



# A Property Tax Overview

Made Available By:

Chief County Assessment Office  
18 North County Street - 7<sup>th</sup> Floor  
Waukegan, IL 60085

Telephone: 847-377-2050

Website: [www.co.lake.il.us/assessor](http://www.co.lake.il.us/assessor) or  
[www.co.lake.il.us/boardofreview](http://www.co.lake.il.us/boardofreview)

Email: [assessor@co.lake.il.us](mailto:assessor@co.lake.il.us) *or*  
[BoardofReview@co.lake.il.us](mailto:BoardofReview@co.lake.il.us)

Excerpts From:

The Illinois Property Tax System

Distributed by The State of Illinois Department of Revenue

Compiled Through A Cooperative Effort By:

The Chief Lake County Assessment Officer, Martin P. Paulson

The Lake County Clerk, Willard Helander

The Lake County Collector, Robert Skidmore

# **PROPERTY TAX**

## **WHAT IS PROPERTY TAX?**

Property tax is a tax based on the value of the property owned. For this reason it is often called an ad valorem tax.

## **History of Illinois Property Tax**

When Illinois became a state in 1818, the Constitution contained a provision for taxing property in direct proportion to the value of property. From 1818 to 1930, amendments to the constitution provided the State with various powers and authorities concerning property tax. The Revenue Act of 1872 gave Illinois final authority for setting valuations. The last year the state levied real estate taxes was 1930.

Since then, property taxes have been levied at the local level. The Department of Revenue issues guidelines (e.g., determining equalization factors, approving exemptions, distributing assessment manuals, etc.) and provides technical assistance to local assessing officials.

Property tax is a local tax assessed by the county (or township). Revenues from property tax are collected and spent at the local level.

## **What is considered property?**

Property can be divided into two classes - real and personal. Real property is land and anything permanently attached to the land. Examples are buildings and fixtures permanently or constructively attached to a building. Personal property is all property which is not real property. Personal property includes automobiles, livestock, money, and furniture.

## **How is the value of property determined?**

Value is a complicated concept with many definitions. Most real property in Illinois must be assessed based on its value on the open market; this value is the most probable sale price of a property in terms of money in a competitive and open market, assuming that the buyer and seller are acting prudently and knowledgeably, allowing sufficient time for the sale, and assuming that the transaction is not effected by undue pressures.

The measurement of market value for tax purposes is the job of assessors, who use one or more of the three basic approaches to measure it: 1) market data - comparing recent selling prices of similar properties; 2) cost - cost of reproducing the property minus accrued depreciation plus land value; and 3) income - calculating the present worth of the income from an income-producing property.

Farms are not assessed according to traditional market value, but according to "agricultural economic value", which is defined by law. This value is based on statewide studies of soil capability and of the net income of farms in Illinois. Each soil type in the state is rated by the University of Illinois College of Agriculture according to its capability of producing crops. This rating is known as the "soil productivity index". A State Farmland Technical Advisory Board certifies to the Department of Revenue a five-year average net income for each of these soil ratings. The agricultural economic value for each index is then calculated by dividing the net income by the average of the Federal Land Bank mortgage rate for the same five years. These values are certified to each county by the Department of Revenue by May 1<sup>st</sup> of the year before they are to be used in assessing. In each county, a Farmland Assessment Review Committee, consisting of local officials and farmers, advises the Chief County Assessing Officer regarding the interpretation and application of the values certified. This committee may propose alternate recommendations to the Department if it disagrees with the values certified. The State Property Tax Appeal Board makes the final decision if there is any disagreement as to the appropriate values and procedures to be used in a county.

To assess an individual farm, an assessor finds the soil productivity index rating for the farm's crop land and assesses this acreage at one-third of the agricultural economic value certified for these ratings. Permanent pasture is assessed at one-third of the value that would be assigned to it if it were crop land, and "other farmland" (e.g. forest land, grass waterways) at one-sixth. Waste land has no assessed value unless it contributes to the productivity of the farm. For 2000, the assessed value of an acre of farmland in Illinois ranged from \$13.38 for soil with a productivity index of 60, to \$463.92 for soil with a productivity index of 130.

Farm buildings are assessed at one-third of the value they contribute to the productivity of the farm. Homesite and dwelling assessments are based on market value.

### **Who must pay property taxes?**

All owners of real property must pay property tax unless specifically exempted by State law. Leaseholders must pay property tax if they are leasing real estate from an owner whose property is exempt. Owners of business, industrial, agricultural, and residential property all pay property tax directly. Renters also contribute to the property tax, but do so indirectly through their rent. Landlords consider taxes as cost of doing business and adjust their own rents to cover them.

In Illinois, taxpayers now pay property taxes only on their real property. Personal property tax for individuals was eliminated by the 1969 law which instituted the Illinois income tax. Corporations, partnerships, joint ventures, and similar entities continued to pay taxes on personal property until 1979. These business entities now pay a Replacement Tax on income and investment capital. Business entities pay this tax to the State which then distributes the monies to the local taxing districts in proportion to the amount received from the personal property tax for the 1977 tax year. In 2001, Lake County distributed \$1,116,294,955.55.

**Who spends property taxes?**

Illinois has over 6,000 units of local government who use property taxes. Of these, 102 are the county governments. The others fall into four categories: 1) townships - 1,530; 2) municipalities - 1,276; 3) school districts - 998; and 4) special purpose districts (e.g., libraries, fire protection) - 2,107.

Property taxes are raised, spent, and distributed locally. They finance a major part of the services provided by local governmental units which benefit citizens and their property. The largest share of taxes goes to school districts, generally 65% of each tax bill.

**How important is the property tax compared to other taxes?**

The property tax is the major source of tax revenue for local governments in Illinois, as it produces more than three-fourths of their total tax revenue. Some types of governmental units, such as cities, are less dependent on the property tax than are other units, such as school districts, which have no other taxing powers.

The Property Tax Cycle - from the assessment of property to the collection and distribution of taxes - takes nearly two years for most property. It can be divided into six steps: 1) assessment, 2) review, 3) equalization, 4) levy, 5) extension, and 6) collection and distribution. For farm property, a certification and review procedure is initiated more than nine months before the assessment begins.

# **ASSESSMENT**

## **What is an assessment?**

An assessment involves identifying the real property within a jurisdiction, listing it, appraising it and placing a value for it on the tax rolls. This value is known as the assessment and is the basis for determining what portion of the total tax burden each property owner will bear. In Illinois the statutory assessment level is normally one-third of market value with several exceptions including: a.) farmland, b.) approved forestry management plan, c.) common areas, d.) certain subdivision land, e.) approved dedicated nature preserve, and f.) alternate valuation for solar heating or cooling. Counties over 200,000 population may classify property for purposes of assessment.

## **Who assesses property?**

Most property is locally assessed. In all counties except Cook, St. Clair and the seventeen commission counties, township or multi-township assessors have primary assessment responsibility. There are over 950 elected assessors, most serving only part time. In Lake County, seventeen of our eighteen assessors are full time. They must qualify to hold office on the basis of certain course work in assessment techniques.

In the 17 commission counties, which have no township level government, the Chief County Assessment Office has primary assessment responsibility.

A few types of property are assessed by the State, such as railroad operating property and pollution control facilities which have been certified as such by the Illinois Environmental Protection Agency.

The value of state-assessed property is a small percentage of the value of all taxable property. State-assessed properties are valued by the Department of Revenue and assessments are certified to appropriate County Clerks for inclusion in local tax bases. The State collects no property taxes.

## **Who oversees that the assessment work is completed each year?**

The completion of the assessment process by assessors is subject to supervision and, if necessary, revision by the Chief County Assessment Office. The Chief County Assessment Officers are usually appointed by County Boards and must have two years of relevant experience, pass a qualifying examination, and possess a professional appraisal designation.

Some counties do not have an appointed Chief County Assessment Officer, but have an elected County Assessor. In Lake County, our Chief County Assessment Officer is appointed every four years.

### **When is property assessed?**

In Illinois property is to be viewed, inspected and revalued once every four years. The one exception to this is Cook County, which has a three-year reassessment cycle. Between these quadrennial assessments, assessors may revalue any property whose value has changed or is incorrect. Farm acreage must be reassessed annually.

General Assessment years are countywide except Cook, Madison, Morgan, and St. Clair counties, which at present are each divided into assessment districts, one of which is assessed annually in rotation. The County Board may pass a resolution to quadrennially assess by assessment districts, which happened in Lake County in the early 1970's. Lake County had four assessment districts, but in 2006 the County Board passed another resolution to go to one General Assessment year for the entire County, beginning in the 2007 assessment year. This General Assessment will re-occur every four years.

January 1<sup>st</sup> begins the assessment cycle for all real property that is valued as of that date. The Chief County Assessment Officer should call on the County Clerk to receive the assessment books listing all parcels of real estate to be assessed in each of the townships in the county.

The establishment of farmland assessment values and procedures begins May 1<sup>st</sup> of the year before the cycle begins.

### **When are initial assessments complete?**

In Lake County, township assessors complete their assessments in the fall. After they have certified their assessment books as being correct, they turn them in to the Chief County Assessment Office, which equalizes assessments to .3333% of market value through the use of an equalization factor, reviews the books, and makes any changes necessary to achieve fairness. Assessment books are then given to the County Board of Review for further review. The Board of Review also has the power to equalize; however, the need to do so has not occurred in many years.

### **Are taxpayers notified about the assessments on their property?**

In General Assessment years, lists of all property assessments must be printed in a public newspaper published in the county.

In the years between the General Assessment years, a list of real estate assessments that have been changed is published. Taxpayers in counties other than Cook must also be mailed notices "blue cards" if their real property assessments have been changed from the preceding year's assessments unless the change was caused only by the application of an equalization factor by the Chief County Assessment Office. These notices must show the prevailing assessment level in the jurisdiction, which is based on an assessment/sales ratio study. The notices may go to mortgage holders if arrangements have been made for tax bills to go directly to them, but the law requires mortgage holders to mail copies of notices to taxpayers.

As a courtesy, Lake County taxpayers are sent notice of their assessments every year, regardless of whether a change has occurred.

Taxpayers have the right at any time to inspect property record cards and other assessment records for any property, subject to reasonable rules and regulations established by local authorities.

### **What property is exempt from property tax?**

The Illinois Constitution allows an exemption from real estate taxes for property of the State, units of local government and school districts, property used exclusively for agricultural and horticultural societies, and for school, religious, cemetery, and charitable purposes, as long as the property is not leased or otherwise used with a view to profit. It also allows homestead exemptions or rent credits. Exemption of most property of the Federal government is required by Federal law.

Property owners must apply for these exemptions to their County Board of Review. After hearings are held on these matters, recommendations are made by the Board of Review and forwarded to the Department of Revenue, with each full record, for final disposition. Once property is approved for exemption, the owner, agent or attorney must annually file a *Certificate of Status of Exempt Property* to retain that exemption.

### **What homestead exemptions are available?**

A General Homestead Exemption is given to owner-occupied residential property or to leased single family residential property when the lessee is responsible for the property tax. This exemption equals the increase in the equalized assessed value over the equalized assessed value of a property in 1977 up to a limit of \$5,000 through tax year 2007. The amount will increase for tax year 2008 to \$5,500, and again in tax year 2009 to \$6,000. The County Clerk deducts these homestead exemptions from each property's equalized valuation before computing the tax rates.



In Lake County, Township Assessors identify which properties qualify for this exemption and turn that information in to the Chief County Assessment Office; some counties may require an application to aid in the identification of eligible properties.

Senior citizens may also qualify for a reduction of \$3,500 in equalized assessed value starting in tax year 2006 (previously \$3,000), which is called the Senior Citizens Homestead Exemption. For tax year 2008, the amount increases to \$4,000. This reduction is provided for homes owned and occupied by persons who will be at least 65 years of age by December 31st and for single-family dwellings leased by persons that age who are liable for taxes. Homeowners must apply for this exemption with their assessor. In Lake County, homeowners are required to file an initial application through their township assessors office. In the past, after the initial filing, an annual renewal was mailed to them and had to be returned to retain the exemption; however, this is no longer required (effective for 2005 tax year).

The Senior Citizens Assessment Freeze Homestead Exemption is an additional exemption available to Seniors who reside in an owner-occupied residence by January 1st of the year prior to the application year and had a total household income level of \$50,000 annually or below. This exemption freezes the assessment on your property. For tax year 2008, the maximum household income increases to \$55,000. This exemption does not freeze your tax rate; you need to understand that the actual taxes that you pay may continue to increase based upon the amounts levied by the taxing bodies where you reside (school, park, village or city, township, etc.). This exemption requires application each year, and again has the requirement of being at least 65 years of age. Every senior who has the Senior Citizens Homestead Exemption will have a form sent to them in the mail each year. Forms for both Senior exemptions are available at the Chief County Assessment Office, in your township assessor's office, or on the County website at <http://www.co.lake.il.us/assessor/forms.asp>.

Homeowners who have made improvements to properties used exclusively for residential purposes, may also qualify for the Homestead Improvement Exemption of up to \$75,000 of the market value of the improvements if an assessment increase has resulted (up to \$25,000 of assessed value). This exemption can continue for four years from the improvement's completion. In Lake County, application for this exemption is not required. The township assessors list the homes which qualify each year for the Chief County Assessment Office to enter into the tax system.



The Disabled Persons' Homestead Exemption is new in tax year 2007 and removes \$2,000 from the equalized assessed value of the home for the year in which application is made. The form for this exemption is available at the Chief County Assessment Office, in your township assessor's office, or on the County website at <http://www.co.lake.il.us/assessor/forms.asp>.

The Returning Veterans' Homestead Exemption is a one-year exemption that removes \$5,000 from the equalized assessed value of the home for the year in which the veteran returns from active duty in an armed conflict. The form for this exemption is available at the Chief County Assessment Office, in your township assessor's office, or on the County website at <http://www.co.lake.il.us/assessor/forms.asp>.

The Disabled Veterans' Standard Homestead Exemption removes either \$5,000 from the equalized assessed value of the home (for at least 75% disability) or \$2,500 from the equalized assessed value of the home (for at least 50% disability, but less than 75%). Note that this exemption is limited to residential property with an equalized assessed value of less than \$250,000. The form for this exemption is available at the Chief County Assessment Office, in your township assessor's office, or on the County website at <http://www.co.lake.il.us/assessor/forms.asp>.

In addition to the aforementioned homestead exemptions, "specially adapted housing" (as defined by Federal Law) owned and used by disabled veterans or their unremarried spouses may be exempt up to an assessed value of \$70,000 starting in tax year 2005 (previously \$58,000). The Illinois Department of Veterans' Affairs determines eligibility for this exemption.

### **What other types of relief are available?**

An open space assessment based upon a property's value for open space purposes, rather than upon its market value, is available in every county but Cook. Land can be considered in open space use if it consists of ten acres or more and is used exclusively for maintaining or enhancing natural or scenic resources, or for promoting conservation of natural resources.

Open space property must have been in the qualifying use for the preceding three years. Land used primarily for residential purposes does not qualify for this preferential assessment. Application for Open Space treatment must be made to the Chief County Assessment Office annually.

Owners of property that is heated or cooled by solar energy equipment may apply to have a property valued as though it used conventional heating or cooling equipment, even though the special equipment has added value to the property. Pollution control equipment also receives a preferential assessment.

Single-family residential property with certain historic designations may be eligible for preferential assessment if its owner has received from the Historic Preservation Agency a certificate of rehabilitation for the property. Unless a taxing district has previously opted out of this program, assessments are frozen for a period of eight years and are gradually increased to full assessments over the next four years.

Land in transition from vacant land to residential, commercial, or industrial use may qualify for a preferential assessment. The assessed value of such land platted and subdivided will not increase due to the addition of streets, sidewalks, curbs, gutters, sewer, water, and utility lines. The preferential assessment of a lot ends when it is sold, a building is constructed on it, or when it is otherwise used for a business or residential purpose.

Another type of property tax relief that is available to senior and disabled persons is the *Circuit Breaker*. To qualify, a person must be at least 65 years old, or totally disabled and at least 16 years old. If the eligible claimant becomes deceased prior to filing for a circuit breaker grant, the surviving spouse may file and be eligible if that spouse is at least 63 years old at the time of the eligible claimant's death. Also, the total annual household income must be no more than \$21,218 for a one-person household; \$28,840 for a two-person household; or \$35,740 for a three-person household. The grant is based on the amount of property tax and household income. Renters can also benefit from this program.

The Lake County Treasurer's office aids taxpayers in applying for the Circuit Breaker. Call the Lake County Treasurer's office at 377-2323 for information and help in applying.

Under Circuit Breaker legislation, senior citizens pay their tax bills in the normal fashion, then apply to the State for a grant. Application forms may be obtained from the County Clerk's and Treasurer's office, from senior citizens groups, or by writing to:

**Circuit Breaker  
Department of Revenue  
101 W. Jefferson St., P.O. Box 19003 Springfield,  
Illinois 62794-9003**

You can telephone the Circuit Breaker office at 1-800-624-2459. Eligible senior citizens may benefit under both the circuit breaker and homestead exemption programs.

The *Senior Citizens Tax Deferral Program* allows qualified senior citizens to defer part or all of the property taxes on their personal residences. Under the program, the State pays the property taxes due, charges the owner 6 percent interest per year on the amount paid and the State acquires a lien on the property which must be repaid after the taxpayer's death or when the property is sold. To qualify, an applicant must:

- X be 65 or over by June 1 of the year application is made;
- X have a total household income of less than \$50,000 starting in tax year 2006 (previously \$40,000);
- X have lived in the property or other qualifying property for at least three years;
- X own the property (the property must be used exclusively for residential purposes); and
- X have no delinquent property taxes on the property.

Eligible applicants may defer all or part of their taxes each year they qualify. The maximum total amount which can be deferred (including interest and fees) is 80 percent of the taxpayer's equity in the property. Any taxes deferred are considered as paid for the purpose of calculating the circuit breaker grant amount. Tax deferral can be continued by a surviving spouse who is at least 55 years of age within six months of the taxpayer's death.

To apply for the program, taxpayers must file two forms with their County Collector (Treasurer) between January 1 and March 1 of each year. At this time they agree to liens on their properties to ensure that the deferred taxes will eventually be repaid.

A local taxing district may instruct the County Clerk to abate taxes for new or expanded commercial or industrial facilities for a period of ten years, up to a maximum aggregate abatement of \$1,000,000 for all taxing districts. Also, districts may abate all or part of the property taxes on new or renovated improvements in areas that have been designated as enterprise zones by the Department of Commerce and Community Affairs.

The Enterprise Zone Act took effect December 7, 1982, and authorizes the Department of Commerce and Community Affairs to certify a limited number of enterprise zones in depressed areas of the State. Associated with the zones are State income tax, sales and property tax incentives to encourage business investment. Under the Act, each unit of local government has the authority to abate property tax on business improvements added to real estate after the creation of the enterprise zone. Section 18-170 of the Property Tax Code expands the abatement authority to include all classes of real property in enterprise zones.

## ***EQUALIZATION***

### **Why do assessments vary?**

Although by statute the assessed value of non-farm property should be 33 1/3 percent of its market value, assessment practices and assessed values of property vary. Such variations occur because of the large number of local assessing officials with different opinions about value, the inherent difficulties of the assessment process, pressures to keep assessments low, and lack of time and resources to do a thorough job.

### **What problems are generated by inequality in assessments for taxpayers?**

Variation in assessment levels can create problems for taxpayers. Most obvious is the unfair distribution of the tax burden among taxpayers within the same taxing jurisdiction.

If, for example, two adjacent houses with identical market values of \$60,000 were assessed at different levels of their full value, say ten percent and thirty percent, one house would have an assessed value of \$6,000 and the other of \$18,000. Under a tax rate of 6.0 percent (\$6 per \$100 assessed valuation) the first homeowner would have a tax bill of \$360, while the second would pay \$1080, even though their houses have the same market value. Assessors should prevent this type of inequity by assessing at a uniform level within a jurisdiction.

However, even if uniformity exists within a given jurisdiction, inequities can arise because of differences in assessment levels among different assessing jurisdictions. If, for example, one township in a county was assessed at an average level of 20 percent of full value and another 40 percent and both townships were in the same school district, property owners in the township assessed at the higher level would, on average, be paying twice as much in school taxes as property owners in the other township.

Uniformity in average assessment levels among assessing jurisdictions (i.e., among township, or multi-townships) prevents this type of inequity. In addition, uniformity among county average assessment levels is important because distribution formulas for State grants-in-aid for education, highways, and public assistance include the assessed valuation as a component. Uniform assessment levels also ensure an equal basis for applying tax rates and bonded indebtedness limitations to units of local government.

### **What is equalization?**

Equalization is the application of a uniform percentage increase or decrease to assessed values of various areas or classes of property in order to bring assessment levels, on average, to the same percentage of market value. Equalization of assessed values is important at each level of government - township, county and state.

### **Who has authority to equalize?**

Chief County Assessment Officers, County Boards of Review, and the State possess certain powers to equalize assessments. Chief County Assessment Officers determine the level of assessments for non-farm property by conducting annual assessment/sales ratio studies. These studies may be done for geographic areas within a county (generally township or multi-township assessment jurisdictions) or by class of property. Then the Chief County Assessment Officers and/or Boards of Review may use equalization to raise or lower the assessments in an effort to achieve greater uniformity and equity within the county. Lake County possesses this intra-county equalization authority. Equalization between counties (inter-county equalization) is the State's responsibility and is carried out by the Department of Revenue's Office of Local Government Services. Local equalization is done prior to mailing assessment notices in Lake County. State equalization is done in April prior to tax billing.

It must be remembered that although inter-county equalization is necessary to eliminate certain inequities among taxpayers residing within the boundaries of taxing units over-lapping two or more counties, it is not a substitute for proper intra-county equalization by local officials.

The State does not have the authority to adjust individual assessments. It can only certify to County Clerks in each county the percentages that must be applied to raise or lower the aggregate or total of all non-farm assessments in counties, except assessments of coal rights, to bring average assessment levels in the counties into line with the statutory standard. These percentage certifications are equalization factors.

The equalization factor (sometimes called a multiplier) is the tool used by the State to adjust average assessment levels in various counties to the same percentage of full value. Current law declares the proper percentage to be 33 1/3 percent of the market value. Suppose, for example, that one county was assessing property at an average level of 10 percent of the market value. It would be necessary to assign a factor of 3.333 to the county to bring its average assessment level up 33 1/3 percent of the market value. That 3.333 would be that county's equalization factor. Lake County local equalization factors are generally less than four percent.

The equalization factor is computed annually from sales data received from buyers and sellers of property in each county. These sale prices are compared to assessed value information from county records. Such a survey is called an assessment/sales ratio study. For example, if a property's assessed value is \$10,000 and it sells for \$30,000, the ratio of its assessment to its sale price would be 10,000/30,000 or 33 1/3 percent. This 33 1/3 percent is called its assessment/sales ratio. Each year the Department conducts such a study for each county and determines from the results the average percentage of market value at which each county's non-farm property is assessed.

After receiving tentative abstracts of assessments, the Department computes tentative (preliminary) equalization factors for each county which will raise or lower the average assessment level to 33 1/3 percent of market value.

The Department holds public hearings after it issues tentative factors. At these hearings, public officials and other interested persons may present evidence regarding assessment levels. The Department analyzes any new evidence before calculating final factors.

The Department must also wait to compute any final factors until Boards of Review have completed their work and adjourned. Most counties, therefore, receive their equalization factors either late in the assessment year or early the following year.

### **How much variation in assessments exists among the counties?**

In Lake County, the level of assessment is generally very close to 33.33%. Counties that do not achieve the statutory level will receive a State-issued factor other than 1.0000 to bring assessments, on average, to 33 1/3 percent of market value. In the last fifteen years, Lake County has had a State multiplier other than 1.0000 only twice. Beginning in 1984, counties had certain financial incentives to assess non-farm property uniformly and at or near the statutory level. In most years, Lake County receives a State-issued equalization factor of 1.0000. Because of the incentives, many counties are using their equalizing authority to bring their average assessment levels to the statutory level.

There are two incentive programs to promote assessment uniformity and assess at the statutory level. If a Chief County Assessment Officer establishes a level of assessments between 31 1/3 percent and 35 1/3 percent of market value, then the State will reimburse 50 percent of the Officer's salary to the county. Also, Chief County Assessment Officers, Township Assessors, and Multi-Township Assessors may receive a \$3,000 bonus if their assessments meet the following two criteria: 1) the median level of assessments is from 31-1/3 to 35-1/3 percent of market value; and 2) the coefficient of dispersion falls within a given range.

(In counties of less than 1,000,000 but more than 50,000 inhabitants, the coefficient of dispersion must not be greater than 15 percent.)

### **How does the equalization factor affect the assessment on a taxpayer's property?**

After receiving final equalization factors from the Department of Revenue, County Clerks must multiply the locally-assessed value of each non-farm parcel in their counties, other than coal rights, by those factors. Unless a factor is 1.0000, this multiplication will either increase or decrease the locally-assessed value of each parcel. This new value is the equalized assessed value. Farms and coal rights are not affected by the factor, as their assessed valuation is defined by law as an equalized assessed value.



## ***REVIEW***

### **What can taxpayers do if they believe their assessments are unfair?**

Taxpayers who believe that their assessments are unjust may appeal. The appeal process in Cook County differs from that in other counties.

Taxpayers in Lake County begin the appeal process with the County Board of Review. If dissatisfied with the Board's decision, they have a choice about the next step. They may take their appeal to the State Property Tax Appeal Board, a five-member board appointed by the Governor. The State Property Tax Appeal Board's decisions are subject to administrative review in Circuit Court, should the taxpayer so desire to take it to that level. The other alternative for dissatisfied taxpayers is to appeal the decision of the County Board of Review directly to the Circuit Court. When taxpayers go to court to challenge the assessment, however, they must prove either fraud on the assessor's part, or that their assessment is so high that it is "constructively" fraudulent, whereas if taxpayers take their cases to the State Property Tax Appeal Board, their cases can be argued solely on their property's value and the correctness of assessments.

Taxpayers in counties of less than 150,000 population should file their appeals with their Board of Review by August 10<sup>th</sup>. In counties of 150,000 but less than 1,000,000 population, the deadline is September 10<sup>th</sup>. If assessment books are late in being submitted to a Board of Review, taxpayers may file appeals within thirty days after the official publication made by the Chief County Assessment Office listing changes of assessment. Taxpayers dissatisfied with the Board of Review's decision may file an appeal with the State Property Tax Appeal Board within thirty days after written notice of the Board of Review's decision.

These deadlines are very important for taxpayers who want their assessments reviewed.

### **Who sits on Boards of Review?**

Illinois law mandates composition of the Boards of Review. In most township counties, three persons appointed by the County Board comprise the Board of Review. In counties with a population of more than 100,000, candidates for the Board of Review must pass an examination administered by the Department of Revenue; other counties may require this examination before appointment if they choose.

The Office of the Board of Review in Lake County is in the Chief County Assessment Office located in the county courthouse. The Chief County Assessment Officer is the Clerk of the Board of Review and will be able to answer taxpayer's questions when the Board is in session.

By law, Boards of Review must convene by the first Monday in June. Adjournment dates are also set by statute and depend on counties' populations. These dates range from September 7<sup>th</sup> for counties of less than 50,000 population, to December 31<sup>st</sup> for counties over 100,000. County Boards, however, may provide for recess and later continuation of the Boards of Reviews' sessions until all work is completed. The Lake County Board of Review completes hearing appeals by the end of February. After the Board of Review adjourns, assessment books are returned to the County Clerk for computation of tax bills.

### **What powers and duties do Boards of Review have?**

As discussed above, the Board of Review has the power to raise or lower individual assessments on appeal. They may also adjust assessments on their own initiative. No assessment can be raised, however, until the affected taxpayer has been notified and given the opportunity for a hearing.

Boards also have the power to assess property that has been omitted from assessment rolls. They have the duty to ensure that assessments are equitable within counties by applying a blanket increase or decrease on areas within the county, on classes of property, or on townships requiring an adjustment based on assessment/sales ratio studies. They also review petitions for exemption from property taxes and make recommendations to the Department of Revenue, which rules on the exemptions.

## ***THE BOARD OF REVIEW***

Illinois counties have a local appeal body known as the Board of Review. In Lake County, appeals on assessments must be filed in writing, on the form provided by the Board office. Generally, appeals must be filed within thirty days of the assessment publication date for your township. *Rules Governing Hearings Before the Board of Review of Lake County* are established each year and made available to anyone requesting appeal forms. Check with the Board of Review, the Chief County Assessment Office, or your township assessor for a copy of these Rules and appeal forms. Both appeal forms and rules are also available on the Board's website at [www.co.lake.il.us/boardofreview](http://www.co.lake.il.us/boardofreview).

Upon receipt of your completed appeal form, filed in a timely manner, the Board of Review office and will set a date for your hearing. You may represent yourself or have an attorney represent you.

At the hearing, you will present the evidence collected pertaining to your property's assessment. The information you obtained from the assessor, the appraiser, or from your own research is necessary to present a well-documented argument. It is important to remember that you are appealing the assessment of your property upon which the actual tax bill will be based. The Board of Review does not have the authority to change a tax bill.

The Board of Review must notify you in writing of its decision. This is done by mail after all the hearings in your township have been completed. A list of all assessment changes will be published in a newspaper of general circulation in the county after the Board adjourns.

### ***THE STATE PROPERTY TAX APPEAL BOARD***

Any taxpayer who is dissatisfied with the decision of the local Board of Review may appeal such decision to the State Property Tax Appeal Board. Appeals to the State Board must be filed within thirty days of the postmark date or personal service date of a local Board of Review's decision, or the written notice of a Board of Review's application of a township equalization factor. Generally, failure to file within the thirty day period forecloses appeal of the assessment for the year in question. However, if a taxpayer has received a reduction in assessed value from the State Board and the County Board of Review has already adjourned for the subsequent year, the taxpayer may appeal the subsequent year's assessment directly to the State Board within thirty days of the State Board's decision.

To begin an appeal, a taxpayer must first file a petition for appeal with the Board. Official forms and Rules of the State Property Tax Appeal Board are available both in the Board's offices in Springfield and at local Board of Review offices in individual counties. The State Property Tax Appeal

Board's address is:     PropertyTax Appeal Board  
                              William G. Stratton Office Bldg. - Room 402  
                              401 South Spring Street  
                              Springfield, IL 62706  
                              Telephone (217) 785-4425

Forms for State appeals can also be obtained from the Board of Review web page link to the PTAB.

The State Property Tax Appeal Board generally makes assessment decisions on one of two factual bases. The first is that the actual market value of a taxpayer's property is not accurately reflected in the assessment. To prove the fair market value, especially if the property was not the subject of a recent sale, the taxpayer may proceed in many ways. The best method of proving the value is an appraisal done by a professional appraiser. However, the value may be proven by the taxpayer himself. If the property is newly constructed, the actual construction cost, including land cost, is a fairly accurate indication of the market value. If the property has not sold recently, or was not recently constructed, a taxpayer may canvas the local market to determine prices of similar properties that sold on or around the assessment date.

The other avenue of appeal is an argument based upon equity. This requires proof that comparable properties are not comparably assessed. Imagine a subdivision of tract homes each sitting on the same size lot and each of a similar size, age, construction, design, and amenities. All homes on the block are the same model. Finally, imagine that each was sold in the same year for approximately the same amount. If all but one of these homes were assessed at \$10,000 and this one was assessed at \$15,000, it does not matter that the \$15,000 assessment may represent the appropriate assessment based on the market value of the homes in the subdivision. The taxpayer owning the home assessed at \$15,000 has a right, guaranteed by the Constitution, to be treated in the same manner as others. Thus, this person deserves to be as poorly assessed as everyone else in the neighborhood. Relief can be granted on the basis of equity.

Petition forms and all information to be submitted as substantiation of an assessment appeal must be filed within the statutory period. If taxpayers fail to submit information upon which they intend to rely prior to the formal hearing of the appeal, such information will not be accepted. However, should additional time be needed to acquire substantiating evidence, taxpayers may request, in writing, an extension of time for filing evidence. This request must accompany the filing of the petition form. It is extremely important that a convincing factual record be presented before the State Property Tax Appeal Board.

Final decisions of fact or law rendered by the State Board may be reviewed by the Circuit Court under the Administrative Review Law on the record established in the State Board hearing.

## ***SEVEN STEPS TO APPEAL AN ASSESSMENT (Other than Farm Land and Farm Buildings)***

1. Obtain the assessed valuation of your property.
2. Determine the fair market value for your property.
3. **Discuss the assessment with your assessor.**
4. Determine the basis for your formal appeal.
5. File a written appeal with your Board of Review.
6. Present evidence of unfair assessment to the Board of Review at the hearing.
7. Appeal the Board of Review's decision to the State Property Tax Appeal Board (in writing) in the event of an unsatisfactory decision by the Board of Review, or appeal directly to the Circuit Court.

For information regarding the steps in appealing a farm land or farm building assessment, contact your local assessing officials.

## ***REASONS FOR AN APPEAL***

You have reasonable appeal if you can support any of the following claims:

1. The assessor's market value estimate is higher than the actual market value. (This claim can be easily supported if you have recently purchased your property.)
  2. The primary assessment of the property is based on inaccurate information such as an incorrect measurement of a lot or building.\*
- \* In this event, a certificate of error may be issued by the Township Assessor's office with the concurrence of the Board of Review, even after the tax bill is received.
3. The assessment is higher than those of similar neighboring properties.
  4. The assessed value is at a higher percentage of market value for your property than the prevailing township, or county median level, as shown in an assessment/sales ratio study.

## ***EVIDENCE NEEDED***

To support your claim of an unfair assessment you will need substantial evidence, some of which may be obtained from your Township Assessor, the Chief County Assessment Office, from a professional appraiser hired at your own expense, or through your own research. Pertinent evidence for non-farm property should include some or all of the following:

1. A copy of the Real Estate Transfer Declaration, a deed, or a contract for purchase.
2. An appraisal of your property.
3. A list of recent sales of comparable properties (photographs and property record cards should be presented, as well as some evidence of the sale price).
4. A photograph of elements detracting from the value of your property not shown on the property record card and an estimate, in terms of dollars, of their negative effect on the market value.
5. If your appeal is on uniformity of assessments; information on the comparable properties.
6. A copy of your property record card.

## ***INFORMAL APPEAL***

An assessor who still has assessment books for a given year can correct any assessment. Calling an erroneous assessment to the assessor's attention early in the year may result in a correction without using the formal appeal process. Contact your Township Assessor to inquire about the accuracy of your assessment.



## **LEVIES AND TAX RATES**

### **How does the equalization factor affect tax rates?**

County Clerks calculate tax rates for each taxing district by dividing the district's tax levy by its tax base. A tax base is composed of the equalized assessed value of locally assessed property, less any homestead exemptions, plus the value of any State-assessed property. A levy is the amount of revenue a taxing district wants to raise through property taxes. The greater the tax base, the lower the tax rate needed to raise a given levy. An increased base, which may result from an increased equalization factor, generally results in a lower tax rate. A decreased base, which may result from the deduction of exemptions, results in an increased tax rate.

### **What is a levy?**

The governing board of each taxing unit determines how much money is needed to operate during the coming year and how much must be raised from the property taxes. The amount to be raised from property taxes is the levy which, after being approved by the governing board, is certified to the County Clerk no later than the last Tuesday in December.

Tax levies are made for the various activities of government. Money is allocated separately for each levy by spending account or "fund". The fund structure is the framework within which the financial decisions of local governmental units are made. Governmental bodies are entitled by State statute to use a number of funds. These could include a corporate (or general) fund, a bonds and interest fund, and other specialized funds, such as a fire protection fund, a library fund, or a street and bridge fund.

### **How do levies affect tax rates?**

Levies are made in dollar amounts. In order to raise the money requested in levies, County Clerks must calculate numbers which, when multiplied by the total equalized value (the tax base), will yield the amount of the levy. This number is the tax rate. Property tax rates are, however, subject to limits set by the State Legislature. The applicable limit depends on the type of governmental unit and the type of fund. If the rate necessary to raise the amount of the levy is greater than the maximum legal rate, the maximum legal rate is applied and the amount of money raised is less than the levy. In some cases the tax rate limits may be modified by referendum.

## ***EXTENSION***

### **What makes tax bills increase?**

The amount of a property tax bill is determined by two things; 1.) a property's equalized assessed value (a taxpayer's share of the total tax base), and 2.) the applicable tax rates, which depend on the level of spending of local taxing units in which the property is located.

If assessed values increase because of inflationary increases in property values, tax bills will not necessarily increase. As long as taxing districts do not increase their spending, a general increase in assessed values (i.e., the tax base) will mean lower tax rates, and tax bills will stay the same. If taxing districts increase their spending, however, tax bills generally will increase regardless of changes in assessments.

The "Truth-in-Taxation Law" requires taxing districts to publish notices to taxpayers if the districts' proposed levies are at least 5 percent greater than the amount billed to property taxpayers the year before (excluding bonds and interest and election costs). This amount billed is called the extension. Districts must hold public hearings regarding proposed tax increases. County Clerks may not extend more than 5 percent over the previous year's extension if a taxing district does not certify that it has complied with these publication and hearing requirements.

When taxpayers feel their property assessments are unfair when compared to assessments on similar properties, they should use the appeal procedures outlined previously. On the other hand, if their appeal is that tax bills are going up, they should attend "Truth-in-Taxation" hearings to become familiar with the needs of local taxing districts which are spending their money, and to express their concerns about increasing taxes.

### **When are taxes extended (billed)?**

A County Clerk can begin the process of extending taxes only after the Board of Review has completed its work, State assessments and the final equalization factor have been certified to the county, and all taxing units have levied. Unless a county is using the estimated billing method, it's County Clerk must also wait for surrounding counties to complete their assessment process, or make estimates as to the assessed values for portions of taxing districts overlapping into surrounding counties. Since many Boards of Review do not adjourn until December or later, extension of taxes does not begin until the year following the assessment year.

### **How is the tax rate computed?**

The County Clerk calculates a tax rate for each fund used by each taxing district by dividing the tax levy for that fund by the district's total equalized assessed value that remains after deduction of homestead exemptions. If the resulting rate exceeds the maximum allowable rate, the extension is limited to the amount which the maximum legal rate will produce when applied to the tax base. The total district extension is further limited to 5 percent over the previous year's extension (excluding bonds, interest and election costs), unless the "Truth-in-Taxation Law" publication has been made and a hearing held.

Some counties may add a small amount to the levy to cover uncollectible taxes before calculating the tax rate. The amount added is generally a small percentage of the total levy and must meet the test of reasonableness for conditions in the county. The allowance must not raise the rate above legal limits.

### **The Property Tax Extension Limitation Law (PTELL)**

The Property Tax Extension Limitation Law limits the growth in extensions to an annual increase of 5 percent **or** the change in the consumer price index (CPI), whichever is less. The limitation initially affected non-home rule taxing districts with the majority of their equalized assessed value in the five collar counties surrounding Cook County. Some districts extending as far south as Livingston County and as far west as Boone, DeKalb, and LaSalle Counties were affected. The law now covers non-home rule districts in Cook County and any other county that elects to be under the provisions of PTELL.

The law requires the county clerk to restrict annual growth in extensions for a taxing district's funds which are subject to the lesser of 5 percent or the change in the CPI. Adjustments are made for annexations, mergers, disconnections, new construction and increases approved by taxpayer referenda.

All funds are subject to the limit except: (1) funds used to pay general obligation bonds issued prior to the effective date of the Law or approved by front door referendum after the effective date, (2) funds used specifically to pay for installment contracts entered into before the effective date, (3) funds used to pay for revenue bonds where the full faith and credit of the district has been pledged and there is no other source of funds available, and (4) funds used to pay for certain other debt instruments.

There are several provisions which allow extensions to increase by more than the limit. The Law contains a referendum provision which allows taxpayers to vote for an increase in the limitation. Also, extensions are automatically increased in proportion to the amount of new construction in a district and for annexations of territory into a district.

Another provision of the Law gives additional control to the taxpayers. This provision requires front door referendum the first time a district levies for a particular fund and whenever a district increases its rate after a statutory increase in a rate limit.

Other provisions of the Property Tax Extension Limitation Law include a statewide uniform levy date for all taxing districts of the last Tuesday in December and in Cook County, the use of prior year equalized assessed value to derive an extension limit with the actual extension on current year equalized assessed value.

### **Are home rule units restricted by statutory tax rate limits?**

The Illinois Constitution defines municipalities with populations greater than 25,000 and Cook County as home rule units, and allows smaller municipalities and counties to elect home rule status by referendum. These units are not subject to statutory tax rate limits. Therefore, their tax rates may be set at whatever level is necessary to raise the amount of money needed. However, home rule units are still subject to "Truth-in-Taxation Law" requirements.

### **How is a tax bill calculated?**

Once tax rates for all taxing bodies in a county have been set, the County Clerk must add up the rates which apply to particular areas in the county. Different parts of the county are under the jurisdiction of different combinations of taxing districts. The County Clerk divides the county into tax code areas, in which all property is subject to the jurisdiction of the same combination of taxing units and thus has the same combination of tax rates. Aggregate rates are computed for each code area. A tax bill is calculated by multiplying the equalized assessed value of a property (less any homestead exemptions) by the aggregate rate for the tax code area in which the property lies.

The aggregate rate seen on a bill will be a combination of a county rate, a township rate, a school district rate, a city rate (if taxpayer lives within the boundaries of an incorporated municipality), and rates for any special districts, such as fire, sanitary, etc., which service the area.

In Illinois, the rate is generally expressed in terms of dollars per hundred dollars of equalized assessed valuation (the same as a percent).

As an example, an aggregate rate of 8.098 might include:

County (including Forest Preserve)	.688
City	1.524
School District	4.619
Jr. College	.221
Sanitary District	.181
Park District	.531
Township	.334
	<hr/>
	8.098

A taxpayer whose home had an equalized assessed value of \$50,000 that was eligible for the full \$5,000 General Homestead Exemption would have had, based on this rate, a tax bill of \$3644.10.

## ***COLLECTION AND DISTRIBUTION***

### **When are tax bills sent out?**

The tax bills are sent out the year after the assessment year - i.e., tax bills based on 2003 assessments are sent out in 2004.

### **When do tax bills become due?**

In Lake County a ***single*** tax bill is issued for the full year's taxes. That tax bill is usually sent out the first week in May, with the 1<sup>st</sup> installment due the first week in June and the 2<sup>nd</sup> installment due the first week in September.

As required by State statute, taxes paid or postmarked after the due dates must include 1½% interest per month.

### **How and where can you pay these tax bills?**

Taxes can be paid by mail or in person at:

Lake County Collector's Office  
18 N County St., Room 102  
Waukegan, IL 60085

You can also pay at most banks by cash or check (payable to Lake County Collector). For those desiring to pay by credit card, an additional fee will be charged to the user. For more information, call the Lake County Collector at 847-377-2323.

### **What if I feel my taxes are too high?**

It is strongly recommended that the taxpayer discuss his/her assessment with the local township assessor to be sure that a factual error has not occurred. Once you have received your bill, by law, only factual errors can be corrected. Remember, though, that the appeal process at this point has passed. It takes place **six to eight months before** you receive a tax bill. Please refer to the previous sections that address appeals against assessments.

### **What happens if you don't pay your taxes?**

If taxes are not paid, the county can sell a lien on the property to recover the delinquent taxes. In November, the Collector will publish a notice of intent to apply to the Circuit Court for a judgment against real estate for delinquent taxes and for an order allowing the sale of a lien on real estate for payment of such taxes.

After the order is granted, the lien on the property is offered at a public sale for the amount of taxes and costs due unless the owner pays the taxes, or appeals the court's decision. The property's owner retains the right to redeem it after payment of applicable taxes, interest and penalties. The right of redemption from the lien extends for a limited time after the sale, unless an extension is granted.

Detailed procedures covering the sale of liens on property for delinquent taxes are prescribed in 35 ILCS, 200/21-205 et seq.

### **Are most taxes collected?**

The percentage of uncollectible taxes on real estate is small. The percentage of extensions that are actually collected is over 99 percent for most counties.

### **How is property tax money distributed?**

The final step in the property tax administration cycle is the distribution and use of tax collections by local governmental units. In Lake County, our goal is to collect and distribute in a fast and timely manner. We have 12 distributions that begin soon after the tax bills go out and are not finalized until three to four weeks after the annual tax sale.



## *ASSESSMENT ADMINISTRATION*

### **COUNTY CLERK**

Prepares two sets of real estate assessment books and delivers to Chief County Assessment Office by January 1st.

### **CHIEF COUNTY ASSESSMENT OFFICE**

Meets with Township Assessors before January 1<sup>st</sup> and establishes guidelines. Delivers one set of books to township assessors. Annual instructional meeting scheduled in December.

### **TOWNSHIP ASSESSOR**

Values real estate as of January 1<sup>st</sup> and returns books to Chief County Assessment Office typically in late summer to early fall.

### **CHIEF COUNTY ASSESSMENT OFFICE**

1. Reviews assessments made by township assessors; makes changes when deemed necessary.
2. Equalizes assessments within county by class and/or township.
3. Mails Change of Assessment Notices to taxpayers (blue cards).
4. Publishes changes in newspaper of general circulation.
5. Delivers books to Board of Review.
6. Prepares tentative abstract of assessment books; mails to Illinois Department of Revenue.

### **DEPARTMENT OF REVENUE**

Develops tentative equalization factor; publishes factor in newspaper; holds public hearing.

### **BOARD OF REVIEW**

1. Assesses property missed in prior years.
2. Acts on exemptions and mails decisions to Department of Revenue for approval.
3. Hears appeals and makes changes on any property when deemed necessary.
4. Mails Change of Assessment Notices to taxpayers.
5. Equalizes assessments within the County, if necessary.
6. Delivers books to County Clerk (generally in March).
7. Mails reports on equalization to Illinois Department of Revenue.
8. Publishes changes in newspaper of general circulation.

### **COUNTY CLERK**

Prepares final abstract of assessments and mails to Department of Revenue.

### **DEPARTMENT OF REVENUE**

Certifies final equalization factor to the County Clerk (generally in March or April).

### **COUNTY CLERK**

Applies equalization factor to all applicable local assessments.

### **DEPARTMENT OF REVENUE**

Certifies State assessments and mails to County Clerk (i.e., Railroads, Pollution Control Facilities).

### **COUNTY CLERK**

Totals equalized assessed value for each taxing district (generally in March or April).

## *BUDGET AND LEVY CYCLE*

### **TAXING BODY**

1. Prepares tentative budget.
2. Publishes Notice of Public Hearing; puts tentative budget on public display 30 days before public hearing.
3. Holds public hearing.
4. Passes budget with changes in form of ordinances.
5. Publishes levy and holds public hearing.
6. Gives Certificate of Levy to County Clerk by last Tuesday in December.

### **COUNTY CLERK**

1. Calculates tax rates for each combination of taxing districts.
2. Extends taxes on equalized assessed value and enters in Collector's books.
3. Delivers Collector's books to County Treasurer (Usually in April).

### **COUNTY TREASURER**

(serves as  
the collector)

1. Prepares and mails tax bills by May 1st.
2. Collects first installments for real estate in first week of June.
3. Distributes tax money proportionately to taxing districts as tax money is collected.
4. Collects second installment for real estate in first week of September.
5. Prepares delinquent tax list and sends Notice of Application Judgement on Real Estate.

### **CIRCUIT CLERK**

Pronounces judgement for sale of a lien on real estate due to nonpayment of taxes and rules on tax objections in November.

### **COUNTY CLERK**

Administers sale of lien on real estate due to nonpayment of taxes in early December.