

## **COOK COUNTY PROPERTY TAXES FREQUENTLY ASKED QUESTIONS AND ANSWERS**

### **Why is the amount due on the second installment higher (or lower) than the first installment?**

Because of the large number of tax parcels that exist in Cook County, the property tax process and determining the Equalized Assessed Value (EAV) for computing property taxes takes considerable time and is typically not available sufficiently early enough to allow for computing the total taxes and providing two equal installments as occurs in most other counties in Illinois (including neighboring Will County). To compensate for this timing issue, in Cook County, the first installment always is determined as an estimate based on the total taxes paid in the prior year. Beginning with tax year 2009 and forward, the first installment bill has been computed at 55 percent of the prior year total tax (50 percent for tax year 2008 and prior). This estimated payment methodology attempts to make the two Cook County tax installments more equal, similar to what occurs in other counties.

### **It seems like we just paid a property tax bill a few months ago. Why are we being requested to pay again so soon?**

In Cook County, the first installment (discussed in more detail above) is normally mailed at the end of January (Feb. 1) with a March 1 due date. The second installment has been issued after the property values (EAV) have been finalized for the tax year, which is necessary to determine the tax rates and produce the tax bills. The second installment bill will reflect the total tax for the year, minus the amount paid with the first installment estimate.

The dates for mailing the Cook County first and second installment are actually set by Illinois Statute (35 ILCS 200/21-30). Under the statute, the first installment bills are to be mailed by the end of January, and the second installment bills are to be mailed by the end of June. The second installment tax bills have frequently been delayed due to the unavailability of the final Equalized Assessed Valuation (EAV) and accordingly have been frequently issued with a due date ranging from September through November, but due dates have also been as late as December. The 2011 tax bills mailed in June 2012 marked the first time in 34 years (1977 tax year) that the second installment tax bill had been mailed and meeting the statutory timetable. 2014 represents the fourth consecutive year that these tax bills will be released meeting the statutory timetable. It is now expected that subsequent bills (tax year 2015 and forward) should continue to follow the statutory timetable.

### **The tax bill does not reflect my Homeowner's (or Senior) Exemption(s). What can I do?**

Just above the payment coupon, is a box under the heading "Tax Calculator" that shows how your tax bill was determined. If any of the lines for exemptions (right column) show ".00" you did not receive benefit of that exemption. If you think you are entitled to one of these exemptions, you should contact or visit one of the Cook County Assessor offices (downtown or at the County Courthouses in Markham, Bridgeview, Rolling Meadows, or Skokie); or your Township Assessor to file a Certificate of Error form. The County Assessor's Offices have the

ability to provide a corrected tax bill for missing or omitted exemptions while you wait. You also can visit the Assessor's website at [www.cookcountyassessor.com/exemptions.aspx](http://www.cookcountyassessor.com/exemptions.aspx) for more information on exemptions and the related forms.

In April 2013, the Illinois legislature increased both the standard homeowner exemption and the senior exemption by \$1,000 for Cook County homeowners beginning with tax year 2012. The current standard homeowner exemption is \$7,000 for Cook County homeowners and \$6,000 for Will County homeowners. The Senior Citizens exemption, available to homeowners aged 65 or older, provides an additional exemption of \$5,000 for eligible Cook and Will County homeowners.

The Cook County Expanded (Alternative) Homeowner's Exemption was completely phased out with tax year 2014. This program limited the increase in an owner-occupied property's EAV to a compounded 7 percent annually from the 2004 base year through 2013 and could result in a variable homeowner exemption. For tax year 2014 and after, the homeowner exemption is a flat \$7,000 for the qualified owner occupied primary residence.

**I previously received a Senior Assessment Freeze Exemption, but did not get this exemption this year. Is there something wrong with my bill? What can I do?**

The Senior Freeze Exemption allows qualified senior citizens to freeze the equalized assessed value (EAV) of their properties for the year preceding the year in which they first apply and qualify for this exemption. For example, a senior citizen who qualifies and applies for this exemption in tax year 2014 will have the EAV of the property frozen at the 2013 EAV. The owner must be age 65 or older and have total household income of less than \$55,000 to qualify for this exemption. Visit [www.cookcountyassessor.com/exemptions.aspx](http://www.cookcountyassessor.com/exemptions.aspx) for more details on exemptions. Those who qualify and receive this exemption should be aware that this does not freeze the amount of their tax bill.

If the value of your residence has decreased or if tax rates increased, you may not receive any savings. In order to realize a savings on your tax bill, the equalized assessed value (EAV) must be greater than your "frozen" base year (the original year you filed for this exemption).

Because many property values were reduced in the 2014 reassessment cycle, you may no longer qualify for the Senior Assessment Freeze Exemption. If the previous year's value is higher than the current year's, no freeze exemption amount would be shown on the bill since the current assessed value would be lower.

You may wish to contact one of the Cook County Assessor offices (downtown or at the County Courthouses in Markham, Bridgeview, Rolling Meadows or Skokie); or your Township Assessor if you have questions about your exemptions and possible omissions. The form to complete to apply for an omitted Senior Freeze Exemption is available at: [www.cookcountyassessor.com/forms/SRFrz.pdf](http://www.cookcountyassessor.com/forms/SRFrz.pdf)

### **My taxes went up even though my property value is less than last year. Why?**

Property taxes collect a fixed amount of money that was levied by each government reflected on your property tax bill in order to fund their respective governmental operations. This fixed amount is spread proportionately over all property within that government's boundaries based on the individual property values. In this manner, all properties pay a portion of that government's tax levy. The proportion (ratio) of the tax levy to the Equalized Assessed Value (EAV) determines the property tax rate each year.

The 2014 reassessment of South Suburban Cook County resulted in a 4.7% decrease in the overall equalized assessed value (EAV) for Tinley Park. The State Equalization Factor increased 2.4% which moderated this decrease in overall property values. The EAV for Tinley Park has decreased for the last four years. These decreases are partially due to additional valuation appeals and impacts of the Recession on property values. Changes in the State Equalization Factor and exemptions (Homeowner, Senior, etc.) also impact the EAV.

Property taxes are designed to collect a fixed amount of money for the governments included on the tax bill. Just because the (property) values dropped does not mean taxing districts are going to be getting less money or taxpayers are going to be paying less.

An individual's taxes can increase, particularly for taxpayers whose property did not lose value or whose value dropped less than others. This results in some taxpayers carrying more of the tax burden than others.

#### **A simplified example:**

The total amount of money levied for a government is \$100. There are only two properties within that government's boundaries with equal taxable value of \$50 each, or \$100 in total. The ratio of the levy to the tax base is 100 percent, which is also stated as a tax rate of \$100 per \$100 dollars of EAV. Each property owner pays \$50 in taxes.

In the following year, Property A is still worth \$50, but Property B is now worth \$45, for a total of \$95 in EAV. The government's tax levy request has remained unchanged and is again \$100. The resulting tax rate is now \$105.26 per \$100 of EAV (\$100 levy divided by \$95 EAV).

Although the tax levy was unchanged (\$100 in both years), the tax rate increased because the overall total property value went down (from \$100 to \$95).

In the second year, Property A pays \$52.63, and Property B pays \$47.37 which still totals the \$100 of levy requested.

Even though the tax rate increased in the second year, the government still only receives the \$100 it asked for (levied).

### **What is the State Equalization Factor?**

The State Equalization Factor is also referred to as “The Multiplier.” State statutes require that all property be assessed at 1/3 of fair value for property tax purposes. If a county elects to use another basis of assessment, it still must achieve an assessment base of 1/3 of fair value overall. Cook County currently has two primary assessment classification rates that place all residential type properties at a 10 percent assessment rate, and all other property (commercial and industrial) at a 25 percent assessment rate. The Equalization Factor is determined each year by the Illinois Department of Revenue for each county in the state to compensate for special classification systems (such as used by Cook County) and for other valuation abnormalities (under/overvaluation of properties). It is applied against all properties in order to achieve the required 1/3 overall level of assessment for tax purposes. To read more about the determination of the 2014 Cook County Equalization Factor, see the press release from the Illinois Department of Revenue linked at <http://www.revenue.state.il.us/AboutIdor/PressReleases/PR-2015-04-27.pdf>.

### **Why did Tinley Park increase its tax rate?**

The tax rate for the Village of Tinley Park did increase, however, the Village does not set tax rates. The Village of Tinley Park has no control over the property tax rate that is determined each year. The tax rate cannot be determined until the end of the property tax process when both the amount of the tax levy and the total Equalized Assessed Value (EAV) for a taxing district is known.

Determining the tax rate is one of the last steps in the property tax process before the Cook County second installment tax bills can be produced. Likewise, in Will County the tax rates are calculated just prior to the production of the property tax bills.

The tax rate is the ratio of each government’s tax levy to the overall tax value (EAV) of all properties within that government’s boundaries. There is an inverse relationship between the tax base and the tax rate. When the tax base (EAV) decreases, the tax rate will increase; even if the tax levy does not change. (See example above under “**My taxes went up even though my property value is less than last year. Why?.**”)

The Village’s overall tax base (EAV) dropped \$204 million between 2010 and 2011, which was an 11.3 percent decrease. This remains the largest one year decrease in the Village’s tax base on record. Between 2011 and 2012, the overall EAV for the Village dropped an additional \$116 million (7.2 percent decrease). The overall EAV for the Village continued to decrease between 2012 and 2013 by another \$94 million (6.3 percent decrease). Another decrease of \$54 million in overall EAV occurred between tax years 2013 and 2014. The \$468 million drop (25.8 percent) over the consecutive four year period is unprecedented. However, it is important to keep in mind that this decrease in property value does not affect the amount of dollars that were levied to support governmental operations.

The annual tax levy for the Village of Tinley Park and the Tinley Park Public Library are supposed to be shared equitably by all taxpayers within Tinley Park based on their individual property values. As you know, the Village of Tinley Park covers territory in both Cook and Will

Counties. The annual tax levies of the Village and Library must be split between Cook and Will Counties based on the proportion of property value in each county. The computation of the tax rates for the Village and Library each year is complicated in Will County because the property value (EAV) for Cook County has not been finalized and known in April each year when Will County is preparing to issue its tax bills. This requires the Will County Clerk's Tax Extension Office to prepare an estimate of the Cook County tax base in order to determine an estimated Total EAV for Tinley Park. This estimated Total EAV is then used to calculate the preliminary (estimated) share of the Village and Library tax levies to be spread across the Will County properties and to determine an estimated Will County tax rate. This situation is further explained under the question, "**The Village Board said their 2014 tax levy was the same as 2013, yet I see a change in Village taxes between 2013 and 2014. How can this be? What's going on here?**"

It is important to keep in mind that this decrease in property value does not affect the amount of dollars that were levied to support governmental operations. The Village does not control the valuation of property. Property valuation is handled primarily by the Township Assessors in Will County, and the County Assessor in Cook County.

The Village's levy request for 2014 was exactly the same dollar amount as the prior year. The levy for the Tinley Park Public Library was also unchanged. The change in Cook County tax rates is explained in more detail elsewhere in these FAQs.

**The Village Board said their 2014 tax levy was the same as 2013, yet I see a change in Village taxes between 2013 and 2014. How can this be? What's going on here?**

It is true, the 2014 Cook County property tax bills may reflect an increase in the Tinley Park taxes relative to the prior year. However, this increase is not because the Tinley Park Village Board or Library Board did anything unusual with regard to their 2014 levy requests from prior years. Both the Village and Library's levy requests for 2014 were exactly the same dollar amount as the previous 2013 request. Not even one penny more. Zero change.

The Cook County tax rate for the Village of Tinley Park increased 4% between 2013 and 2014 (\$1.444 to \$1.502). The tax rate for the Tinley Park Public Library also increased 4% (\$0.404 to \$0.419). Because the Village of Tinley Park and Tinley Park Public Library's tax levy requests were unchanged, none of this 4% increase is related to a change in the tax levy. The rate changed due to the overall change in property value (EAV).

**What portion of my tax bill goes to the Village?**

The portion of the total tax bill that is distributed to the Village of Tinley Park will vary based on the other overlapping taxing bodies that serve a property and their respective tax levy requests. On average, 12 percent of your total taxes go to Tinley Park. Based on the overall Tinley Park average, the majority of your tax money goes to elementary school, high school and community college education services (71 percent); followed by the Village; then the County and Township (10 percent); Park District (4 percent); and Public Library (3 percent).

### **Why doesn't the Village spend less in order to lower our taxes?**

It is difficult for the Village to make significant reductions in spending without laying off personnel and eliminating or reducing services. Approximately 2/3 of the Village operating budget is related to salary and benefits. The effects of reductions can not be immediately seen or felt in such things as property taxes due to the timing of the property tax cycle. Property taxes are billed in arrears (e.g. 2014 property taxes are paid in 2015). Most local governments, including Tinley Park, will look to when those property taxes are collected to support the then current operations. So, frequently governments will anticipate their future financial needs when taxes are collected in setting the amount of their levy each year. The Village does consider its other revenue sources available to support operations (sales tax, income tax, etc.) in establishing its levy request each year, and additionally has utilized tax cap formulas to limit growth in the levy amount.

Near the beginnings of the Recession, the Village froze the hiring of new personnel and required departments to cut expenses in reaction to the faltering economy and the related losses in revenues. While attempting to maintain quality essential services for our residents, these cost-cutting measures assisted the Village in limiting increases in the tax levy to fund annual operations. As a result of the personnel positions that have been vacated through attrition, but not subsequently been replaced, the Village is currently operating with fewer employees than in 2007. These unfilled and frozen positions save the Village and taxpayers nearly \$3 million each year. Inflation and increases in commodity costs, health insurance, liability insurance, and contractually obligated wage increases impact operating costs from year to year. These normal increases run counter to any efforts to reduce costs. Without reducing services, the Village has limited options to achieve significant cost reductions in its annual budget. Without significant increases in other revenue sources, the Village also has limited ability to reduce its reliance on the property tax levy for funding operations each year.

### **An insert accompanying the tax bill references to go to the Cook County Treasurer website to learn more about what local governments owe. What is this information about?**

In an attempt to provide financial disclosure to taxpayers, the Cook County Treasurer's Office, in conjunction with the Cook County Board, developed a "Debt Disclosure Ordinance" to require all Cook County taxing districts to provide certain disclosures about its finances with particular emphasis on debts and liabilities on an annual basis to the Cook County Treasurer. This information can be found under "Taxing District's Financial Statements" at [www.cookcountytreasurer.com](http://www.cookcountytreasurer.com) or [www.cookcountypropertyinfo.com](http://www.cookcountypropertyinfo.com).

We applaud the County's efforts to create a central repository of information for taxing bodies in Cook County. However, similar financial reporting has been available through the State Comptroller's Office for many years. Additionally, many taxing bodies (including the Village of Tinley Park) already provide similar (and often more detailed) financial information and disclosures through their own websites (see the Village of Tinley Park Open Government page at <http://www.tinleypark.org/index.aspx?NID=701>).

The Debt Disclosure Ordinance has placed heavy emphasis on the total debt owed by taxing districts in Cook County. The County has prohibited additional disclosure of the types and amounts of the various “debts” included in their required disclosure of “total debt” which can create a misleading representation of a taxing district’s debt. Additionally, looking solely at debt does not provide a fair or reasonable picture of the financial position or financial operations of a taxing district, so we recommend caution in drawing conclusions from the extracted Taxing District’s Financial Statements information presented on the County website.

The extracted Taxing District’s Financial Statement information found on the Cook County Treasurer’s website was obtained from data entry required to be done by the individual taxing districts under the Debt Disclosure Ordinance requirements. Due to limited definitions and instructions for the requested disclosures provided by Cook County, there are both inconsistencies in information provided and probable data entry errors that potentially compromise the integrity, comparability and usefulness of these required Cook County disclosures. We warn readers to use this information with considerable caution, especially for comparative purposes as the information has not undergone any validation process before being published by Cook County on its website.

More useful financial information can be found in the annual audit report (Comprehensive Annual Financial Report) that each taxing district is required to upload as part of the Debt Disclosure Ordinance. These reports can be viewed by clicking on the linked Fiscal Year date on the Cook County Treasurer’s website. As noted, additional financial information may also be found on the Illinois State Comptroller’s website. In the interest of Open Government and Transparency, many taxing districts will have considerable financial disclosures included on their individual websites.

The Village of Tinley Park has created an “Open Government” page on its website to centralize its transparency disclosures in one location. Considerable financial information about Tinley Park can be found there covering at least a five year period (<http://www.tinleypark.org/index.aspx?NID=701>).

### **How can I learn more about where my taxes go?**

The Village has posted these FAQs and informational pie charts on our website at [www.tinleypark.org](http://www.tinleypark.org).

The Cook County 2014 second installment tax bills have a column to indicate the percentage each taxing district represents of the total tax bill. Additionally, if your property is located in a Tax Increment Financing (TIF) District, the bill will show what portion of the taxes is allocated to the TIF District.

You may also visit [www.cookcountytreasurer.com](http://www.cookcountytreasurer.com) or [www.cookcountypropertyinfo.com](http://www.cookcountypropertyinfo.com) for Cook County’s financial disclosures for the various taxing bodies applicable to your property. But as noted above, please be forewarned that some of this information may be of questionable value or validity.

You also can visit the websites of the various taxing bodies, or contact them directly for more information about their tax levies.

You also can call Village Hall at (708) 444-5000 with your questions. We will be able to assist to the extent that the questions relate to the Village's finances and property taxes.