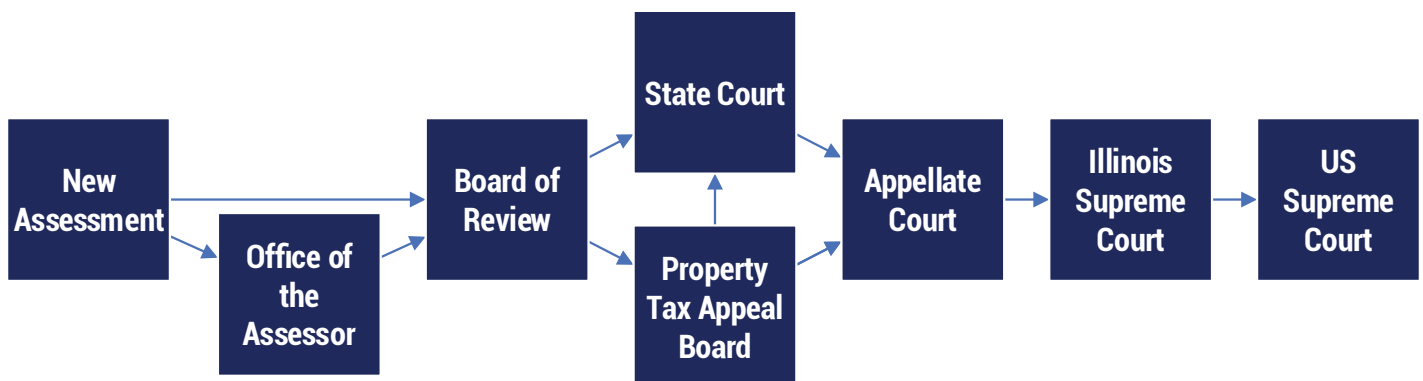


Figure 6. Diagram of the property tax appeals process in Illinois



Step 3 – Equalization

The Illinois Department of Revenue uses the assessed values of property to calculate state funding for schools, highways and public assistance, with property tax-rich districts getting less state funding. It also uses them to determine tax and borrowing limitations within taxing jurisdictions, because those limitations are all based in part on the assessed values within each jurisdiction.

Those calculations for state funding, however, would not result in fair and equitable distribution of state funds if the state did not adjust the assessment results produced by assessors in the state's 102 counties.

That's because Cook County assesses properties at different percentages of fair cash value than the rest of the state and some assessors under- or overvalue properties within their jurisdictions.

In addition, the state is required to ensure that the property tax burden is distributed equally among property owners throughout Illinois, which can only be done if all assessments reflect the same percentage of fair cash value.

The Illinois Department of Revenue "equalizes" assessments across the state so they are uniform at 33 $\frac{1}{3}$ %

of fair cash value. To do that, the Department of Revenue conducts an "assessment/sales ratio study" that compares a sampling of assessments to actual sales, to see if assessments were accurate, while also accounting for the differing percentages of assessed values.

So, in counties outside Cook, where assessors strive to value all property for tax purposes at 33 $\frac{1}{3}$ %, it's only when assessors miss that mark – determined by the assessment/sales ratio study – that adjustments need to be made.

If assessments in a county or township do hit that mark, they are simply multiplied by 1, meaning they don't change. But if they fall short of 33 $\frac{1}{3}$ %, they will be multiplied by a number slightly greater than one. For example, in DuPage County – Illinois' second-largest county – the multiplier for bills sent out in 2021 was 1.034.



◀ *The Equalization for every Illinois county is set by Illinois Department of Revenue in Springfield. Photo: Illinois Office of Tourism*

How the Illinois Property Tax System Works

Cook County Equalization Factors

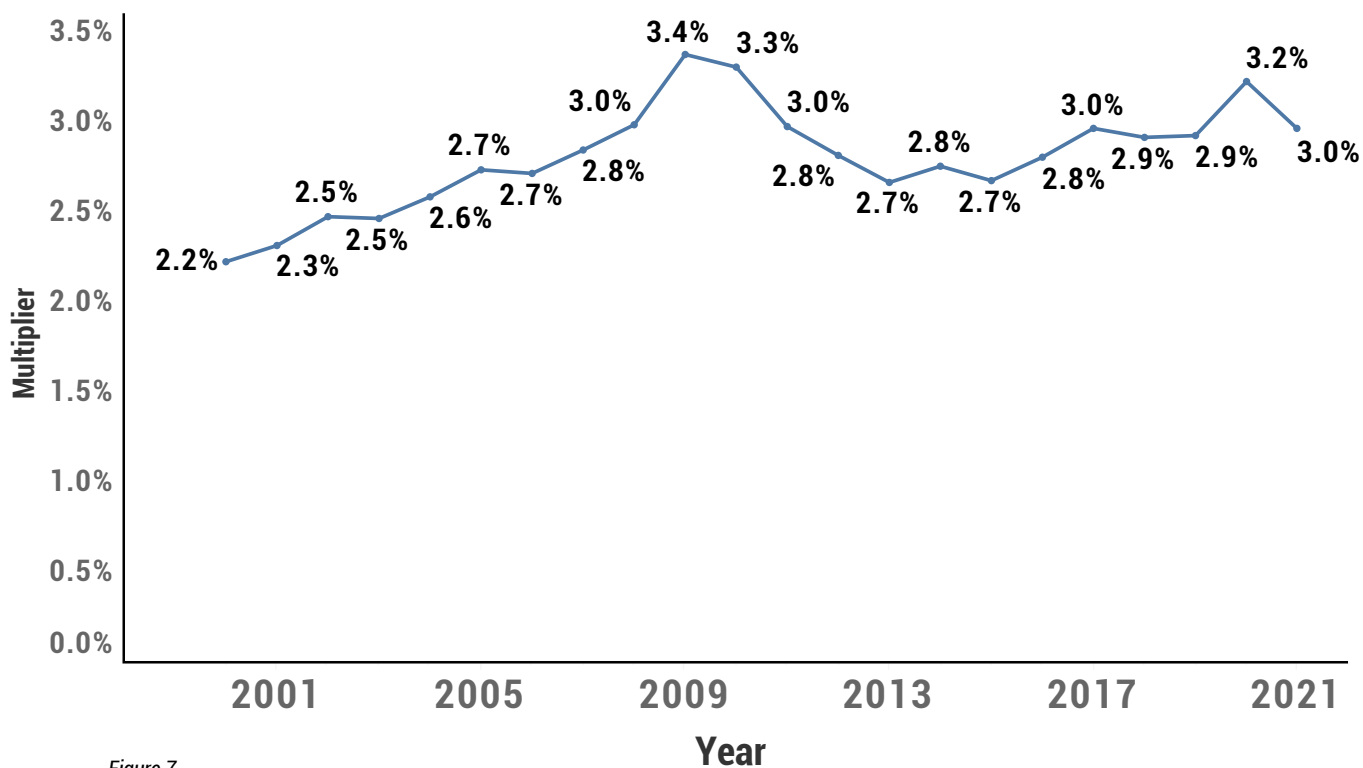


Figure 7.

If assessments as a whole are above 33¹/₃%, they would be multiplied by a number that’s less than 1 – although that is highly unlikely, given that under-assessments are far more common than over-assessments.

Cook County, however, is much more complicated when it comes to setting the equalization factor. Right from the start, the numbers will fall well below that 33¹/₃% because all residential property is assessed at 10%, and commercial and

industrial properties are assessed at 25%. And, historically, Cook County has tended to undervalue its properties as a whole. As a result, bringing the overall assessment level in Cook up to 33¹/₃% requires that they be multiplied by a number far greater than 1. In recent decades the multiplier in Cook has been at least 2, and sometimes higher than 3. (Figure 7)



Step 4 – Setting the Levy

In Illinois, thousands of governments — school districts, municipalities, townships, park districts, library districts and the like — each determine annually the amount they need to collect from property taxes. Determining and approving the amount is known as “setting the levy.”

The amount of the levies set by local taxing districts determines whether overall taxes go up or down. Hypothetically, if everyone’s assessment increased by the same percentage in a given year when the overall levy increases, taxes will rise on every property. In reality, assessments rise by differing amounts, making the effects of the overall tax increase vary from one property owner to another.

There are state-imposed limits on how much a taxing jurisdiction can levy, but they tend to limit increases as opposed to reducing the overall burden. The most notable limit comes from the Illinois Property Tax Extension Limitation Law, which restricts tax increases in non-home rule units of government to increases of 5% or the preceding year’s increase in the national Consumer Price Index, whichever is less. The Limitation Law is commonly called the tax cap.

Although the Limitation Law applies to all Illinois school districts, which account for more than half the overall property tax burden, the law does not apply to home rule municipal governments — which are given more independence to make

governing decisions, including those involving taxation. In Cook County, 84 of 135 municipalities have home-rule powers.

A municipality is granted home rule authority when its population tops 25,000 or voters in a referendum agree to make the municipality a home rule jurisdiction. Voters also can remove home rule authority via referendum.

Once the local governments vote to approve their budgets and set their levies, the levy amounts are sent to the **County Clerk**.



◀ *Evanston is one of the 84 homerule communities in Cook County. These communities have more independence to make governing decisions, including those involving taxation.*

Photo Credit
Chicago’s North Shore CVB

How the Illinois Property Tax System Works



Step 5 – Extending the Levy

The **County Clerk** ensures that the levies submitted by each government don't exceed the limits under the tax cap law. The Clerk also applies the equalization factor to the final assessed values, before the **Assessor** applies the exemptions.

Once the exemptions are applied, the Clerk determines the "adjusted equalized assessed value" using this formula:

$$\left(\text{Assessed Value} \times \text{Equalization Factor} \right) - \text{Exemptions} = \text{Adjusted Equalized Assessed Value}$$

Next, the Clerk takes the levies approved by local governments within each of their taxing districts and divides them by the adjusted equalized assessed value in each of their districts. The result is the rate, or the number by which each property's adjusted equalized assessed value must be multiplied to raise the funds sought by the taxing district:

$$\frac{\text{Levy}}{\text{Adjusted Equalized Assessed Value}} = \text{Tax Rate}$$

The Clerk then ensures the rates for each district do not exceed the maximum amounts allowed by state law for each taxing agency. Once that's done, the Clerk adds up the rates that apply to each individual property in the county.

The result is the "aggregate rate," commonly called the "composite rate." The aggregate rate is then multiplied by the assessed value of each property to determine the amount of tax owed:

$$\text{Aggregated Tax Rate} \times \text{Adjusted Equalized Assessed Value} = \text{Total Tax}$$

The Clerk sends the results to the **County Treasurer**.



Step 6 – Collection and Distribution

The Treasurer uses the data provided by the Clerk to prepare the tax bills, which offer a detailed breakdown of how much each property owner is being billed by the governments that serve them. The bills are mailed in two installments. (Figure 8)

Cook County Property Tax Bills

TOTAL PAYMENT DUE		2021 First Installment Property Tax Bill						
\$ 10,984.40		Property Index Number (PIN)	Volume	Code	Tax Year	(Payable In) Township	Classification	
By 03/05/22 (on time)		18-03-206-000-0000	048	19001	2021	2022	CICERO	3.18
IF PAYING AFTER 03/02/22 - 04/01/22	OR 04/02/22 - 05/01/22	OR 05/02/22 - 06/01/22						
PLEASE PAY \$11,949.17	\$11,313.94	\$11,478.71						
TAXING DISTRICT DEBT AND FINANCIAL DATA								
Year Taxing Districts	Money Owed by Your Taxing Districts	Pension and Healthcare Amounts Promised by Your Taxing Districts	Amount of Pension and Healthcare Shortage	% of Pension and Healthcare Costs Taxing Districts Can Pay				
Metro Water Reclamation Dist of Chicago	\$3,294,323,000	\$2,956,492,000	\$1,285,162,000	58.79%				
Clyde Park District Cicero	\$3,652,394	\$4,022,629	\$67,552	505.68%				
Morton Community College 827 (Cicero)	\$15,685,457	\$14,856,702	\$0	100.00%				
2 Sterling Morton HS 201 (Berwyn/Cicero)	\$215,607,651	\$206,593,497	\$71,138,190	65.57%				
Olcott School District 99	\$34,866,294	\$493,340,699	\$204,237,528	38.41%				
Town of Cicero	\$339,609,093	\$637,407,413	\$442,101,526	30.84%				
Cook County Forest Preserve District	\$333,103,061	\$540,107,634	\$328,420,280	39.19%				
County of Cook	\$1,595,772,042	\$26,972,931,181	\$15,481,971,961	42.60%				
Total	\$11,731,618,784	\$31,628,303,745	\$17,846,944,573					
PAY YOUR TAXES ONLINE								
at cookcountytreasurer.com from your bank account or credit card								
TAX CALCULATOR				IMPORTANT MESSAGES				
2020 TOTAL TAX 19,971.61 2021 ESTIMATE X 35% 2021 TOTAL TAX = 10,984.40 The First Installment amount is 55% of last year's total taxes. All exemptions, such as homestead and senior exemptions, will be reflected on your Second Installment tax bill.				PROPERTY LOCATION MAILING ADDRESS W 22ND PL PO BOX CICERO IL 60604 BERWYN IL 60802				
TOTAL PAYMENT DUE		IMPORTANT PAYMENT MESSAGES		Property Index Number (PIN)		Tax Volume		
\$ 10,984.40		Use of this coupon authorizes the Treasurer's Office to reduce the check amount to prevent overpayment. Include only one check and one coupon per shipment.		18-03-206-000-0000		048		
By 03/05/22 (on time)		\$		SN 8030310100 RTN 300001073 AN (see PIN) TC 000871		Include name, PIN, address, phone and email on check payable to "Cook County Treasurer."		

First Installment

TOTAL PAYMENT DUE		2020 Second Installment Property Tax Bill						
\$ 5,114.99		Property Index Number (PIN)	Volume	Code	Tax Year	(Payable In) Township	Classification	
By 10/05/21 (on time)		18-03-206-000-0000	080	21008	2020	2021	LYONS	2.03
IF PAYING LATE 10/02/21 - 11/01/21	OR 11/02/21 - 12/01/21	OR 12/02/21 - 01/01/22						
PLEASE PAY \$5,191.71	\$5,266.43	\$5,345.15	LATE INTEREST IS 1.5% PER MONTH, BY STATE LAW					
TAXING DISTRICT BREAKDOWN								
Taxing District	2020 Tax	2020 Rate	2020 %	Pension	2019 Tax			
MISCELLANEOUS TAXES								
Des Plaines Valley Metro Abate Dist Lyons	5.68	0.02	0.09%		1.92			
Metro Water Reclamation Dist of Chicago	178.90	0.378	7.48%		53.69			
Summit Park Library District	262.74	0.534	4.00%		81.29			
Summit Park District	23.31	0.460	3.87%		75.36			
Miscellaneous Taxes Total	469.23	1.491	10.59%		212.27			
SCHOOL TAXES								
Morris Valley College S24 Public HS	166.12	0.381	2.63%		54.24			
Argo Community HS District 207 (Summit)	1536.82	3.226	24.91%		43.54			
Summit School District 104	2,036.35	5.528	41.85%		921.85			
School Taxes Total	4,309.30	9.805	68.27%		1,547.76			
MUNICIPALITY/TOWNSHIP TAXES								
Village of Summit	1,086.15	2.947	16.30%	346.44	313.72			
Lyons Mentor Health	37.66	0.080	0.62%		12.84			
Wood & Bridge Lyons	17.04	0.036	0.27%		5.66			
General Assistance Lyons	1.42	0.003	0.02%		0.55			
Town of Lyons	88.83	0.048	0.30%		8.28			
Municipality/Township Taxes Total	1,091.40	2.804	17.29%		341.05			
COOK COUNTY TAXES								
Cook County Forest Preserve District	27.45	0.051	0.43%	0.94	8.14			
Consolidated Electors	0.00	0.000	0.00%		4.38			
County of Cook	108.76	0.272	2.06%	41.87	37.96			
Cook County Public Safety	62.47	0.132	0.99%		18.46			
Cook County Health Facilities	21.19	0.043	0.37%		6.21			
Cook County Taxes Total	241.87	0.541	3.85%		74.84			
(Do not pay these totals)	6,311.80	13.530	100.00%		2,116.02			
TAX CALCULATOR				IMPORTANT MESSAGES				
2019 Assessed Value 15,962 2020 Total Tax Before Exemptions 6,311.80 2020 Property Value 144,839 Homestead's Exemption .00 2020 Assessment Level X 10% Senior Citizen Exemption .00 2020 Assessed Value 14,683 Senior Freeze Exemption .00 2020 State Equalizer X 3.2234 2020 Equalized Assessed Value (EAV) 47,129 2020 Local Tax Rate X 11.318% 2020 Total Tax After Exemptions 6,311.80 2020 Total Tax Before Exemptions 6,311.80 First Installment 1,196.81 2020 Total Tax (Payable in 2021) 6,311.80 Second Installment 5,114.99				PROPERTY LOCATION MAILING ADDRESS SUMMIT IL 60501 2205				
TOTAL PAYMENT DUE		IMPORTANT PAYMENT MESSAGES		Property Index Number (PIN)		Tax Volume		
\$ 5,114.99		Use of this coupon authorizes the Treasurer's Office to reduce the check amount to prevent overpayment. Include only one check and one coupon per shipment.		18-03-206-000-0000		080		
By 10/05/21 (on time)		\$		SN 0030300300 RTN 300001073 AN (see PIN) TC 000872		Include name, PIN, address, phone and email on check payable to "Cook County Treasurer."		

Second Installment

Figure 8.

How the Illinois Property Tax System Works

— First Installment Property Tax Bill

TOTAL PAYMENT DUE		2021 First Installment Property Tax Bill						
\$ 10,984.40		Property Index Number (PIN)	Volume	Code	Tax Year	Payable by Township	Geolocation	
By 03/01/22 (see item)		16-29-204	048	19001	2021	06280	3-19	
IF PAYING AFTER	03/02/22 - 04/01/22	OR	04/02/22 - 05/01/22	OR	05/02/22 - 06/01/22			
03/01/22, PLEASE PAY	\$11,540.52		\$10,984.00		\$1,656.52			

TAXING DISTRICT DEBT AND FINANCIAL DATA				
Your Taxing Districts	Money Owed by Your Taxing Districts	Pension and Healthcare Amounts Promised by Your Taxing Districts	Amount of Pension and Healthcare Mortgage	% of Pension and Healthcare Costs Taxing Districts Can Pay
Metro Water Reclamation Dist of Chicago	\$3,294,323,000	\$2,958,492,000	\$1,219,143,000	58.79%
Clyde Park District Cicero	\$2,652,196	\$4,022,629	-\$67,512	101.68%
Morton Community College 527 (Cicero)	\$15,685,457	\$14,808,702	\$0	100.00%
J Sterling Morton HS 201 (Berwyn/Cicero)	\$215,607,651	\$206,593,487	\$71,138,190	65.57%
Cicero School District 99	\$34,866,294	\$493,940,699	\$304,237,528	38.41%
Town of Cicero	\$339,609,093	\$637,407,413	\$442,101,126	30.64%
Cook County Forest Preserve District	\$233,103,051	\$540,107,634	\$328,420,280	39.19%
County of Cook	\$7,595,772,042	\$26,972,931,181	\$15,481,971,961	42.60%
Total	\$11,731,618,784	\$31,828,303,745	\$17,846,944,573	

Taxing District Debt and Financial Data

TAXING DISTRICT DEBT AND FINANCIAL DATA				
Your Taxing Districts	Money Owed by Your Taxing Districts	Pension and Healthcare Amounts Promised by Your Taxing Districts	Amount of Pension and Healthcare Shortage	% of Pension and Healthcare Costs Taxing Districts Can Pay*
Metro Water Reclamation Dist of Chicago	\$3,294,323,000	\$2,958,492,000	\$1,219,143,000	58.79%
Clyde Park District Cicero	\$2,652,196	\$4,022,629	-\$67,512	101.68%
Morton Community College 527 (Cicero)	\$15,685,457	\$14,808,702	\$0	100.00%
J Sterling Morton HS 201 (Berwyn/Cicero)	\$215,607,651	\$206,593,487	\$71,138,190	65.57%
Cicero School District 99	\$34,866,294	\$493,940,699	\$304,237,528	38.41%
Town of Cicero	\$339,609,093	\$637,407,413	\$442,101,126	30.64%
Cook County Forest Preserve District	\$233,103,051	\$540,107,634	\$328,420,280	39.19%
County of Cook	\$7,595,772,042	\$26,972,931,181	\$15,481,971,961	42.60%
Total	\$11,731,618,784	\$31,828,303,745	\$17,846,944,573	

* Pension and Healthcare liabilities are calculated on a modified accrual basis.

Figure 9. Section of a first installment Cook County property tax bill

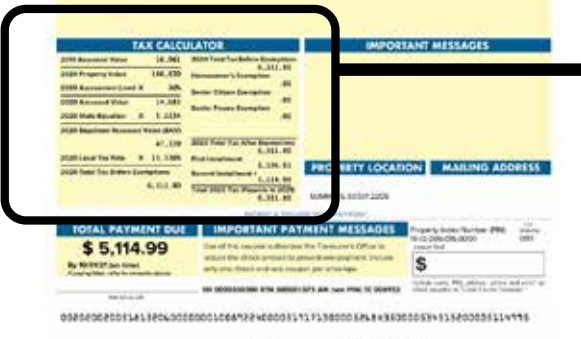
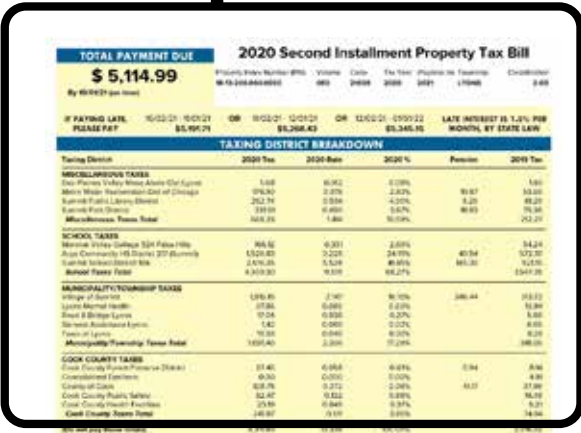
In Cook County, the first installment is typically due on March 1. This bill also includes a breakdown of local government debt and unfunded liabilities. (Figure 9)

Taxing District Breakdown

TAXING DISTRICT BREAKDOWN					
Taxing District	2020 Tax	2020 Rate	2020 %	Pension	2019 Tax
MISCELLANEOUS TAXES					
Des Plaines Valley Mosq Abate Dist Lyons	5.68	0.012	0.09%		1.93
Metro Water Reclamation Dist of Chicago	178.90	0.378	2.83%	19.87	53.69
Summit Public Library District	252.74	0.534	4.00%	5.20	81.29
Summit Park District	231.91	0.490	3.67%	18.93	75.36
Miscellaneous Taxes Total	669.23	1.414	10.59%		212.27
SCHOOL TAXES					
Moraine Valley College 524 Palos Hills	166.12	0.351	2.63%		54.24
Argo Community HS District 217 (Summit)	1,526.83	3.226	24.19%	43.54	572.37
Summit School District 104	2,616.35	5.528	41.45%	145.30	921.15
School Taxes Total	4,309.30	9.105	68.27%		1,547.76
MUNICIPALITY/TOWNSHIP TAXES					
Village of Summit	1,016.15	2.147	16.10%	346.44	313.72
Lyons Mental Health	37.86	0.080	0.60%		12.84
Road & Bridge Lyons	17.04	0.036	0.27%		5.66
General Assistance Lyons	1.42	0.003	0.02%		0.55
Town of Lyons	18.93	0.040	0.30%		8.28
Municipality/Township Taxes Total	1,091.40	2.306	17.29%		341.05
COOK COUNTY TAXES					
Cook County Forest Preserve District	27.45	0.058	0.43%	0.94	8.14
Consolidated Elections	0.00	0.000	0.00%		4.14
County of Cook	128.76	0.272	2.06%	41.17	37.96
Cook County Public Safety	62.47	0.132	0.99%		18.49
Cook County Health Facilities	23.19	0.049	0.37%		6.21
Cook County Taxes Total	241.87	0.511	3.85%		74.94
(Do not pay these totals)	6,311.80	13.336	100%		2,176.02

Tax Calculator

TAX CALCULATOR		
2020 Assessed Value	16,961	2021 Total Tax Before Exemptions
2021 Property Value	146,830	6,311.81
2021 Assessment Level x	10%	Homeowner's Exemption
2021 Assessed Value	14,683	Senior Citizen Exemption
2021 State Equalizer x	3.2234	Senior Freeze Exemption
2021 Equalized Assessed Value (EAV)	47,329	2021 Total Tax Before Exemptions
2021 Local Tax Rate x	13.336%	6,311.81
2021 Total Tax Before Exemptions	\$6,311.81	First Installment
		2,296.81
		Second Installment +
		4,015.00
		Total 2021 Tax (Payable in 2022)
		6,311.81



Cook County's second installment is typically due on Aug. 1. This bill breaks down how much each agency is taxing the property owner and how the taxes are calculated. (Figure 10)

Figure 10. Sample of a second installment Cook County property tax bill

How the Illinois Property Tax System Works

Collection and Distribution

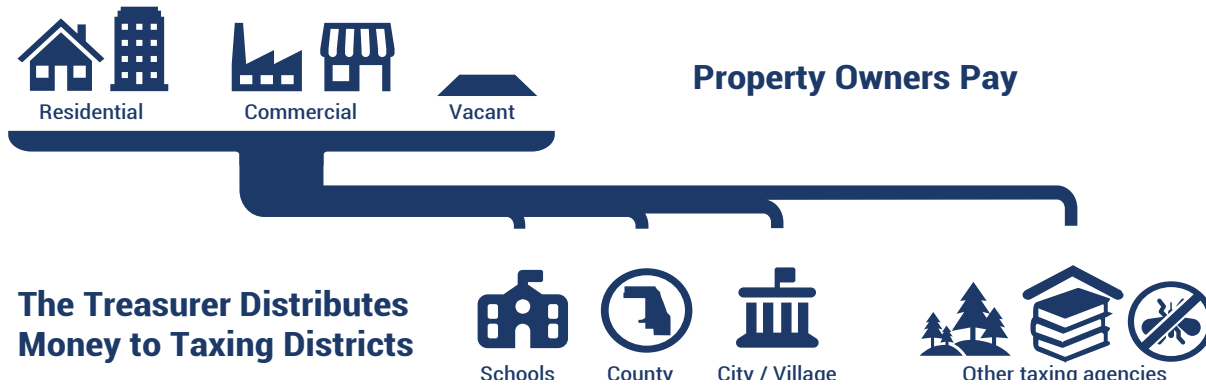


Figure 11. The Treasurer is responsible for the collection and distribution of county funds

Taxpayers who believe their bills are not fair can dispute their tax bills by filing a complaint in Circuit Court, but they must pay their taxes in the meantime. They can challenge the tax rates, the levy or raise other constitutional questions at this stage.

The Treasurer records the payments and deposits the collected funds into the appropriate accounts for each taxing district. Outside Cook County, collected taxes plus any interest earned on invest-

ing the received payments must be deposited in taxing district accounts within 30 days of the payment due date and every 30 days thereafter as money continues to come in. In Cook County, taxes and interest earned are required to be disbursed starting on June 1 and the first day of each month thereafter, but the Cook County Treasurer distributes funds as they come in. (Figure 11).



Step 7 – Payment Enforcement

In Illinois, unpaid tax bills are now charged interest of 1.5% a month, which comes to 18% a year.

Cook County property tax bills that are not fully paid within 13 months of the second installment due date are offered by the county Treasurer at the **Annual Tax Sale**. (Outside Cook County, the Annual Tax Sale takes place four months after the second installment due date.)

At the Tax Sale, bidders offer to pay the taxes and penalties owed to date and bid on the percentage of interest they would charge the taxpayer going forward. The interest bid cannot exceed 9%. The bidder offering the lowest interest rate wins. The winning bidder pays the taxes and penalties, and a lien is placed on the property for the paid amount.

Homeowners and owners of multi-unit buildings with no more than six units whose taxes are “sold” have 2 ½ years to pay the Clerk the amount paid plus the interest. This is called “redeeming” the taxes.

Owners of commercial and vacant property have two years to redeem their taxes, unless the owners have failed to pay taxes

for two or more years. If those owners have failed to pay for two or more years, they have six months to redeem their taxes.

Regardless of property classification, the tax buyer can opt to extend the redemption period to a maximum of three years.

The interest rate charged by the tax buyer on properties is applied every six months — meaning a hypothetical bid of 3% would rise to 6% after six months, 9% after a year and

so on. In the majority of cases, that increase is meaningless, because tax buyers more often than not submit 0% interest bids to maximize their chances of winning, figuring they’ll make a profit later in the process.

A tax buyer also has the right to pay property taxes billed after the sale if the property owner fails to pay the next tax

Tax Liens Purchased by a Tax Buyer at Annual Tax Sale

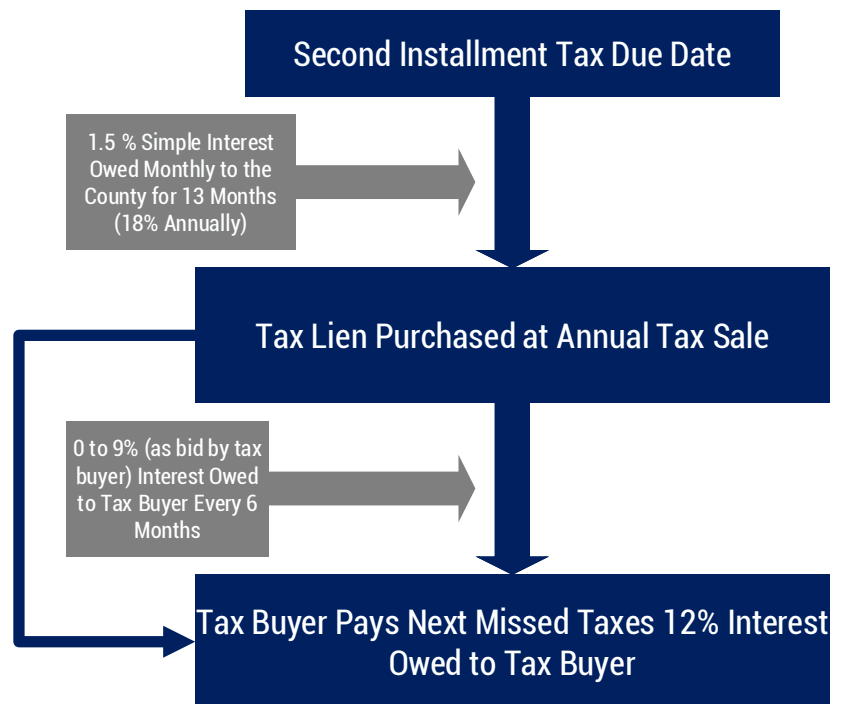


Figure 12. Diagram of the process and penalties accrued when a tax buyer purchases a tax lien

How the Illinois Property Tax System Works

installment on time. An immediate 12% interest is applied to subsequent payments made by the tax buyer. (Figure 12)

If the property is not redeemed within the allotted time frame, the tax buyer has the option to ask the Circuit Court to take the property “to deed.” That means they can take the property as their own at that point.

If a property’s taxes are offered at sale, but not sold, the taxes are declared “forfeited.” An interest rate of 12% on the taxes owed is now added immediately upon forfeiture and each year thereafter that the taxes continue not to be paid. (Figure 13)

Taxes Left Unpurchased at an Annual Tax Sale

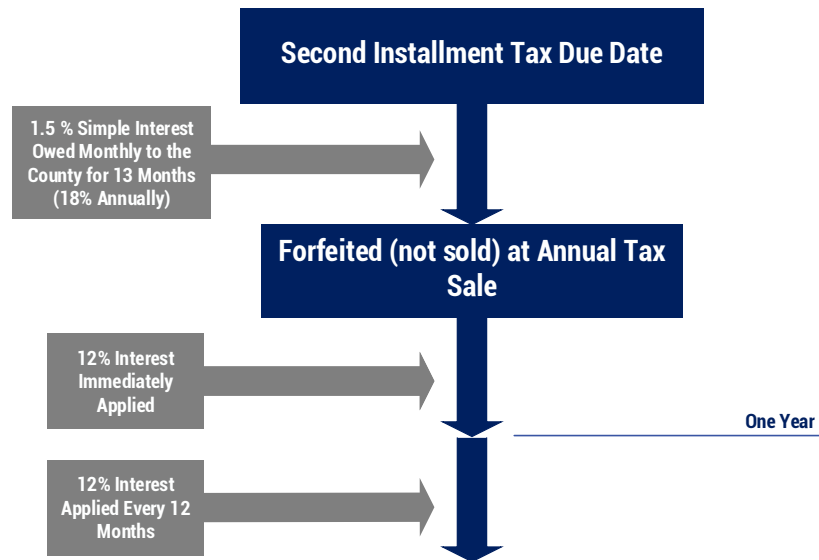


Figure 13. Diagram of the penalties accrued by forfeited tax lien properties

If a Cook County property owner has not paid all or part of their property tax bill for three years in a 20-year period, and those taxes remain delinquent, the property goes to the **Scavenger Sale** — the state’s last-ditch effort to restore Cook County properties to productive use, whether it be a tax-generating property, a government use or open space. These sales also are conducted by the Cook County Treasurer.

A Pappas Study found that the Scavenger Sale failed in its mission to return properties to productive use⁹, and a subsequent study by the University of Chicago drew much the same conclusion¹⁰.

A more detailed follow up Scavenger Sale study¹¹ by the Treasurer’s Office found that the majority of properties offered at the

Scavenger Sale located in areas mapped by the federal government in 1940 were redlined, meaning they were in areas where the federal government sanctioned the denial of conventional mortgages. That forced would-be minority homebuyers into predatory loans that ultimately led to urban decay and the city’s Black exodus.

The study recommends eliminating the Scavenger Sale and replacing it with a system used in most other Illinois counties that has shown more promise at returning properties to productive use. It also recommends cutting in half late-property tax interest rate charged by the government.

9 (The Pappas Studies, 2020) <https://www.cookcountytreasurer.com/scavengersalestudy.aspx>

10 (Schmidt, 2021) <https://harris.uchicago.edu/news-events/news/center-municipal-finance-releases-comprehensive-independent-analysis-cook-county>

11 (The Pappas Studies, 2022) <https://cookcountytreasurer.com/pdfs/scavengersalestudy/2022scavengersalestudy.pdf>

Lien on Property Purchased at a Cook County Scavenger Sale

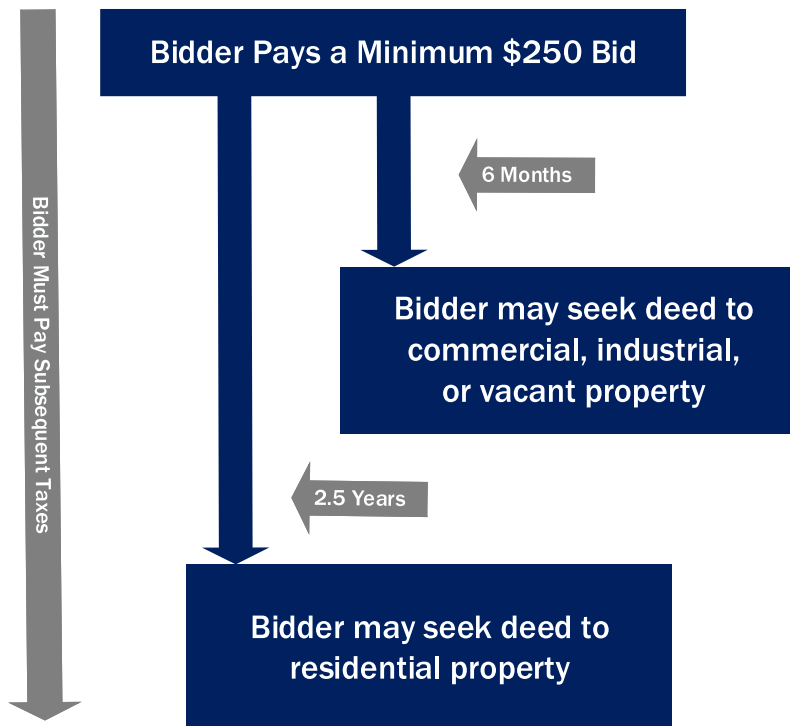


Figure 14. Diagram of the "Go to Deed" process following a scavenger sale

In the Scavenger Sale, private bidders can offer as little as \$250 for a property tax lien, and governments can get first dibs with no-cash bids. Private buyers must pay future taxes on the property to keep open their option to eventually go to deed.

As in the Annual Tax Sale, if a homeowner doesn't redeem within 2 ½ years after their taxes are sold at the Scavenger Sale,

the buyer can go to deed on the property. On business, industrial and vacant properties, buyers can go to deed after six months. (Figure 14)

Some buyers, however, back out of taking the property to satisfy the debt by going to court and seeking what's called a sale in error. Those sales in error are

sought primarily in Annual Sales, where buyers typically look to make a profit, not acquire property.

A Treasurer's Office study found that tax buyers – mostly hedge funds and private equity firms – use the esoteric sales-in-error process to back out of deals in a manner that would not be allowed in other states.

Under sales in error, tax buyers received refunds of about \$277.6 million, including at least \$27.7 million in interest, during a seven-year period ending in September 2022. Of that, 87% was refunded by local governments serving predominantly Black and Latino residents – making it even tougher for many fiscally challenged communities to deliver basic services.

The [Treasurer's Office recommended](https://www.cookcountytreasurer.com/siestudy-links.aspx)¹² closing numerous loopholes to reduce sales in error.

12 (The Pappas Studies, 2023) <https://www.cookcountytreasurer.com/siestudy-links.aspx>

At the time of publication, legislation to close sale-in-error loopholes, cut in half the interest rate the county charges on delinquent property tax bills and give Cook County the option of setting up a trustee program – the system that has proven more successful in other counties instead of the Scavenger Sale – awaited the governor’s signature.

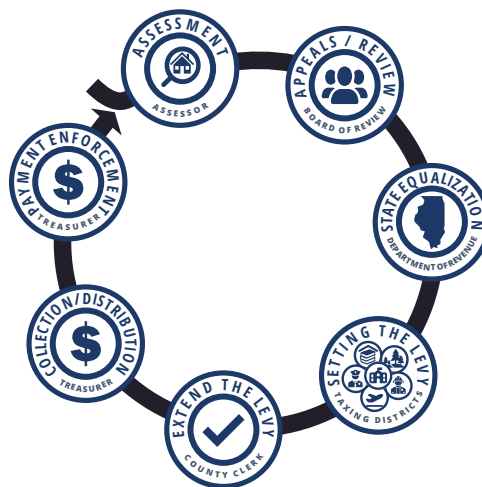


2022 Scavenger Property Sale at Navy Pier

Photo Credit
Cook County Treasurer’s Office

The Cycle Starts Over

Once bills have gone out and the vast majority of property owners have paid, the cycle starts over, with assessors outside Cook County revaluing all properties again. In Cook County, where a third of the county is assessed each year, the Assessor moves on to the next area.



Appendix

Additional Exemptions & Forms of Tax Relief

Long-time Occupant Homestead Exemption (Cook County only) – This exemption is available to homeowners with a household income of \$100,000 or less who have lived in the home for 10 continuous years, or five years if the homeowner received government or nonprofit assistance to purchase the home. When this is granted, annual increases in assessed value are limited to 7% for households with income of \$75,000 or less and 10% for households with income higher than \$75,000 but less than \$100,000.

Standard Homestead Exemption for Veterans with Disabilities – This exemption reduces assessed values for veterans based on the percentage level of their service-related disability. For homeowners who are at least 70% disabled, the property is exempt from taxation up to \$250,000 of equalized assessed value. Exemptions are \$5,000 of equalized assessed value for people at 50% to 69% disability, and exemptions of \$2,500 are available to veterans with 30% to 49% disability.

Returning Veterans Homestead Exemption – This exemption is available to U.S. military veterans who recently returned from active duty in armed conflict involving U.S. armed forces. The exemption applies to the primary residence owned by the veteran. It reduces equalized assessed value by \$5,000 and lasts for two years.

Veterans with Disabilities Exemption for Specially Adapted Housing – This exemption is available to disabled veterans who received federal or nonprofit funding to specially adapt housing to their needs. This potential exemption can reduce a property's assessed value by up to \$100,000.

Homestead Exemption for Persons with Disabilities – This exemption allows disabled people paying property taxes to receive a \$2,000 reduction in their equalized assessed value.

Homestead Improvement Exemption – This exemption is available to homeowners who make improvements, like adding a room or remodeling that increases the value of the home. It's also available to homeowners who rebuild their home after a catastrophic event. This exemption is limited to value added by the improvements, with a maximum exemption of \$75,000 of fair cash value, which translates into a reduction in assessed value of \$7,500. The exemption expires after four years.

Natural Disaster Homestead Exemption – This exemption is for homeowners whose homes had to be rebuilt after a natural disaster. The amount of the exemption is equal to the current value of the rebuilt home minus the value of the home before it was damaged. The exemption continues until the property is sold or transferred.

Historic Residence Property Tax Assessment Freeze – This exemption is available to owners of homes that are certified as historic residences when the owner rehabilitates the home. This exemption freezes the assessment at the level where it stood before rehabilitation for eight years, then ramps it up to actual fair cash value over the next four years.

Full Exemptions for Religious, Charitable or Educational Organizations – This tax break eliminates taxes on non-profit, religious and educational properties with the approval of the county Board of Review and the Illinois Department of Revenue.

Business Incentive Tax Reductions – The state of Illinois and many Illinois counties offer various incentives for businesses that relocate or expand in their jurisdictions. Typically, these tax breaks lower the assessment levels for business and industrial properties below the statutorily required 25% for several years.

Senior Citizens Real Estate Tax Deferral Program – This allows homeowners who are at least 65 years old and make no more than \$65,000 a year to defer up to \$7,500 in tax payments each year. The state pays the amount deferred and places a lien on the property. When the home is sold or transferred, the state collects the money plus 6% annual interest.

Offices Involved in Property Taxation



Cook County Clerk, Recorder of Deeds Division

- The Clerk assigns a PIN to each property.
- Then the Recorder of Deeds, which in Cook County is a division of the Cook County Clerk's Office, records and maintains property records.
- Records include property transfers, deeds, mortgages and liens, all of which must be filed with the Clerk.



Cook County Assessor

- The Assessor estimates the market value of each property in his or her jurisdiction for taxation purposes.
- The Assessor also grants various property tax exemptions.



Cook County Board of Review

- In Cook County, three commissioners are elected to the Board of Review, which considers appeals of assessments made by the Assessor's Office.



Illinois Property Tax Appeal Board

- This panel, appointed by the governor, considers appeals filed by property owners who are dissatisfied with their appeals to the Board of Review.



Illinois Department of Revenue

- The Illinois Department of Revenue assesses certain special properties.
- It also works to ensure that the tax burden is distributed fairly throughout the state.



Local Governments (Taxing Districts)

- Each local taxing districts – including schools, municipalities, counties, park districts, library districts and other agencies that deliver specialized services – determine the overall amount of property taxes (the levy) to be sought from property owners.
- The districts cannot exceed limits set by the Illinois legislature.



Cook County Clerk, Property Tax Division

- The County Clerk determines the tax rates, based on assessment levels and levies sought, that will be applied to each property.



Cook County Treasurer

- The Treasurer's Office prepares the property tax bills, collects payments and distributes the money collected to the appropriate local governments.
- The Treasurer also conducts tax lien sales on tax-delinquent properties.
- The Treasurer also issues all property tax refunds.

How the Illinois Property Tax System Works

Additional Sources

“Compounding Debt: Race, Affordability, and NYC’s Tax Lien Sale,” from the Coalition for Affordable Homes in New York City <<https://cnycn.org/report-compounding-debt-tax-lien/>>

“The Tax Divide,” a Chicago Tribune series on how assessments in Cook County tend to favor the wealthy at the expense of the less affluent: <<https://www.chicagotribune.com/investigations/ct-tax-divide-investigation-20180425-storygallery.html>>

“Reassessing the Property Tax” by Christopher Berry, professor at The University of Chicago Harris School of Public Policy. This study questions whether mass-appraisal systems can ever be fair: <<https://cpb-us-w2.wpmucdn.com/voices.uchicago.edu/dist/6/2330/files/2019/04/Berry-Reassessing-the-Property-Tax-3121.pdf>>

“Racial Disparities and Cook County Tax Sale Evictions,” a study from Housing Action Illinois that shows tax delinquency evictions disproportionately affected Black communities: <<https://housingactionil.org/downloads/Policy/Racial-Disparities-and-Cook-County-Tax-Sale-Evictions.pdf>>

“Unconscionable: Tax Delinquency Sales as a Form of Dignity Taking,” by University of Virginia Professor Andrew Kahrl: <<https://scholarship.kentlaw.iit.edu/cklawreview/vol92/iss3/11/>>

“The Assessment Gap: Racial Inequalities in Property Taxation,” by Carlos Avenancio-León, Indiana University, and Troup Howard, University of California, Berkeley: <<https://equitablegrowth.org/working-papers/the-assessment-gap-racial-inequalities-in-property-taxation/>>

“Estimating Property Tax Shifting Due to Regressive Assessments,” by Professor Christopher Berry of the University of Chicago Harris School of Public Policy. <<https://cpb-us-w2.wpmucdn.com/voices.uchicago.edu/dist/6/2330/files/2020/02/Tax-Shifting-Due-to-Regressive-Assessments.pdf>>

“How Lower-Income Americans Get Cheated on Property Taxes,” New York Times. <<https://www.nytimes.com/2021/04/03/opinion/sunday/property-taxes-housing-assessment-inequality.html>>

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Glossary

Accrual Basis – A way of measuring pension and other benefit funding levels that counts employee contributions when they are due, and benefit payments and refunds when they are made. Unlike actuarial basis (below), accrual basis does not weigh future benefit payments against investments and expected returns.

Actuarial Basis – A complex determination of whether investments held by a pension or other benefit plans are adequate to cover future expenses. The determination weighs expected future benefit payments against the level of investments and how much they are expected to earn over time, resulting in a determination of unfunded liability.

Adjusted Equalized Assessed Value – The final assessed value of a property determined by multiplying the assessment by the equalization rate and then subtracting exemptions.

Annual Tax Sale – The annual auction held by county treasurers to sell liens on property tax-delinquent properties.

Assessed Value – The estimated value, based on market conditions, of a property used to determine the share of the total property tax that each property owner must pay.

Assessment Level – The percentage of fair cash value (what a property would sell for in an arms-length transaction) at which assessments are set within a jurisdiction.

Assessment/Sales Ratio Study – A study that compares assessed values to actual property sales transactions to determine whether assessments hit their proper assessment level.

Assessor – The county or township official who determines assessed values of all properties within a jurisdiction for property tax purposes. In Illinois, assessors work at either the township or county level.

Board of Review – The three-member elected panel of officials in Cook County who adjudicate property tax appeals.

Classification – The designation of a property by type, such as vacant, residential, multi-family, agricultural, commercial or industrial. The classification determines the percentage of fair cash value at which a property is assessed for taxing purposes.

Clerk – The county official who assigns property index numbers and calculates property tax rates applied to the value of each property within the county.

Cook County Land Bank Authority – A quasi-governmental agency that works to restore tax-delinquent and otherwise distressed properties to productive use. Most of its property has historically been obtained at the Scavenger Sale.

Delinquent Tax – The amount of property tax not paid by the due date.

How the Illinois Property Tax System Works

Effective Tax Rate – The percentage of a property's fair market value paid in property taxes each year.

Equalization Rate – The amount by which Illinois assessments are multiplied to ensure the total value of all properties within each county or township equals 33 $\frac{1}{3}$ % of market value. This term is commonly referred to as the multiplier.

Equalized Assessed Value – The assessed value of a property determined by multiplying the assessment by the equalization rate.

Exemption – A reduction in assessed value based on the type of property, income and other factors granted to a property owner.

Extension – The process, conducted by the county clerk, of determining tax rates for each owners of certain types of property.

First Installment – The first of two property tax bills sent out each year. This bill is 55% of the previous year's property tax on the property being billed.

Forfeited – The status of a property when the taxes are delinquent and a tax buyer did not purchase the lien on the delinquent taxes at the annual tax sale. In those cases, the county holds the lien to the property.

Home Rule Government – A municipal government granted additional authority, including added taxation powers, by the state of Illinois. Municipalities that have more than 25,000 residents is automatically granted home rule powers,

unless voters overturn those powers in a referendum. Voters can also approve home rule powers for municipalities with less than 25,000 residents via referendum.

Illinois Department of Revenue – The state agency with myriad financial duties, including conducting sales/ratio studies and setting the equalization factor.

Illinois Property Tax Extension Limitation Law – An Illinois statute that limits annual property tax increases by non-home rule governments to 5% or the increase in the consumer price index, whichever is less.

Leasehold Tax – When for-profit companies lease space in a tax-exempt building owned by a non-profit or government entity, the for-profit company is liable for property taxes on the portion of property it uses. This is called a leasehold tax.

Lien – An unpaid debt legally assigned to a property. The holder of the lien is entitled to recoup their debt upon sale of the property.

Levy – The total amount of taxes sought by a local government unit in a given year.

Local Government – An elected or appointed board designated to deliver services within a given area of the state. These include counties, forest preserve districts, municipalities, school districts, park districts and library districts, among other entities.

Market Value – The amount of money a property would sell for in an arms-length transaction. In Illinois, this is called the fair cash value.

Median Property Tax Bill – The property tax bill in a taxing jurisdiction that falls at the center of all billed amounts in a jurisdiction, meaning there are equal numbers of higher and lower tax bills in that jurisdiction.

Municipality – A city, village or town.

No-cash Bid – A bid at a Scavenger Sale by the county on behalf of a local government or by the Cook County Land Bank Authority. Although the county and Land Bank do not have to make payment on the bid, it is considered a bid for the entire amount of taxes, interest and fees owed on the property.

Parcel – An area of land, with or without improvements, assigned a property index number for property transaction recording and taxing purposes.

Pappas Studies – A series of studies on the Cook County property tax system created and published by the Cook County Treasurer.

Property Index Number – The 14-digit number assigned by the county Clerk to each parcel for recording and taxation purposes. This is typically referred to as the PIN.

Property Tax Appeals Board – The statewide agency that hears property tax assessment appeals filed by property owners contesting the assessment level assigned to their properties if they were dissatisfied with the results of earlier appeals at the local level.

Rate – The amount by which adjusted equalized assessed values are multiplied to determine the tax owed.

Recorder of Deeds – The agency that records all property transactions. In Cook County, this office has been absorbed by the county Clerk.

Redemption – When a property owner pays off their delinquent tax debt in full.

Scavenger Sale – A Cook County auction of liens, held every other year, of properties that are three or more years delinquent on their tax payments.

Sale in Error – An error that vacates a property tax sale, leading to a tax buyer getting all of their money back, often with interest

Second Installment – The second of two property tax bills sent out each year. This bill is based on the current levies and assessed values. It amounts to the total tax bill for the year, minus the 55% of the prior year's tax owed.

Subsequent Tax – Taxes owed after a tax buyer purchases a lien on previous unpaid taxes. The tax buyer may pay subsequent taxes, or sub taxes, when the taxpayer doesn't pay by the due date and charge an immediate 12% interest rate on the sub tax payment.

How the Illinois Property Tax System Works

Tax Buyer – An individual or company that pays delinquent taxes in exchange for a lien on a tax-delinquent property.

Taxing Agency – A subunit of local government (taxing district) that has its own distinct property tax rate.

Taxing District – The area within which a unit of local government levies taxes, a term also applied to the local government levying those taxes.

Treasurer – The county official who prepares tax bills, mails them, collects property taxes and conducts tax lien sales on properties that are property tax delinquent.

Unfunded Liability – The amount that a pension or other pension plan falls short of what's needed to pay out future promised benefits.

How the Illinois Property Tax System Works



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