

# TAX FACTS



Taxpayers' Federation of Illinois

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## EFFECTIVE PROPERTY TAX RATES for 89 Illinois Communities

By Kurt Fowler

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A home's effective property tax rate is the percentage of home value paid in property taxes on an annual basis. The Illinois Tax Foundation, in association with the Taxpayers' Federation of Illinois, is pleased to release its effective tax rate calculations for 89 communities throughout Illinois for 2008 property taxes paid in 2009. This is the most recent data available. Most counties provide the data to the Illinois Department of Revenue about a year after taxes are paid, and Cook County data is often not available until several months later.

When we began releasing these calculations, we had data available for 60 communities. Starting with our analysis of property taxes paid in 2006, we were able to include information for 29 additional communities where data had become available. The data from all 89 communities has now been compiled together. These communities have been chosen for their size, as well as to provide an accurate representation of the entire state.

The calculation of an effective property tax rate for a community requires the following data analysis:

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**Step 1** – Obtain the adjusted median level of assessment for residential property for the township in which the community is located from the Department of Revenue.

**Step 2** – Multiply this value by the county’s “multiplier” to determine the community’s equalized assessment level for residential property. The Department of Revenue assigns a multiplier to each county to equalize assessments across the state, correcting for variations from the required median level of 33 1/3%. When assessments in a county are within 1% of the required level, they do not need to be adjusted and the county is given a multiplier of 1.

**Step 3** – Multiply the equalized assessment level by the full fair market value of the home to determine the equalized assessed value (EAV).

**Step 4** – Subtract the general homestead exemption, \$5,500, from the equalized assessed value in all counties other than Cook. In Cook County, the median alternative homestead exemption for the appropriate triad, which ranges from approximately \$22-28,000, is used. The result of this calculation is the adjusted equalized assessed value.

**Step 5** – Obtain the community’s aggregate tax rate. This information is provided by city in the Department of Revenue’s annual property tax report. The aggregate tax rate is the sum of property taxes extended for cities, counties, townships, fire protection districts, park districts, school districts, sanitary districts, airport authorities, and a host of other governmental entities.

**Step 6** – Multiply the adjusted equalized assessed value by the aggregate tax rate. This is the tax bill on the property.

**Step 7** – Divide the tax bill by the full fair market value of the home to find the effective tax rate. This report reflects the percentage change in effective tax rates between 2005 and 2008 for all 89 communities, as well as the percentage change between 1998 and 2008 for the original 60 communities for which data was available.

In the chart on page 3, we reflect the effective tax burden on a home with a \$250,000 fair market value. This value was chosen for our analysis of 2006 property taxes because it was close to the median home value at the time. While the median home value has decreased, the same value is used for consistency. It is important to note that this value may not reflect the median home value in particular communities. Varying home values have an impact on the effective tax rate because of the general homestead exemption. For example, a \$100,000 home taxed by the statewide average rate of 6.41% would see a savings of \$353 because of the homestead exemption, or a 17% reduction. A \$700,000 home taxed by the same rate receives the same savings of \$353, but that amounts to only a 2% reduction of the overall tax bill. Because the general homestead exemption, used in all counties other than Cook, is constant for all home values, it gives the same savings to all homeowners at the same tax rate. Tax rates of course vary between communities but the same rate is applied to all properties, taxed by the same governmental units, regardless of value differences within a community. Cook County is the only county that utilizes the alternative homestead exemption, which varies by property value, and thus savings are not constant.

The chart also reflects the effective rates for 2008, 2005, and in the 60 original communities where data was available in 1998. The percentage change to 2008 accompanies the 2005 and 1998 data.

# Effective tax rates and estimated 2008 property taxes (collected in 2009) on a \$250,000 home in 89 Illinois cities

Median EAV As a % of Fair Market Value After										2008 Tax Bill on a \$250,000 Home		2008 Effective Tax Rate as a % of Fair Market Value		2005 Effective Tax Rate		% change in Effective Tax Rate		% Change in Effective Tax Rate	
2008 Rank	2005 Rank	1998 Rank	City	County	Homestead Exemption	Aggregate Tax Rate	2008 Tax Rate	2008 Effective Tax Rate	2005 Effective Tax Rate	2005 Effective Tax Rate	2005 Effective Tax Rate	2005 Effective Tax Rate	2005 Effective Tax Rate	2005 Effective Tax Rate	2005 Effective Tax Rate	2005 Effective Tax Rate	2005 Effective Tax Rate	2005 Effective Tax Rate	2005 Effective Tax Rate
1	3	3	East St. Louis	St. Clair	45.90%	13.19%	\$15,138	6.055%	3.346%	81%	2.865%	2.865%	111%						
2	1	5	Cairo	Alexander	25.41%	17.16%	\$10,898	4.359%	7.891%	-45%	2.677%	2.677%	63%						
3	4	4	Kankakee	Kankakee	31.15%	11.48%	\$8,939	3.576%	3.311%	8%	2.680%	2.680%	33%						
4	11	13	Watseka	Iroquois	33.78%	10.20%	\$8,614	3.446%	2.784%	24%	2.392%	2.392%	44%						
5	5	16	Zion	Lake	31.55%	10.85%	\$8,559	3.423%	3.164%	8%	2.360%	2.360%	45%						
6	23	8	Danville	Vermillion	35.10%	9.69%	\$8,503	3.401%	2.616%	30%	2.544%	2.544%	34%						
7	14	-	Kewanee	Henry	31.72%	10.51%	\$8,333	3.333%	2.752%	21%	-	-	-						
8	2	-	Park Forest	Cook	19.12%	16.81%	\$8,034	3.214%	3.523%	-9%	-	-	-						
9	17	2	Benton	Franklin	31.69%	9.97%	\$7,902	3.161%	2.729%	16%	2.993%	2.993%	6%						
10	9	6	Freeport	Stephenson	31.08%	10.10%	\$7,851	3.140%	2.920%	8%	2.648%	2.648%	19%						
11	8	47	Galesburg	Knox	30.45%	10.16%	\$7,732	3.093%	3.033%	2%	1.850%	1.850%	67%						
12	28	40	Waukegan	Lake	34.27%	8.99%	\$7,704	3.082%	2.490%	24%	1.942%	1.942%	59%						
13	42	-	North Chicago	Lake	34.32%	8.75%	\$7,510	3.004%	2.313%	30%	-	-	-						
14	7	1	Rockford	Winnebago	31.58%	9.44%	\$7,449	2.980%	3.069%	-3%	3.380%	3.380%	-12%						
15	6	-	Virginia	Cass	27.28%	10.91%	\$7,439	2.975%	3.082%	-3%	-	-	-						
16	21	37	Belleville	St. Clair	31.00%	9.31%	\$7,218	2.887%	2.627%	10%	2.033%	2.033%	42%						
17	16	23	Rock Island	Rock Island	30.56%	9.44%	\$7,208	2.883%	2.736%	5%	2.220%	2.220%	30%						
18	12	14	Sterling	Whiteside	30.48%	9.39%	\$7,151	2.861%	2.768%	3%	2.380%	2.380%	20%						
19	15	7	Macomb	McDonough	30.22%	9.33%	\$7,052	2.821%	2.738%	3%	2.618%	2.618%	8%						
20	32	11	Lincoln	Logan	32.44%	8.68%	\$7,036	2.814%	2.450%	15%	2.462%	2.462%	14%						
21	30	17	Ottawa	LaSalle	30.38%	9.11%	\$6,915	2.766%	2.471%	12%	2.340%	2.340%	18%						
22	19	29	Decatur	Macon	30.92%	8.86%	\$6,846	2.739%	2.659%	3%	2.151%	2.151%	27%						
23	33	-	Greenville	Bond	29.94%	9.11%	\$6,820	2.728%	2.415%	13%	-	-	-						
24	55	18	DeKalb	DeKalb	32.37%	8.42%	\$6,816	2.726%	2.134%	28%	2.339%	2.339%	17%						
25	20	-	Lawrenceville	Lawrence	30.29%	8.92%	\$6,756	2.702%	2.634%	3%	-	-	-						
26	10	27	Charleston	Coles	31.04%	8.70%	\$6,749	2.700%	2.820%	-4%	2.166%	2.166%	25%						
27	25	25	Moline	Rock Island	30.61%	8.80%	\$6,733	2.693%	2.529%	6%	2.196%	2.196%	23%						
28	37	32	LaSalle	LaSalle	31.79%	8.46%	\$6,722	2.689%	2.363%	14%	2.123%	2.123%	27%						
29	24	51	Canton	Fulton	31.61%	8.33%	\$6,580	2.632%	2.577%	2%	1.776%	1.776%	48%						
30	22	-	Sullivan	Moultrie	29.88%	8.72%	\$6,511	2.604%	2.618%	-1%	-	-	-						

Effective tax rates and estimated 2008 property taxes (collected in 2009) on a \$250,000 home in 89 Illinois cities

Median EAV As a % of Fair Market Value After Homestead Exemption										2008 Tax Bill on a \$250,000		2008 Effective Tax Rate as a % of Fair Market Value		2005 Effective Tax Rate		% change in Effective Tax Rate 2005-2008		% Change in Effective Tax Rate 1998-2008	
2008 Rank		2005 Rank		1998 Rank		City	County	Homestead Exemption	Aggregate Tax Rate	Home	2008 Effective Tax Rate	2005 Effective Tax Rate	% change in Effective Tax Rate 2005-2008	2008 Effective Tax Rate	% Change in Effective Tax Rate 1998-2008				
31	52	-	-	-	-	Woodstock	McHenry	32.43%	7.96%	\$6,454	2.581%	2.144%	20%	-	-				
32	43	-	-	-	-	Princeton	Bureau	31.49%	8.10%	\$6,379	2.552%	2.311%	10%	-	-				
33	71	-	-	-	-	McHenry	McHenry	33.07%	7.71%	\$6,370	2.548%	1.832%	39%	-	-				
34	36	12	12	12	12	Urbana	Champaign	30.83%	8.22%	\$6,339	2.535%	2.366%	7%	2.448%	4%				
35	66	31	31	31	31	Aurora	Kane	33.50%	7.57%	\$6,336	2.534%	1.897%	34%	2.139%	18%				
36	51	-	-	-	-	Lockport	Will	33.95%	7.44%	\$6,315	2.526%	2.146%	18%	-	-				
37	34	36	36	36	36	Peoria	Peoria	30.02%	8.41%	\$6,309	2.523%	2.406%	5%	2.037%	24%				
38	38	9	9	9	9	Mt. Vernon	Jefferson	32.37%	7.76%	\$6,281	2.513%	2.360%	6%	2.539%	-1%				
39	41	10	10	10	10	Carbondale	Jackson	30.94%	8.05%	\$6,230	2.492%	2.331%	7%	2.526%	-1%				
40	13	19	19	19	19	Pontiac	Livingston	29.82%	8.35%	\$6,224	2.490%	2.759%	-10%	2.332%	7%				
41	69	34	34	34	34	Cicero	Cook	26.30%	9.42%	\$6,197	2.479%	1.860%	33%	2.063%	20%				
42	26	24	24	24	24	Vandalia	Fayette	27.75%	8.92%	\$6,190	2.476%	2.509%	-1%	2.203%	12%				
43	74	-	-	-	-	Yorkville	Kendall	34.38%	7.18%	\$6,170	2.468%	1.820%	36%	-	-				
44	31	-	-	-	-	Paris	Edgar	28.89%	8.52%	\$6,152	2.461%	2.461%	0%	-	-				
45	68	-	-	-	-	Oswego	Kendall	34.38%	7.15%	\$6,145	2.458%	1.869%	32%	-	-				
46	58	-	-	-	-	Oregon	Ogle	31.54%	7.69%	\$6,066	2.426%	2.079%	17%	-	-				
47	46	20	20	20	20	Elgin	Kane	32.70%	7.42%	\$6,065	2.426%	2.273%	7%	2.326%	4%				
48	39	38	38	38	38	East Peoria	Tazewell	29.98%	8.08%	\$6,057	2.423%	2.345%	3%	1.993%	22%				
49	40	15	15	15	15	Dolton	Cook	19.33%	12.53%	\$6,053	2.421%	2.343%	3%	2.379%	2%				
50	44	41	41	41	41	Olney	Richland	30.14%	8.02%	\$6,043	2.417%	2.290%	6%	1.925%	26%				
51	64	-	-	-	-	Plainfield	Will	33.54%	7.09%	\$5,942	2.377%	1.921%	24%	-	-				
52	56	33	33	33	33	Crystal Lake	McHenry	32.96%	7.18%	\$5,912	2.365%	2.114%	12%	2.087%	13%				
53	60	48	48	48	48	Carmi	White	30.11%	7.80%	\$5,871	2.348%	2.030%	16%	1.850%	27%				
54	53	26	26	26	26	Alton	Madison	31.00%	7.57%	\$5,869	2.348%	2.142%	10%	2.172%	8%				
55	29	21	21	21	21	Taylorville	Christian	27.79%	8.42%	\$5,848	2.339%	2.485%	-6%	2.322%	1%				
56	49	46	46	46	46	Jacksonville	Morgan	30.37%	7.68%	\$5,833	2.333%	2.185%	7%	1.855%	26%				
57	18	-	-	-	-	Vienna	Johnson	30.05%	7.70%	\$5,787	2.315%	2.678%	-14%	-	-				
58	45	35	35	35	35	Bloomington	McLean	30.16%	7.64%	\$5,762	2.305%	2.280%	1%	2.050%	12%				
59	27	-	-	-	-	Geneva	Kane	31.94%	7.20%	\$5,746	2.298%	2.508%	-8%	-	-				
60	48	30	30	30	30	Springfield	Sangamon	30.27%	7.56%	\$5,718	2.287%	2.244%	2%	2.149%	6%				

Median EAV As a % of Fair Market Value After										2008 Tax Bill on a \$250,000 Home		2008 Effective Tax Rate as a % of Fair Market Value		2005 Effective Tax Rate		% change in Effective Tax Rate 2005-2008		% Change in Effective Tax Rate 1998-2008			
2008 Rank		2005 Rank		1998 Rank		City		County		Homestead Exemption		Aggregate Tax Rate		2008 Tax Bill		2005 Effective Tax Rate		% change in Effective Tax Rate 2005-2008		% Change in Effective Tax Rate 1998-2008	
61	54	62	63	-	28	Champaign	Belvidere	Champaign	Boone	31.31%	33.33%	7.30%	6.84%	\$5,710	2.284%	2.141%	7%	2.158%	6%		
63	57	64	47	-	43	Lake Zurich	Normal	Lake	McLean	31.77%	29.70%	7.12%	7.53%	\$5,652	2.261%	2.088%	8%	-	-		
65	65	66	70	-	49	Joliet	Frankfort	Will	Will	32.58%	32.59%	6.85%	6.82%	\$5,580	2.232%	1.909%	17%	1.815%	23%		
67	50	68	59	42	50	Pekin	Effingham	Tazewell	Effingham	29.87%	29.24%	7.30%	7.35%	\$5,448	2.179%	2.031%	0%	1.921%	13%		
69	73	70	67	56	54	Edwardsville	Morris	Madison	Grundy	31.45%	30.60%	6.68%	6.84%	\$5,254	2.101%	1.821%	15%	1.670%	26%		
71	62	72	61	22	44	Chicago Heights	Quincy	Cook	Adams	19.03%	29.66%	10.69%	6.82%	\$5,088	2.035%	1.990%	2%	2.306%	-12%		
73	72	74	35	39	52	Libertyville	Robinson	Lake	Crawford	32.23%	27.93%	6.09%	7.02%	\$4,906	1.962%	1.822%	8%	1.958%	0%		
75	75	76	76	-	57	Oak Lawn	Lombard	Cook	DuPage	22.25%	32.05%	8.55%	5.92%	\$4,755	1.902%	1.690%	13%	1.525%	25%		
77	79	78	78	53	45	Oak Park	Wheaton	Cook	DuPage	21.71%	32.05%	8.57%	5.68%	\$4,650	1.860%	1.621%	15%	1.770%	5%		
79	81	80	77	-	48	Addison	Monmouth	DuPage	Warren	32.66%	31.62%	5.46%	5.52%	\$4,460	1.784%	1.465%	22%	-	-		
81	80	82	83	-	51	Naperville	Elmhurst	DuPage	DuPage	31.75%	32.66%	5.43%	4.63%	\$4,312	1.725%	1.579%	9%	-	-		
83	82	84	84	55	58	Streamwood	Palatine	Cook	Cook	20.33%	19.91%	7.42%	6.97%	\$3,769	1.508%	1.373%	10%	1.671%	-10%		
85	86	86	85	-	58	Des Plaines	Evanston	Cook	Cook	22.12%	18.33%	6.28%	6.53%	\$3,469	1.388%	1.124%	23%	-	-		
87	87	88	88	-	60	Glenview	Northbrook	Cook	Cook	23.13%	20.75%	5.16%	4.97%	\$2,985	1.194%	0.951%	26%	-	-		
89	89	89	89	59	59	Chicago	Chicago	Cook	Cook	16.28%	16.28%	4.90%	4.90%	\$1,995	0.798%	0.897%	-11%	1.255%	-36%		



## NOTES FROM THE INSIDE. . .

**By J. Thomas Johnson**

This issue explores property tax issues that we have covered before in our Tax Facts, however with more recent data. Every three years or so we calculate the effective property tax rate in various communities throughout the state for a typical homeowner. Kurt Fowler, one of our interns this year, performed the current analysis. His report ranks the highest effective tax rate in Illinois and compares that ranking to previous studies. It is notable that the community with the lowest effective tax rate for a homeowner is again Illinois' largest city, Chicago. Obviously, Chicago has significant commercial and industrial property value that shares the tax burden (although less and less over time as more of the city's and in fact the state's value is in the residential class). It is curious that most of the media discussion of property tax burden in the Chicagoland area is focused on the residential tax burden in Chicago, but as a measurement of market value of homes the facts are quite something else.

The second article, written by our intern Joe Sculley from the University of Illinois in Springfield, reports on the expanded use of homestead exemptions in the state to shelter from taxation some of the growing (not so much anymore) value of residential property value. There is much discussion in Springfield on how to assure that those that deserve these exemptions get them and those who do not, in fact, do not. We are working with the Illinois Department of Revenue to review the current method of documenting exemption eligibility that could produce a more streamlined method. We will report on these findings in future reports.

## HOMESTEAD EXEMPTIONS: REDUCING TAXABLE EAV, INCREASING THE PROPERTY TAX RATE

**By Joe Sculley**

*Joe Sculley is a graduate student in the practical track of political science at the University of Illinois at Springfield. He served as a Legislative Intern for Taxpayers' Federation of Illinois during the spring legislative session and has continued as a Research Assistant over the summer months.*

Homestead exemptions reduce the equalized value of property to which one's aggregate tax rate is applied, which in turn determines the property's individual tax bill. Rates are determined at the county level to meet the budgetary needs of each unit of local government. The intent of the homestead exemption is to offer some property tax relief to those taxpayers who are eligible. The exemption process does not generally impact the total property tax revenue of a district. However, it

does increase the property tax burden on property not eligible for the various types of homestead exemptions.

Over the past decade the number and different types of homestead exemptions has increased significantly. This is having a direct impact on the amount of EAV that is used in the property tax formula which affects tax rates and makes the property tax system less transparent and much harder to understand. There are

various justifications for the numerous exemptions such as home ownership, home improvement, veterans, disabled persons, seniors, etc. These exemptions are all laudable, or at least politically necessary, especially in a time when the inflating value of residential property outpaced the value of non-residential property resulting in a shifting burden onto homeowners. The end result, however, is a more complex tax system with so many different exemptions it is hard to ensure that all intended beneficiaries obtain the benefits that they are entitled.

Before analyzing the effects of the exemption process there are a couple aspects of the property tax equation we should review. First, a unit of local government establishes the amount of property tax revenue that needs to be raised to fulfill its budgetary needs through the tax levy process for each taxing district, which is then filed with the County Clerk. The County Clerk then determines the tax rate for the district by dividing the target tax levy by the total taxable EAV of the district. The following formulas show how property tax rates are determined with and without exemptions:

**PROPERTY TAX FORUMULA  
(without exemptions)**

$$\frac{\text{Local Government's Tax Levy}}{\text{Equalized Assessed Valuation of all property located in local government}} = \text{Property Tax Rate}$$

**PROPERTY TAX FORUMULA  
(with exemptions)**

$$\frac{\text{Local Government's Tax Levy}}{\left( \text{Equalized Assessed Valuation of all property located in local government} - \text{Exemptions} \right)} = \text{Increased Property Tax Rate}$$

Higher tax levies by the district add to the numerator, whereas exemptions subtract from the denominator, both of which increase the local government's property tax rate. The amount of EAV being eliminated from the denominator through homestead exemptions has been growing at a dramatic rate thus leading to higher rates for everyone.

**Equalized Assessed Valuation (EAV)**

Property in Illinois is required to be assessed, for property tax purposes, at 33.3% of fair market value, with the exception of farmland which is required to be assessed on its productivity value. If the Illinois Department of Revenue determines that a county does not, on average, achieve that level of assessment then they certify to the county an equalization factor (county multiplier) to bring the average to that level. All assessed value of the county is then multiplied by that multiplier to produce the equalized value of the property (EAV). Most counties outside of Cook equalize at the township level to avoid a state multiplier. Local equalization generally improves the equity of assessments within a county. Cook County uses a classification system that is different from the rest of the state in that they assess residential property at 10% of its fair market value and commercial and industrial property at a rate of 25% of the fair market value, which is then subject to the state multiplier. As a result of this classification system, Cook County cannot achieve the average level of 33.3%, thus the IDOR annually certifies a significant multiplier to Cook County. In 2008 it had reached 2.9786, resulting in EAV's close to 3 times the amount of the original assessments.

Taking EAV out of the property tax formula increases the rate for the remaining taxable base. In 2000, the amount of EAV exempt from property taxes through homestead exemptions was \$14.3 billion and has grown to \$43.9 billion in 2008. This is a \$29.6 billion increase of annual untaxed property value since 2000, representing a growth of 207% in eight years. In 2000, homestead exemptions represented a 6.56% reduction in total state EAV which jumped to 11.34% in 2008. Cook County's total EAV reduction increased from \$5.7 billion in 2000 to \$27.2 billion in 2008 (375% increase). The collar

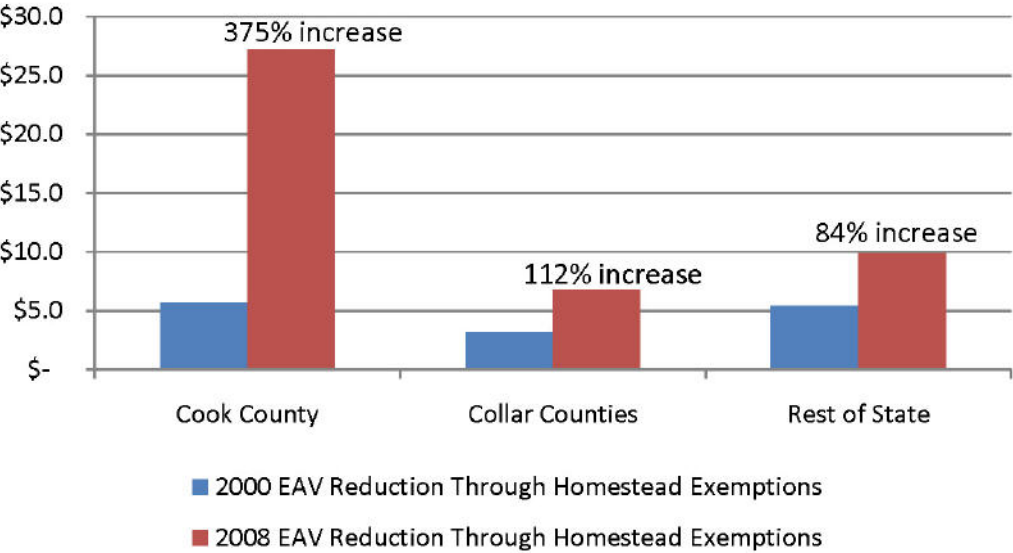
shifting burden in a community is transferred onto the classes of property not benefited (i.e. commercial and industrial) and onto those in the benefited class (i.e. residential) that are not eligible for the exemption or to a lesser exemption.

In 2000, the average EAV reduction through general homestead exemptions for Cook County was \$4,464 which has since increased to \$20,835 in 2008 (367% increase). The collar counties' average reduction in 2000 was \$3,490 which increased to \$5,495 in 2008 (57% increase). The rest of the state had an average \$3,333 in 2000 and in 2008 the average reduction was \$5,395 (62% increase). The increases in EAV reduction that is observable in general homestead exemptions is mirrored in the senior citizens homestead exemption, and even further in the senior citizens assessment freeze homestead exemptions (SCAFHE) where average EAV reductions in Cook County have grown from \$7,214 in 2000 to \$46,215 (540% increase) in 2008. The collar counties EAV reduction

through SCAFHE has grown from \$6,234 to \$23,291 (273% increase) and the rest of the state accounting for increases from \$4,142 to \$8,456 (204%) in the same period of time. **Chart 2** reflects the growth in EAV reduction through homestead exemptions.

The growth in the overall amount of EAV being exempt can be explained through the growth of the housing value bubble and by the different types of homestead exemptions that have been created over the past decade. The

**CHART 1. Reduction Through Homesteads, 2000-2008**  
**(\$ in billions)**



Source: Illinois Department of Revenue

counties had a total EAV reduction increase from \$3.2 billion in 2000 to \$6.8 billion in 2008 (112% increase). In 2000, the rest of Illinois had a total EAV reduction \$5.4 billion and in 2008 their EAV reduction totaled \$9.9 billion (84% increase). See **Chart 1** for increases in EAV reduction over time. It is important to note that although there have been dramatic differences in the growth rate in total exempt value in different parts of the state, it does not impact the geographical distribution of the property tax burden. The property tax is a local tax and therefore the



CHART 2	2000			2008		
	EAV	2000 Residential Tax Base	Residential % of Tax Base Before Exemptions	EAV	2008 Residential Tax Base	Residential % of Tax Base Before Exemptions
Statewide	\$ 217,920,051,019	\$ 131,656,039,346	60.41%	\$ 387,021,934,588	\$ 296,443,153,488	68.95%
Cook County	\$ 96,369,576,142	\$ 48,299,142,300	50.12%	\$ 188,896,370,335	\$ 137,354,770,251	63.64%
Collar Counties	\$ 66,326,241,916	\$ 50,268,574,317	75.79%	\$ 122,988,240,061	\$ 102,961,025,548	79.49%
Rest of State	\$ 55,224,232,961	\$ 33,088,322,729	59.92%	\$ 75,137,324,192	\$ 56,127,357,689	66.38%
	EAV reduction through Homestead Exemptions	Percent of total EAV removed by all homestead Exemptions	% of Residential base removed by all homestead Exemptions	EAV reduction through Homestead Exemptions	Percent of total EAV removed by all homestead Exemptions	% of Residential base removed by all homestead Exemptions
Statewide	\$ 14,303,040,353	6.56%	10.86%	\$ 43,876,153,381	11.34%	14.80%
Cook County	\$ 5,728,797,835	5.94%	11.86%	\$ 27,236,322,226	14.42%	19.83%
Collar Counties	\$ 3,199,684,567	4.82%	6.37%	\$ 6,771,020,580	5.51%	6.58%
Rest of State	\$ 5,374,577,951	9.73%	16.24%	\$ 9,868,800,567	13.13%	17.58%
	General Homestead Exemption	# of Exemptions	% Removed (total EAV)	General & Alternative Homestead Exemption	# of Exemptions	% Removed (total EAV)
Statewide	\$ 10,888,480,238	2,896,828	5.00%	\$ 32,380,286,079	3,125,415	8.37%
Cook County	\$ 4,405,654,751	986,871	4.57%	\$ 20,823,428,309	999,403	11.02%
Collar Counties	\$ 2,611,178,613	748,187	3.94%	\$ 4,772,252,735	868,429	3.88%
Rest of State	\$ 3,871,646,874	1,161,770	7.01%	\$ 6,784,605,035	1,257,583	9.03%
	Senior Citizens Homestead Exemption	# of Exemptions	% Removed (total EAV)	Senior Citizens Homestead Exemption	# of Exemptions	% Removed (total EAV)
Statewide	\$ 1,481,062,156	689,812	0.68%	\$ 2,902,885,186	743,890	0.75%
Cook County	\$ 645,963,730	266,940	0.67%	\$ 1,087,075,719	276,899	0.58%
Collar Counties	\$ 205,202,664	102,821	0.31%	\$ 551,052,270	137,475	0.45%
Rest of State	\$ 629,895,762	320,051	1.14%	\$ 1,264,757,197	329,516	1.68%
	Senior Citizens Assessment Freeze Homestead Exemption	# of Exemptions	% Removed (total EAV)	Senior Citizens Assessment Freeze Homestead Exemption	# of Exemptions	% Removed (total EAV)
Statewide	\$ 1,533,763,530	286,719	0.70%	\$ 7,809,977,851	337,508	2.02%
Cook County	\$ 650,622,056	90,187	0.68%	\$ 5,199,345,016	112,503	2.75%
Collar Counties	\$ 205,865,476	33,018	0.31%	\$ 1,111,407,352	47,717	0.90%
Rest of State	\$ 677,275,998	163,514	1.23%	\$ 1,499,225,483	177,288	2.00%
	Homestead Improvement Exemption	# of Exemptions	% Removed (total EAV)	Homestead Improvement Exemption	# of Exemptions	% Removed (total EAV)
Statewide	\$ 387,311,794	116,938	0.18%	\$ 700,495,261	118,285	0.18%
Cook County	\$ 24,499,508	5,129	0.03%	\$ 109,684,121	10,504	0.06%
Collar Counties	\$ 172,510,183	49,178	0.26%	\$ 318,830,000	50,461	0.26%
Rest of State	\$ 190,302,103	62,631	0.34%	\$ 271,981,140	57,320	0.36%
	Disabled Veterans' Homestead Exemption	# of Exemptions	% Removed (total EAV)	Veterans' Homestead Exemption*	# of Exemptions	% Removed (total EAV)
Statewide	\$ 12,422,635	353	0.006%	\$ 40,436,185	6,608	0.010%
Cook County	\$ 2,057,790	110	0	\$ 6,048,713	941	0.003%
Collar Counties	\$ 4,927,631	93	0.007%	\$ 9,545,723	1,208	0.008%
Rest of State	\$ 5,457,214	150	0	\$ 24,841,749	4,459	0.033%
* During this time period homestead exemptions were expanded to cover returning veterans as well as set new guidelines for the disabled veterans homestead exemption that measured the degree of disability for calculation in the amount of EAV that would be exempt. For the purpose of this chart we felt that since all of the different veterans homestead exemptions equalled such a low number, we could combine them together into one category.				Disabled Persons' Homestead	# of Exemptions	% Removed (total EAV)
				\$ 42,072,819	21,187	0.011%
				\$ 10,750,356	5,380	0.006%
				\$ 7,932,500	3,966	0.006%
				\$ 23,389,963	11,841	0.031%

Source: Illinois Department of Revenue

General Homestead Exemption was created in 1977, in addition to the Senior Citizens Exemption which was created in 1971 and the Homestead Improvement Exemption which was created in 1975. Since 1977 the homestead exemption program has been expanded to include the following:

- Senior Citizens' Assessment Freeze Homestead Exemption - 1994
- Alternative General Homestead Exemption - 2003 (Cook County Only)
- Long-Time Occupant Homestead Exemption- 2007 (Cook County Only)
- Disabled Persons' Homestead Exemption - 2007
- Disabled Veterans' Standard Homestead Exemption – 2007
- Returning Veterans' Homestead Exemptions – 2007

The implementation of these exemptions has had a direct impact on the increase in the amount of EAV exempt in the property tax formula. The alternative general homestead exemption is, by far, the largest contributor to the dramatic increase in EAV reduction visible in Cook County. Cook County's large increase in the amount of EAV exemptions compared to the rest of the state, is due primarily to the alternative homestead exemption enacted in 2003. This exemption puts a 7% cap on the amount of EAV increase subject to tax each year. Any increase in EAV in excess of the 7% cap is the amount of the alternative homestead exemption, subject to a maximum exemption value which varies

dependent upon the tax year.<sup>1</sup> What this does is cause an increased tax rate on all EAV, including on those who qualify for the exemption (although they now have a lower taxable EAV so the impact is less). The reason Cook County was able to adopt the alternative homestead exemption is because they have a large enough non-residential tax base to accept the tax burden shift.

The value of residential, commercial and industrial property grew at a different pace during the housing bubble. This is most apparent in Cook County where between the years 2000 and 2008, the residential EAV increased by 184% compared to increases in commercial property EAV of 56% and 124% for industrial property. In the same time period the collar counties residential property EAV increased by 105%, commercial increased by 67% and industrial EAV increased by 68%. The remaining part of the state realized increases of 70% in residential value, commercial of 53% and industrial of 39% (**Chart 3** on page 12). Cook County's residential EAV grew at a much faster rate than any other class of property anywhere in the state and the implementation of the alternative homestead exemption helps explain why Cook County's average reduction has increased by much more than any other area in Illinois.

In summation, homestead exemptions shift the property tax burden away from those who receive their benefit and onto properties that are not eligible for the exemption. Any decrease in the amount of taxable EAV will create a higher tax rate, thus shifting the burden to different types of property or within the residential class for those who are ineligible or are receiving a smaller exemption value. Those who do not qualify for exemptions, such as rental

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<sup>1</sup> For more information on the alternative homestead exemption and any variations of the exemption by district please visit <http://www.revenue.state.il.us/localgovernment/propertytax/taxrelief.htm>

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property owners and commercial and industrial businesses suffer most of the burden shift because they are paying a higher property tax rate on their full taxable value. Even those who do qualify for the homestead exemption do not get the full tax reduction since the tax rate applied to their taxable value is higher as a result of the total exempt value through homestead exemptions. We should be mindful of these facts in further discussions and expansions of homestead exemptions. Helping those who could really benefit from an EAV reduction in their property tax formula is an

admirable goal, but we must remember that the end result of these exemptions is a higher property tax rate for everyone.

