

Assessments Down – Will Tax Bills Decrease?

Again this year, assessed values for most properties have decreased, yet taxes may increase-How? Why? Taxes exist because taxing bodies require money to provide services. If their spending increases from one year to the next, then your taxes will increase regardless of the property's assessment.

THE ASSESSMENT FUNCTION

Contrary to popular belief, your taxes are not determined by the Assessor, but, rather, by the various taxing bodies. The main purpose of assessing property is to fairly distribute the tax burden according to your property's value. Your assessment determines your share of the tax burden. Think of your assessment as a slice of a giant tax pie. Your portion of the tax burden, your slice, is based on the value of your property. It is my job as Assessor to assess properties in a uniform manner based on the median level of the past three years of sales data.

CURRENT MARKET VALUES

As we all know, the current real estate market is in decline. The decline in the market is the reason assessments are decreasing. Because the Illinois Statute-law- requires that we use three years of sales, the trend both increasing and decreasing is dampened. This is the reason assessments do not increase or decrease as fast as shown in the current market; there exists an "assessment lag." It is expected that assessments will continue to decrease for the next several years because assessments follow the market trend, albeit at a slower pace.

CURRENT SPENDING – TAXES

Most local taxing bodies rely heavily on the revenue from property taxes to fund their services. However, most taxing bodies have not cut adequately cut their spending in response to the economic conditions. Most taxing bodies continue to request more revenue each year through the levy process. As long as the taxing bodies increase their levy, or ask for more money, the tax burden will increase and your taxes will continue to rise.

SPENDING CONTROLS

In Illinois, funding for the property tax is controlled by PTELL legislation. Enacted in 1992, PETELL is the Property Tax Extension Limitation Law. It limits year to year spending increases by 5% or the consumer price index (CPI) whichever is less. For this upcoming tax bill the CPI is 1.5%. This means taxing bodies will be allowed to collect 1.5% more than they did last year. If each taxing body levies to the maximum, 1.5%, then your tax bill will increase by 1.5%.

CONCLUSION – WHAT CAN YOU DO!

Spending by taxing bodies determines the amount of real estate taxes. If a taxing body increases its levy, the amount of money they request, then that portion of your tax bill will increase. However, you, as a tax payer, are not helpless. You can and should attend the budget and levy hearings for each taxing bodying that is identified on your tax bill.

Let the taxing body know how you feel-if you believe taxes are too high-let them know. The only way to assure yourself that your property tax bill will decrease, is if the taxing bodies spend less and levy less.