

Illinois School Funding Reform Commission

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Illinois Property Tax System and Its Implications for School Funding Issues

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The data source for this presentation is from the Illinois Department of Revenue's website under "Tax Statistics – Property Tax" and is based on the 2014 assessment year for taxes paid in 2015.

Historical Statewide Equalized Value (Less Exemptions)

Year	Billions of Dollars	% Change
2014	304	.32
2013	303	-5.61
2012	321	-7.76
2011	348	-7.75
2010	377	-3.97
2009	392	1.53

			%
Note: 2014 EAV	Cook County	\$136	45
	Collar Counties	92	30
	Rest of State	<u>76</u>	<u>25</u>
		\$304 Billion	100

Changes in Equalized Value (Excluding Exemptions) \$ in Billions

	2014	2009	% Change 2009-2014	1999	% Change 1999-2009	% Change 1999-2014
Cook County	\$136	\$193	-30%	\$86	124%	58%
Collar Counties	92	123	-25	59	108	56%
Rest of State	76	77	-1	48	60	58%
	<hr/> \$304	<hr/> \$393	<hr/> -23%	<hr/> \$193	<hr/> 104%	<hr/> 58%

2014 Statewide EAV of Exemptions⁵

	Billions
General Homestead	\$19.5
Senior Citizens	3.9
Senior Freeze	2.4
Homestead Improvement	.3
Veterans with Disabilities	.066
Returning Veterans	.002
Veterans Adapted Home	<u>.014</u>
Total Homestead Exemptions	\$26.2 Billion

Note: Exemptions represent approximately 8% of Statewide EAV

Equalized Value

$$\text{Market Value of Property} \times \text{Assessment Level} \times \text{State Equalization Factor} = \text{Equalized Assessed Value (EAV)}$$

$$\text{EAV of District} - \text{Exemptions} - \text{TIF EAV} = \text{Local Government Extendable EAV}$$

Note: Counties other than Cook Assessment Level is 33 1/3 %

Downstate Equalization Factor is 1.0 in 87 counties and within 3% of 1.0 in remaining 14 counties

Cook County Classification System

	Percent of EAV
Residential Property	64.7
All Other Property (mostly Commercial and Industrial)	35.3

	Ordinance Assessment Level	2014 State Equalization Factor	Effective Assessment Level
Residential	10%	2.72	27.2%
Commercial/Industrial	25%	2.72	68.7%

Limitations on Property Tax Revenues/Bills

- Rate Limit
- PTELL

Tax Bill Calculation–Non-PTELL⁹

$$\frac{\text{Permissible Levy Extension}}{\text{EAV of District} - \text{Exemptions} - \text{TIF EAV}} = \text{Rate}$$

$$\text{Parcel EAV} - \text{Exemptions} \times \text{Rate} = \text{Tax Extension for Individual Tax Bill}$$

Tax Bill Calculation–PTELL

$$\frac{\text{Permissible Levy Extension}}{\frac{\text{EAV of District} - \text{Exemptions} - \text{TIF EAV} - \text{EAV of New Property}}{\text{EAV of District} - \text{Exemptions} - \text{TIF EAV} - \text{EAV of New Property}}} = \text{Rate}$$

$$\text{Parcel EAV} - \text{Exemptions} \times \text{Rate} = \text{Tax Extension for Individual Tax Bill}$$

Average (Mean) Total Tax Rates by ¹¹ Type of School District, 2014

Type of District	State-wide	Cook County	Collar Counties	Rest of State	Assumed Tax Rate
Unit	4.870% (384)	3.807% (2)	6.352% (33)	5.074% (349)	3.0%
Elementary School	3.882% (369)	4.179% (115)	3.733% (86)	3.165% (168)	2.3%
High School	2.799% (99)	3.142% (27)	2.592% (24)	2.269% (48)	1.05%

Notes:

- Numbers in parentheses under tax rates indicate # of school districts in that category
- Chicago Public Schools Tax Rate-3.660%
- Assumed tax rates as used in the current state funding formula for schools

Tax Increment Financing EAV

	Billions \$	%
Cook County	\$7.7	70
Collar Counties	.9	8
Rest of State	<u>2.5</u>	<u>22</u>
Total TIF EAV	\$11.1	100

Note: TIF EAV represents 3.6% of Statewide EAV, but 5.7% of Cook County EAV

PTELL Adjustment to School Aid Formula

If EAV of District grows faster than inflation then the growth in EAV above the cumulative inflation rate is ignored for formula purposes.