

Roadmap to ILLINOIS PROPERTY TAXES

Only real property is taxed in Illinois. Statutory requirements are divided into two categories: those applying to Cook County and those pertaining to other counties.

COOK COUNTY

General Assessment Overview

The Cook County Board has divided the county into three separate assessment districts: The City of Chicago Townships, the North Suburban Townships, and the West and South Suburban Townships. This allows Cook County to revalue each property on a triennial reassessment cycle, or once every three years.

Under the triennial cycle, the City of Chicago was reassessed in 2021 by the assessor with Board of Review appeals still pending through the summer of 2022. The North/Northwest suburban areas will be reassessed in 2022. The West/South Suburbs will be reassessed in 2023, with the three-year cycle repeating in 2024 for another Chicago city-wide reassessment.

The current Cook County assessor, who is running this year for re-election to another four-year term starting in 2023, has maintained the triennial assessment cycle, but these assessment practices could be subject to reform modifications if a new assessor is elected in November.

The Democratic primary is scheduled for June, followed by the general election in November. The incumbent assessor has publicly stated his targeted goal is to achieve an improved assessment/sales ratio at 80%, especially for commercial and industrial properties, which under the previous assessor was historically closer to 50%.

A reassessment is unlikely to occur after an Illinois property is sold because there has been a stronger reliance on utilizing a mass appraisal income analysis on similar rental properties.

Cook County has established a property classification system. Unlike the rest of the state, Cook County applies variable assessment ratios to its property classifications (listed below). Assessment ratios represent the percentage of Full Cash Value (FCV) that is utilized for assessment purposes.

However, these lower assessment ratio levels don't result in reduced tax bills compared to other Illinois counties, especially for commercial and industrial properties, because of the high Cook County State Equalization Factor (SEF).

Cook County Property Classifications

Class 1:	Unimproved real estate (vacant land) – 10% of market value
Class 2:	Real estate used for residential purposes (single family homes, residential, condominiums, residential, cooperatives, and apartment buildings of not more than six living units) – 10% of market value
Class 3:	Improved real estate used for residential purposes that is not included in Class 2 (primarily apartment buildings of more than 6 units) – 10% of market value
Class 4:	Real estate owned and used by a not-for-profit organization – 20% of market value
Class 5a:	Real estate used for commercial purposes – 25% of market value
Class 5b:	Real estate used for industrial purposes – 25% of market value
Various Incentives:	Initial benefit period usually 10 years – 10% of market value with incremental increases for the remaining term before expiration

Property Tax Appeals

The first level of appeal is to the Cook County Assessor's Office (CCAO) by filing a timely complaint form. All practitioners must file appeal complaints and supporting documentation through SmartFile, the CCAO's electronic appeal system. Publication and the actual appeal dates by township are posted on the Cook County assessor's website.

The second level of appeal is filed to the Cook County Board of Review (BOR). Taxpayers may bypass the county assessor appeal level, and file directly with the county BOR. An attorney is required at this stage.

As in the other Illinois counties, there are two potential tax refund appeal options available if the property owner disagrees with a county BOR's decision. Only one option can be chosen, and both are lengthy and require legal counsel.

1. An appeal to the state Property Tax Appeal Board (PTAB), who will render a decision based on the weight of the evidence. All proceedings before PTAB are de novo and shall be based on the evidence submitted to it. This option is more commonly open to taxing bodies who usually counter-file on an appeal as an intervener seeking either no assessment relief or a higher assessment.
2. Pay the taxes under protest with a direct appeal to the Circuit Court by filing a tax objection complaint. The taxpayer must provide clear and convincing evidence. Hearings by the court on tax objection complaints are de novo. Taxes must be paid pending the appeal outcome.

Equalization Factor

Since Cook County has property classifications, with lower assessment ratios, which deviate from the statutory level of 33.33%, the SEF is determined each year by the Illinois Department of Revenue to bring the aggregate level of Cook County assessments up to the state's ratio.

This state multiplier is uniformly applied to all parcels in Cook County. **The most recent 2021 payable 2022 equalizer is 3.0027.**

This off-setting SEF increase has a measurable impact on the equalized assessed value used to calculate the real property tax, and it significantly increases the effective tax rates for the various property classes in Cook County.

Tax Bills

Cook County taxes are based on a calendar year, but paid

in arrears (in the year after the assessment) in two unequal installments. For example, the 2022 taxes will be payable in 2023.

The first installment is payable on March 1 and is an estimated amount equal to 55% of the prior-year taxes.

The second installment is usually payable on August 1 and is a reconciled balance due based on the actual BOR certified assessment, the SEF, and the local tax rate less the estimated first installment amount.

The 2021 pay 2022 second installment tax bills will be delayed because of the extended appeal process. The timeline of this final payment day is unknown at this time.

Incentive Programs

The Cook County Board has developed various tax incentive programs for businesses wishing to develop new facilities, expand existing buildings/structures, and/or rehabilitate abandoned facilities that will generate economic opportunities throughout the community.

The assessor and/or local municipalities must approve the project, which can result in the level of assessment being substantially reduced. Commercial and industrial properties with the incentive program could result in assessment levels as low as 10%, usually for the first 10 years and potentially even longer if the project is eligible for renewal. Some of the incentive property classes can have their assessment ratios maintained at 10% if the renewal is granted before the initial 10-year benefit period expires.

Specific applications, procedures, fees, and hearings are necessary at the municipal and/or county level before the incentive reduction is granted. A thorough review of the Cook County tax incentive programs is recommended prior to application, which should commence before the start of any construction and/or re-occupancy.

A new Affordable Housing Special Assessment Program was adopted in 2022 to incentivize the rehabilitation and new construction of multifamily residential properties to create and maintain affordable housing. This program establishes assessment reductions for multifamily rental developments subjected to certain rent, tenant income, and related restrictions as outlined on the Cook County assessor's website, which requires a dual part application process, by eligible applicants, with a targeted filing date no later than January 31 of the same assessment year.

Illinois Tax Calendar

Real Estate

Assessment Date	Jan 1
Appeal Deadlines Cook County	Feb - Nov (1st level) Aug - Feb (2nd level)
Appeal Deadlines Outside Cook County	Jul - Dec
Tax Bills Issued	Varies
Tax Bills Due Cook County	Mar 1 (1st estimated installment) Aug 1 (2nd reconciled installment)
Tax Bills Due Outside Cook County	Jun, Sep (varies)

Personal Property

Exempt

OUTSIDE COOK COUNTY

General Assessment Overview

Each year on January 1, all real property is valued at the statutory assessment ratio of 33.33% of Fair Cash Value (FCV). FCV is defined by the Illinois Supreme Court as what the property would reasonably bring at a voluntary sale between a willing and able owner and buyer.

To calculate FCV, assessing officials utilize all three standard valuation methods: market, income, and cost approach, which are usually implemented using mass-appraisal assessing techniques.

Properties are revalued on a quadrennial basis, or once every four years, through a general assessment program. Between revaluation cycles, assessors can either accept the annual township equalization factor, or revalue any property or property class if the values are not uniform with similar properties or when market conditions dictate.

A county board may also divide the county into four assessment districts where one district is reassessed each year on a rotating basis.

In most counties with a township form of government, the general assessment is carried out by the township assessor, reviewed by the County Supervisor of Assessments, and equalized by the County Board of Review, and then again by the State Department of Revenue through an inter-county equalization process.

A reassessment is unlikely to occur after a property is sold because individual sales are not pursued. Most assessors adhere to their jurisdictional reassessment cycles with periodic mass appraisal updates. Sales are primarily factored in through an equalization process from assessment/sales ratio studies and multipliers. Also, Illinois courts generally upheld that uniformity takes precedence over the statutory level of assessment.

Proportional assessments may be made for destruction, new improvements, or a change in exemption status.

Additionally, property owners are required to report financial terms on a Transfer Declaration if the transaction is recorded with the Recorder of Deeds. This was initiated to recognize cash equivalency by the Department of Revenue when preparing their sales ratio study for equalization purposes.

Equalization Factor

Annual equalization is based on a three-year weighted average statistical process called an "assessment/sales ratio study" to bring the level of assessment to 33.33%. This process helps limit large increases or decreases, so marketplace changes are usually spread out over a multiyear period.

A property's final equalized value is called the "equalized assessed value (EAV)" and is used to calculate taxes.

Property Tax Appeals

If the assessor still has the current year assessment books, a correction to the assessed value can be made without using a formal appeal process.

Formal appeals are made to the County BOR within 30 days of the publication date of the assessment roll. Depending on the jurisdiction, this usually occurs anytime between June and December.

County BORs have the power to implement their own rules regarding hearings and evidence required. Several jurisdictions no longer allow an agent to solely file and represent a property owner at a hearing.

In these cases, an agent is usually allowed to prepare appeal documentation, renegotiate a pre-hearing settlement, and testify as an expert witness under oath. However, with these particular BORs, a licensed attorney must file and represent corporations at the county level hearing. Lake County is the exception, where a non-attorney agent must be a licensed real estate broker and/or appraiser to provide valuation testimony.

BORs must inform all involved taxing bodies if the appeal requests an assessment change of \$100,000 or more. This pertains to complaints to the BOR and to the state.

This notification has resulted in many taxing districts, especially school districts, becoming actively involved in the appeal process, as interveners with the rights to submit under-valuation appraisal evidence and/or file subsequent appeals to the state PTAB level to seek possible higher assessments for the year under protest.

Should equalization take place after publication of the assessment roll, direct appeal to the state PTAB may be made within 30 days of notification. The appeal is limited to the amount of the incremental increase because of a positive equalization factor that is greater than 1.00.

Once a tax bill is received, it is too late to file a formal assessment complaint with a hearing before the BOR.

Two potential tax refund appeal options are available if the

property owner disagrees with a county BOR's decision. Only one option can be chosen, and both are lengthy and require legal counsel.

1. An appeal to the Illinois state PTAB, who will render a decision based on the weight of the evidence. This option is more commonly open to taxing bodies who counter-file on an appeal as an intervener seeking either no assessment relief or a higher assessment.
2. Pay the taxes under protest with a direct appeal to the Circuit Court by filing a tax objection complaint. The taxpayer must provide clear and convincing evidence. Taxes must be paid pending the appeal outcome.

Tax Rates

The Truth-in-Taxation Law dictates that if a taxing district proposes an aggregate levy that is more than 5% higher than the prior year taxes billed, it must publish a notice in a local newspaper and hold a public hearing to explain the reasons for its levy and proposed tax increase. After the hearing and public comment, the taxing district may adopt the higher tax levy.

Home rule municipal governments are not subject to statutory tax rate limits, but in some cases voter approval can change the local tax rate limits.

These potential limits only affect the tax rate side of the equation; therefore, large assessment increases could also cause the overall annual tax growth to be greater than 5% in real estate taxes.

Tax Bills

The property taxes are based on a calendar year, but paid in arrears (i.e., the 2022 taxes will be payable in 2023), and they are usually paid in two equal installments.

The first installment is due on, or around, June 1. The second installment is due on, or near, September 1.

Payment dates may vary by county.

County boards can adopt accelerated billing methods by resolution or ordinance.