

Illinois Property Tax Reliance and Perspective

Research Office

Illinois Department of Revenue

Illinois Property Tax Reliance

- Per capita - \$1,827; 10th in nation
(Tax Foundation - FY10)
- Share of revenue - 43.6%; 6th in nation
(Institute on Taxation and Policy - FY10)
- Property Taxes to Home Value – 1.91%; 2nd in nation
(Tax Foundation - FY11)
- Median Property Tax to Income Ratio - 5%; 5th in nation
(Tax Foundation - FY11)

Property Tax: State Rankings

	State and Local Property Tax Collections Per Capita, Fiscal Year 2010		Property Tax Share of State and Local Tax Revenue		Property Taxes as Percent of Home Value	
	Amount	Rank	Percent	Rank	Percent	Rank
Arizona	\$1,147	30	37.3%	17	0.77%	34
Florida	\$1,507	15	42.9%	7	1.08%	20
Illinois	\$1,827	10	43.6%	6	1.91%	2
Indiana	\$1,182	29	32.8%	27	0.88%	29
Iowa	\$1,367	23	34.8%	24	1.36%	14
Kentucky	\$684	46	21.5%	41	0.76%	36
Louisiana	\$748	43	20.9%	46	0.48%	48
Minnesota	\$1,412	20	30.7%	31	1.09%	19
Missouri	\$960	37	30.2%	33	1.00%	23
North Carolina	\$902	38	26.2%	40	0.80%	32
Ohio	\$1,130	32	30.0%	36	1.52%	9
Oregon	\$1,292	26	37.6%	16	0.97%	26
South Carolina	\$1,022	36	35.8%	22	0.54%	45
Texas	\$1,562	14	45.2%	5	1.74%	5
Wisconsin	\$1,698	12	39.5%	13	1.74%	4

Property Taxes as Percent of Income Bracket

					Top 20%		
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
Arizona	Less than \$21k	\$21k - \$32k	\$32k - \$50k	\$50k - \$80k	\$82k - \$156k	\$156k - \$353k	\$353k or more
	4.4%	3.5%	2.7%	2.8%	2.6%	2.5%	1.9%
Florida	Less than \$17k	\$17k - \$29k	\$29k - \$47k	\$47k - \$78k	\$78 - \$164k	\$164k - \$422k	\$422k or more
	4.2%	2.4%	2.7%	2.5%	2.7%	2.9%	2.0%
Illinois	Less than \$18k	\$18k - \$36k	\$36k - \$57k	\$57k - \$93k	\$93k - \$182k	\$182k - \$445k	\$445k or more
	5.2%	4.2%	4.0%	4.3%	4.5%	3.8%	2.1%
Indiana	Less than \$18k	\$18k - \$32k	\$32k - \$53k	\$53k - \$80k	\$80k - \$143k	\$143k - \$331k	\$331k or more
	2.7%	2.2%	2.3%	2.2%	2.1%	2.2%	1.8%
Iowa	Less than \$21k	\$21k - \$38k	\$38k - \$57k	\$57k - \$87k	\$87k - \$144k	\$144k - \$312k	\$312k or more
	4.0%	2.7%	2.7%	2.8%	2.7%	2.7%	2.4%
Kentucky	Less than \$15k	\$15k - \$29k	\$29k - \$47k	\$47k - \$77k	\$77k - \$137k	\$137k - \$309k	\$309k or more
	2.4%	1.9%	1.9%	1.8%	1.9%	1.9%	0.1%
Louisiana	Less than \$16k	\$16k - \$30k	\$30k - \$47k	\$47k - \$85k	\$85k - \$169k	\$169k - \$418k	\$418k or more
	1.7%	1.0%	1.0%	0.9%	1.0%	1.3%	1.4%

Property Taxes as Percent of Income Bracket

					Top 20%		
	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
Minnesota	Less than \$23k	\$23k - \$41k	\$41k - \$62k	\$62k - \$96k	\$96k - \$182k	\$182k - \$433k	\$433k or more
	2.9%	2.8%	3.1%	3.2%	2.9%	2.5%	1.5%
Missouri	Less than \$17k	\$17k - \$31k	\$3k - \$50k	\$50k - \$81k	\$81k - \$148k	\$148k - \$366k	\$366k or more
	3.1%	2.3%	2.4%	2.4%	2.5%	2.3%	1.6%
North Carolina	Less than \$17k	\$17k - \$29k	\$29k - \$47k	\$47k - \$76k	\$76k - \$151k	\$151k - \$345k	\$345k or more
	2.7%	1.8%	2.0%	2.2%	2.2%	2.2%	1.7%
Ohio	Less than \$17k	\$17k - \$31k	\$31k - \$49k	\$49k - \$76k	\$76k - \$138k	\$138k - \$324k	\$324k or more
	3.4%	2.6%	2.7%	2.8%	2.8%	2.6%	2.0%
Oregon	Less than \$19k	\$19k - \$31k	\$31k - \$53k	\$53k - \$84k	\$84k - \$158k	\$158k - \$330k	\$330k or more
	4.4%	3.1%	2.4%	3.2%	2.8%	2.6%	1.9%
South Carolina	Less than \$16k	\$16k - \$27k	\$27k - \$42k	\$42k - \$72k	\$72k - \$141k	\$141k - \$328k	\$328k or more
	2.0%	1.4%	1.9%	1.9%	1.8%	2.0%	2.0%
Texas	Less than \$19k	\$19k - \$32k	\$32k - \$52k	\$52k - \$90k	\$90k - \$182k	\$182k - \$437k	\$437k or more
	4.1%	2.9%	2.7%	3.0%	3.4%	3.3%	2.5%
Wisconsin	Less than \$21k	\$21k - \$36k	\$36k - \$57k	\$57k - \$86k	\$86k - \$150k	\$150k - \$362k	\$362k or more
	3.5%	3.7%	3.7%	3.8%	3.9%	3.4%	2.2%

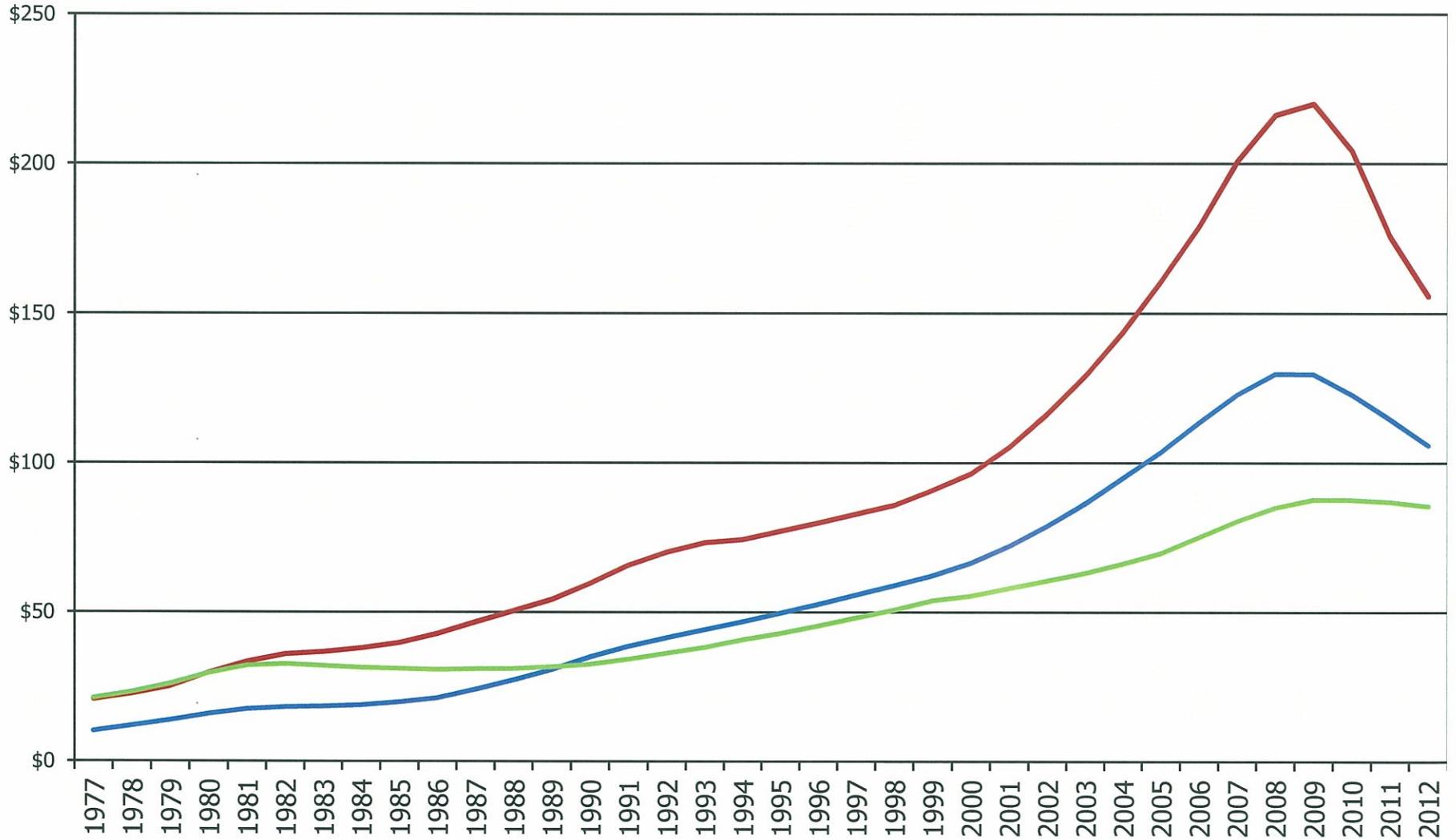
Illinois Property Assessment Basics

- Property Assessed at 33.33% of Fair Cash Value (AV)
- Classification of property allowed in counties over 200k population – (one class of property cannot be assessed 2 ½ times that of another class)
 - Cook county – Since 2008
 - 10% Vacant, Residential, Apartment
 - 25% Commercial Industrial
- Department of Revenue has the authority to equalize assessed value to 33.33% - (EAV)
- State Assessed Property
 - Pollution Control Facilities
 - Low Sulfur Dioxide Coal Fueled Devices
 - Railroads
 - Regional Water Treatment Facilities
- Special Assessed property
 - Examples - Farm, Wind Turbines, and Sports Stadiums
- Exempt property
 - Examples – Churches, Government owned properties
- Homestead Exemptions

EAV Growth 1977 – 2012 (Billions)

Exemptions not Removed

Cook County Collar Counties Rest of State



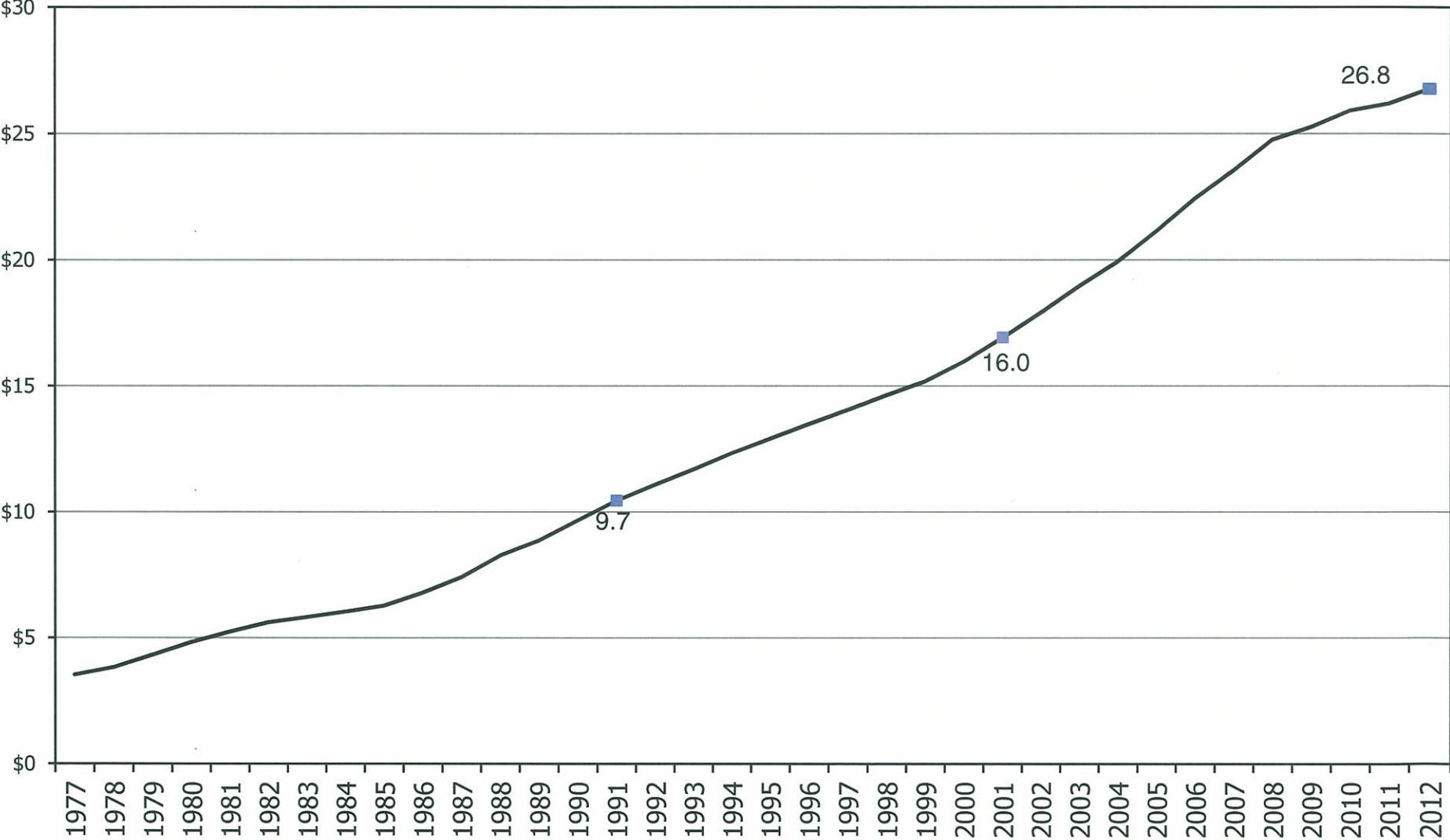
EAV (Billions) Exemptions not Removed

	Cook			Collars			Rest		
<i>Year</i>	<i>1999</i>	<i>2009</i>	<i>2012</i>	<i>1999</i>	<i>2009</i>	<i>2012</i>	<i>1999</i>	<i>2009</i>	<i>2012</i>
EAV	90.9	219.9	155.7	62.3	129.6	105.8	54.0	87.7	85.5
% Change		143%	-29%		129%	-18.4%		62.4%	-2.5%

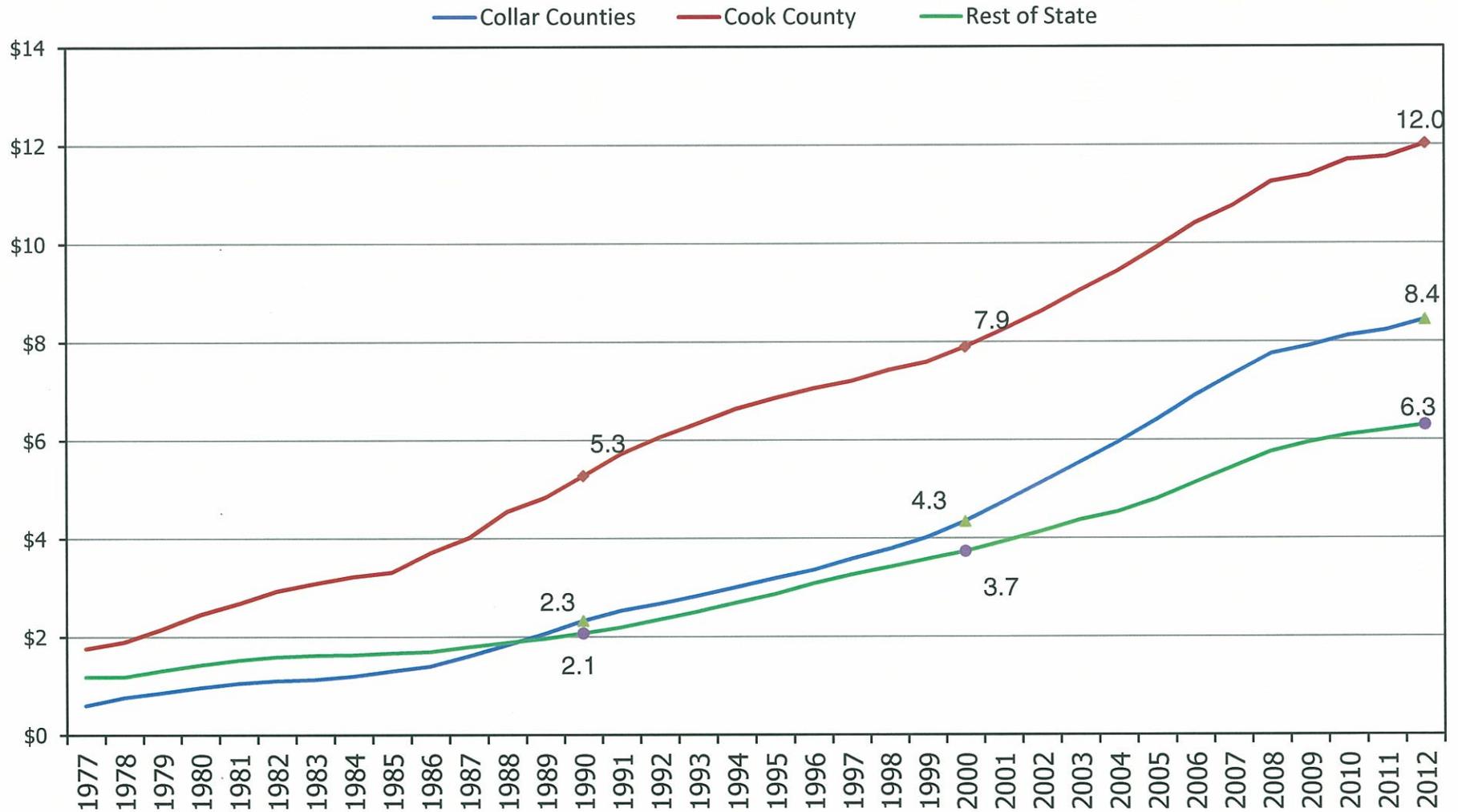
Tax Rate Determination

- Local Districts – Schools, Municipalities, Counties, Fire, Police etc
- Statewide Total Taxing Districts – 6,020 (2011)
- **Levy Process:**
 - Taxing Districts certify levy requests to County Clerk by last Tuesday in December
 - County Clerk provides collector books – list of taxable property (AV & EAV)
 - Applies Department of Revenue county equalization rate to calculate EAV from AV
 - Account for Enterprise Zones, TIF, Special Service Areas and Homestead Exemptions to determine “rateable” EAV
 - County Clerk computes rates by district: (Levy Request/rateable EAV)
- **Rate Extension:** Prior to extension, county clerk determines maximum amount of tax authorized to be levied under any statute and if it exceeds that amount, clerk reduces to that amount.

Statewide Extensions Growth 1977 – 2012 (Billions)



Extensions Growth 1977 – 2012 (Billions)



Extension Growth

Average Percent Growth By Region			
	2002-2012	2002-2008	2009-2012
Cook	3.5%	4.5%	1.7%
Collar	5.4%	7.3%	2.1%
Rest	4.4%	5.6%	2.3%
Total	4.3%	5.6%	2.0%

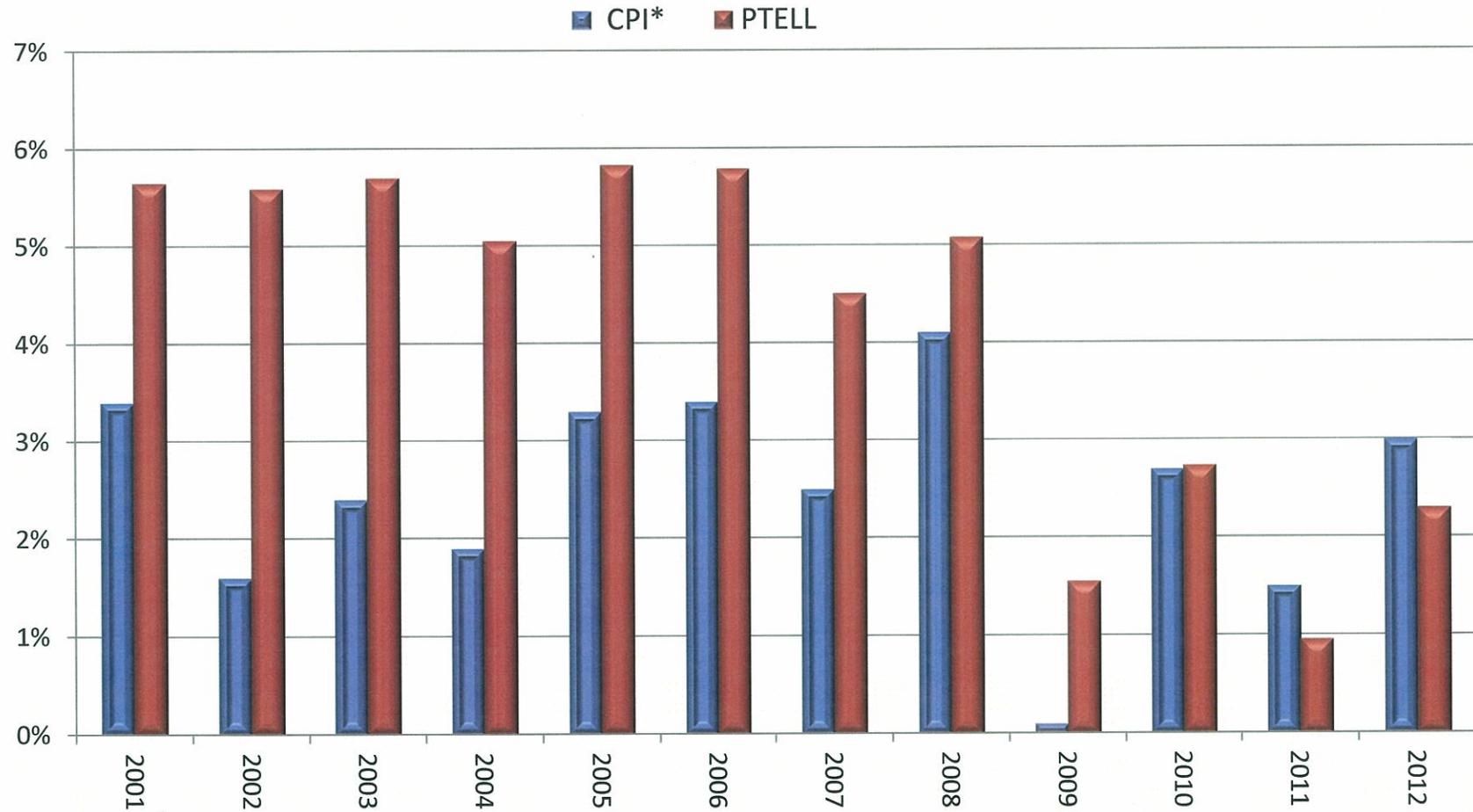
Property Tax Extension Limitation Law (PTELL)

- Limits the increases in property tax extensions to the lesser of 5% or the increase in the national Consumer Price Index (CPI) for non-home rule taxing districts subject to local referendum.
- Collar Counties (DuPage, Kane, Lake, McHenry, and Will) subject for 1991 levy year taxes paid 1992.
- Cook added in 1994 levy year taxes paid 1995
- All other counties can be made subject to PTELL by referendum. May be rescinded by same process.

Yearly Percent Extension Growth

Growth PTELL vs Non-PTELL			
	2002-2012	2002-2008	2009-2012
PTELL	4.1%	5.4%	1.9%
Non-PTELL	5.1%	6.6%	2.3%

Extension Growth VS Consumer Price Index (CPI)



* Levy year employs prior year CPI - For example 2012 used 2011 CPI

Homestead Exemptions Authority and Definition

- SECTION 6. EXEMPTIONS FROM PROPERTY TAXATION

The General Assembly by law may exempt from taxation only the property of the State, units of local government and school districts and property used exclusively for agricultural and horticultural societies, and for school, religious, cemetery and charitable purposes. The General Assembly by law may grant homestead exemptions or rent credits. (Source: Illinois Constitution.)

- In Illinois, a homestead exemption is most often a fixed dollar amount that is subtracted from the equalized assessed value of residential property before the tax bill is calculated.

Purpose

- The general purpose of a homestead exemption is to provide targeted tax relief to a “favored” group of property owners.
- Illinois homestead exemption policy:
 - All homeowners
 - Senior citizens
 - Low-income senior households
 - Disabled individuals
 - Veterans
 - Homestead improvement

Effect of Homestead Exemptions

- Reduces EAV and tax burden of owner occupied residential property
- Shifts tax burden to both non-homestead and non-residential properties
- Flat dollar homestead exemptions viewed as progressive as they are “worth” more to lower-valued properties.
- Generally produces a higher aggregate tax rate

Homestead Exemptions

- General Homestead Exemption (GHE)
- Senior Citizens Homestead Exemption
- Senior Citizens Assessment Freeze Homestead Exemption
- Disabled Persons' Homestead Exemption
- Disabled Veterans' Homestead Exemption
- Disabled Veterans' Standard Homestead Exemption
- Returning Veterans' Homestead Exemption
- Alternative General Homestead Exemption (Cook only - Sunset 2014)
- Long-time Occupant Homestead Exemption (Cook only)
- Homestead Improvement Exemption
- Natural Disaster Homestead Exemption

GHE History

- 1978 — Difference between current year EAV and 1977 EAV; capped at \$1,500
- 1980 — Maximum increased to \$3,000
- 1985 — Maximum increased to \$3,500
- 1991 — Cook maximum increased to \$4,500
- 2004 — Increased to \$5,000; alternative general homestead exemption (AGHE) enacted
- 2006 — AGHE renewed
- 2007 — Long-time occupant homestead exemption
- 2008 — Increases to \$5,500
- 2009 — Increases to \$6,000
- 2012 — Increases to \$7,000 (Cook County only)

Senior Citizens Exemption

- Age and ownership requirements; initial application requirement
- Some counties grant automatically after the initial year
- No income requirement
- History
 - 1970 — \$1,500
 - 1984 — \$2,000
 - 1991 — \$2,500 (Cook County only)
 - 2004 — \$3,000
 - 2006 — \$3,500
 - 2008 — \$4,000
 - 2012 — \$5,000 (Cook County only)
 - 2013 — \$5,000

Senior Citizens Assessment Freeze

- “Freezes” property assessed value the year before qualifications are met.
- Does NOT freeze tax bill.
- Exemption amount not limited.
- Illinois policy presumes that seniors have less disposable income; income is spent on daily necessities and prescriptions.
- Annual application required
- Income limits (all sources, SSI, pensions, etc.)
 - 1994: \$35,000
 - 1999: \$40,000
 - 2004: \$45,000
 - 2005: \$50,000 (graduated benefit between \$45-\$50)
 - 2006: \$55,000 (no graduated benefit)

Disabled Persons

New in 2007, payable 2008

- \$2,000
- Application and disability verification required
- Annual renewal

Veterans' Exemptions

- Disabled Veterans Homestead Exemption: up to \$70,000 assessed value
 - Federal funds used to purchase/construct special adaptations
 - Annual certification by Illinois Department of Veterans Affairs
- 2007: Disabled Veterans Standard Homestead Exemption
 - Two tiers:
 - \$2,500 if at least 50% and less than 75% disabled;
\$5,000 if 75% or more disabled
 - Annual application and verification disability required
- 2007: Returning Veterans Homestead Exemption: \$5,000
 - Year veteran returns from active duty (armed conflict)
 - Application required
 - Can receive a second time if another tour

Alternative General Homestead Exemption

- Assessment increases limited to 7% from 2002 base year EAV
- Minimum exemption is same as GHE; SCAFHE = GHE amount
- Declining maximum exemption beginning 2006
- Removed when property sells (except transfers between spouses or parents and children)
- Adjusted for improvements to property

Cook County Maximum Homeowner Exemption (EAV) by Year and Triennial District												
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
City				40,000								
	20,000	20,000	20,000	35,000	26,000	20,000	20,000	16,000	12,000	7,000	7,000	7,000
				33,000								
North	6,000	20,000	20,000	20,000	33,000	26,000	20,000	20,000	16,000	12,000	7,000	7,000
South	6,000	6,000	20,000	20,000	20,000	33,000	26,000	20,000	20,000	16,000	12,000	7,000

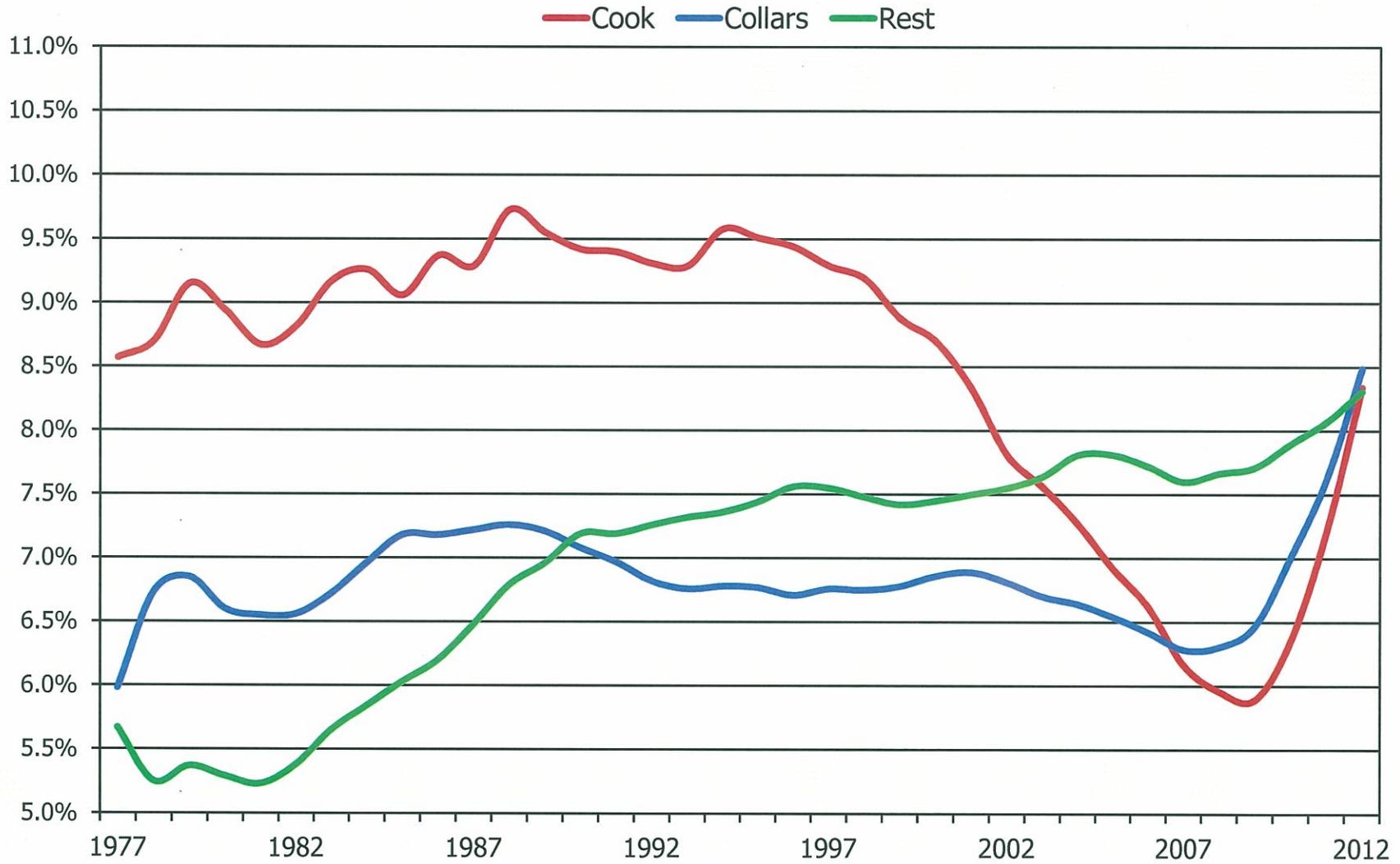
Long-time Occupant Exemption

- Similar to AGHE — exemption is not capped
- Assessment increases limited to
 - 10% each year from 2002 base year EAV if household income is more than \$75,000 but less than \$100,000
 - 7% each year from 2002 base year EAV if household income is \$75,000 or less
- Must have lived in the primary residence
 - 10 years, or
 - 5 years if owner received assistance to acquire property from government or non-profit housing program
- Household income is same definition as used for the senior freeze exemption
- Minimum exemption is same as GHE
- Removed when property sells (except transfers between spouses or parents and children and household income is less than \$100,000)
- Adjusted for improvements to property

All Homestead Exemptions (EAV \$ Billions)
Change in Residential EAV as Percent of Total EAV

	Year	Total EAV	Res. Total EAV	Res. % of Total	Total Exemptions EAV	Res. EAV After Exemptions	Res. % of Total After Exemptions
Cook	2003	129.0	70.0	54.3%	9.5	60.5	46.9%
	2008	215.8	137.4	63.6%	27.1	110.3	51.1%
	2012	155.7	99.7	64.0%	11.5	88.2	56.6%
Collars	2003	86.9	67.1	77.3%	3.4	63.7	73.4%
	2008	129.5	103	79.5%	6.4	96.6	74.5%
	2012	105.8	81.8	77.3%	6.2	75.6	71.4%
Rest	2003	62.7	39.3	62.7%	5.7	33.6	53.7%
	2008	84.6	56.1	66.4%	9.6	46.5	55.1%
	2012	85.8	54.2	63.2%	9.7	44.5	51.9%

Extensions to EAV (1978 – 2012)



Extensions to EAV (1990 – 2012)

