

**20
23**

**PROPERTY TAXES IN
COOK COUNTY**

**INTRODUCTION
TO REFORM**

by the Cook County Property Tax (PTAX) Reform Group



Toni Preckwinkle
Cook County Board President

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Message from the President

"The property tax system impacts every single person who lives or works in Cook County. Working together in a collaborative, data-driven way, we can build and sustain an equitable, fair system that allows all our communities to grow and fund our most vital services."

The Cook County Property Tax Reform Group (PTAX) is the first working group of its kind. Built across key County offices, the PTAX Reform Group has taken an in-depth look at the way the system has affected taxpayers and the communities that need services to thrive.

In this report, we will provide the history of the property tax system in Cook County, discuss how it works, identify the challenges we face, and begin to look at the key areas this group will focus on to bring about the reforms needed to fully transform the Cook County property tax system.

Reform will not happen overnight, but through intensive review and collaboration, the PTAX Reform Group will pursue the steps necessary to get us to transformative, equitable solutions.



Cook County's Property Tax System: Its benefits and pitfalls

Property taxes are useful as a revenue source for governments and the residents they serve; they reduce the reliance on more regressive taxes, such as the sales tax, and offer a relatively predictable source of revenue. Property taxes are designed to be progressive taxes, as they “tend to take a relatively smaller share of income as incomes fall” (Langley & Youngman, 2021).¹

Unfortunately, studies have shown that some property assessment practices across the United States create regressive, inequitable systems in which “lower-priced properties are assessed at a higher proportion of their sale prices than are higher-priced properties” (Berry, 2021).²

In a groundbreaking 2017 investigation, researchers with the [Chicago Tribune](#) and [ProPublica](#) found that “at least \$2.2 billion in property taxes was shifted from undervalued Chicago homes onto overvalued ones between 2011 and 2015”(Grotto, 2017).³ These regressive assessments can lead to “financial breaks to homeowners who are well-off while punishing those who have the least, particularly people living in minority communities” (Grotto, 2017).⁴

The investigation also estimated that Cook County's commercial valuation and assessment processes created a regressive system where “undervaluing expensive downtown buildings while overvaluing small businesses in poorer neighborhoods” (Grotto & Kambhampati, 2017)⁵ was a standard practice.

Assessments, however, are not the only part of the system that create potential inequities. Local services, such as schools and libraries are funded by property taxes which are based on the value of nearby properties. Communities with higher “property tax rates generally have low home values, which drive up the tax rate needed to raise enough revenue” (Kingson, 2023).⁶ This situation results in higher tax rates for people living in areas with lower-value properties and creates potential inequities for communities which struggle to provide equitable access to services.

Higher tax rates discourage economic investment, even pushing existing businesses out of Cook County to other communities. The loss of commercial properties and investment further reduces the tax base and raises the tax rate. This can result in “fewer people paying property taxes, putting even more upward pressure on the already enormous tax bills for those who do” (Toner, 2018).⁷

This economic disinvestment spiral is primarily felt in the south suburbs, where some communities have tax rates 400 to 500 percent higher than other communities in the County. For example, the City of Chicago has a tax rate of 7%, while Park Forest has a tax rate of 41%, a 485% difference. In another example, “composite property tax rates faced by Dolton homeowners are now more than triple those in Chicago” (Toner, 2018).⁸

Cook County's Property Tax System: A Call for Reform

Residents and commercial property owners alike share a common dislike of Cook County's property tax system. The County's system is one of the most complex in the nation and has been described as "convoluted and opaque" (Grotto, 2017).⁹ General criticism and analysis typically concentrate on two issues:

- The system's operation is hard to understand and changes due to assessments and appeals are confusing, which creates instability for the local economy.
- People who live in areas with lower-value properties and economic disinvestment are unfairly saddled by astronomical tax burdens.

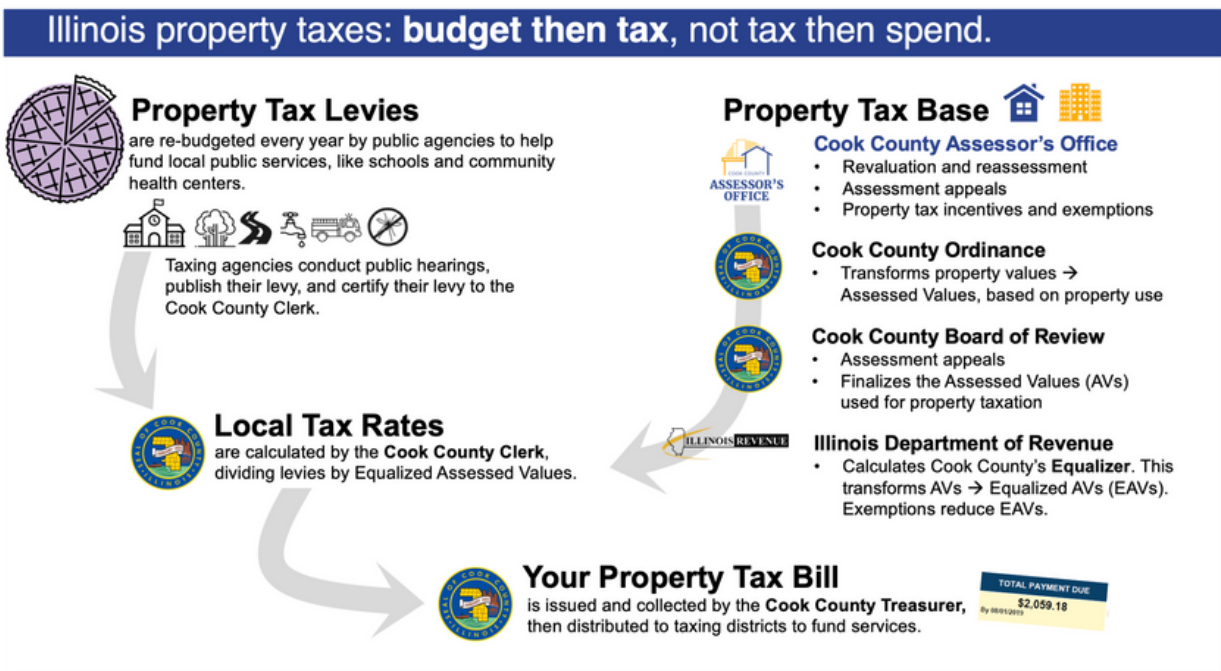
County residents' confidence in the property tax system is low. Leaders in the property tax system have recognized these challenges and believe that the system needs reform.

Based on the systems' current state, President Preckwinkle called upon all Cook County elected officials in the property tax system to confront the issues and implement change. This reform group was created to work collaboratively on effective change throughout the system.

The PTAX Reform Group's agreed upon mission is to ensure that the property assessment and tax system produces predictable, accurate, fair, and equitable results in a timely and efficient manner.

Reforming the property tax system will allow us to address racial and socioeconomic inequities across the County and provide transparency and stability in how we finance the government services and programs residents rely on for robust, healthy lives.

Cook County's property tax system is one of the largest and most complex in the nation. Here's how it works.



Four separately elected offices make up the property tax system, which collects and distributes more than \$16 billion from people who own over 1.8 million properties (Cook County Treasurer, 2023).¹⁰

The County sets a value for all the property, settles disputes through a system of appeals, sets the tax rate for each area, sends out the tax bills, and provides each taxing district with the money they are owed. Taxing districts such as local schools and municipalities set the levy or funding needs to provide essential services.

Cook County collects and distributes funds to “588 individual taxing districts” (Cook County Treasurer, 2020),¹¹ in addition to “more than 1,400 taxing agencies in Cook County” (Cook County Clerk, 2022).¹² Multiple taxing districts serve each property. These taxing districts include municipalities, school districts, park districts, and others which provide a wealth of services that communities require. The services provided to residents in these taxing districts support schools, police and fire protection, health services, housing, roads, mosquito abatement, recreation, and more. The taxing districts for each property are printed on a property owner’s second installment tax bill.

PTAX Reform Group



Toni Preckwinkle

Cook County President



Fritz Kaegi

Cook County Assessor

The mission of the Cook County Assessor's Office is deliver accurate and transparent assessments of all residential and commercial properties.



Karen Yarbrough

Cook County Clerk

The Cook County Clerk is responsible for maintaining and providing vital records, various aspects of the real estate tax process, receiving and making available to the public statements of economic interest.



Maria Pappas

Cook County Treasurer

The Cook County Treasurer is responsible for collecting, safeguarding, investing, and distributing property tax funds.



George Cardenas

Commissioner
Board of Review
District 1



Samantha Steele

Commissioner
Board of Review
District 2



Larry Rogers, Jr.

Commissioner
Board of Review
District 3



Kim Foxx

Cook County State's Attorney

The State's Attorney Office works to uphold public safety through the fair and efficient administration of justice.

The Board of Review's mission is to provide an efficient and accessible service to all property owners and to review overvaluation assessment appeals with careful consideration to ensure a fair and impartial judgment.

PTAX Reform Group Guiding Principles

Mission

To ensure the property assessment and tax system produces predictable, accurate, fair, and equitable results in a timely and efficient manner.



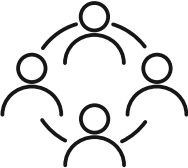
COLLABORATION

All relevant County offices are included; the staff working group meets regularly to track progress, discuss research findings, and align on reform recommendations.



DATA-DRIVEN

Objective, third-party research, data, and shared fact sets based on industry standards and best practices will guide the research and ultimately the policy recommendations.



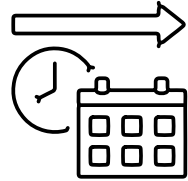
STAKEHOLDER ENGAGEMENT

For each set of reforms, targeted engagement plan will be implemented for relevant stakeholders.



TRANSPARENCY & ACCOUNTABILITY

Annual reports evaluate overall performance of the property tax system. Research and other work products will be publicly available.



LONG-TERM IMPACT

The complexity of reforming the property tax system requires a comprehensive approach and long-term commitment.

Addressing Key Issues Within Cook County's Property Tax System

The PTAX Reform Group has identified the most significant hurdles to true reform and outlined the following areas for further research and action, divided into immediate, County-based actions and those requiring engagement with state legislators and other stakeholders.

Inequities in the System

There continues to be the potential for regressivity in the Cook County property tax system, and the group is committed to researching and implementing policy changes to correct it.

High Number of Appeals

Cook County remains a significant outlier regarding the number of appeals filed against the initial assessments. Nationally, around 5% of the initial assessments are appealed (Nesbit, 2023).¹³ In Cook County, the figure is closer to 30% (Eng, 2023).¹⁴ Every property owner deserves the right to appeal their assessment, but this departure from national norms may contribute to inequities, reflects differing approaches within the system, and is time-consuming and costly for property owners and the County.

Differing Systems of Commercial Property Valuation

Participants in the current system have differing views on how to value commercial property, and Cook County should have a common approach across the board.

Access to Public Information

There are multiple actors and steps in the property tax system. The public, property owners, and taxing districts need a clear understanding of the process and a way to receive answers to their questions promptly and clearly. The County will recommend and make changes to better inform all stakeholders.

An Integrated Data Management System

The County has committed to creating a modern data management system so that all offices will be on a common platform and can access shared data for each property and taxing district. Some of the components of that system have been put in place. Others are in process. The working group will manage the completion of the process.

Addressing Key Issues Within Cook County's Property Tax System

Creating Effective Exemptions and Incentives

Exemptions are designed to provide tax relief for a residential property owner category (e.g. homeowners, the elderly, or veterans). Incentives are designed to “encourage industrial and commercial development in areas of the county which are experiencing severe economic stagnation” (Cook County Assessor, 2023).¹⁵ Both serve an essential purpose. These tools, however, result in the local tax burden shifting from those who receive the benefit to everyone else. This shift can be problematic in smaller taxing districts or places where disinvestment has occurred. The working group has retained the Chicago Metropolitan Agency for Planning (CMAP) and the University of Illinois at Chicago to comprehensively analyze these tools' social and economic costs and benefits. This will allow the group to learn how to deploy these tools strategically to improve the system and achieve its mission.

Developing Performance Measures

Because of the many offices involved in the property tax system, a comprehensive, annual audit should be a standard operating procedure. Therefore, the Cook County Office of the President will provide annual reports on the property tax system, including the results of sales ratio studies, which are the accepted measure of assessment performance in the industry. These reports will also address progress in meeting the various objectives of the PTAX Reform Group.

Reducing the Reliance on Property Taxes

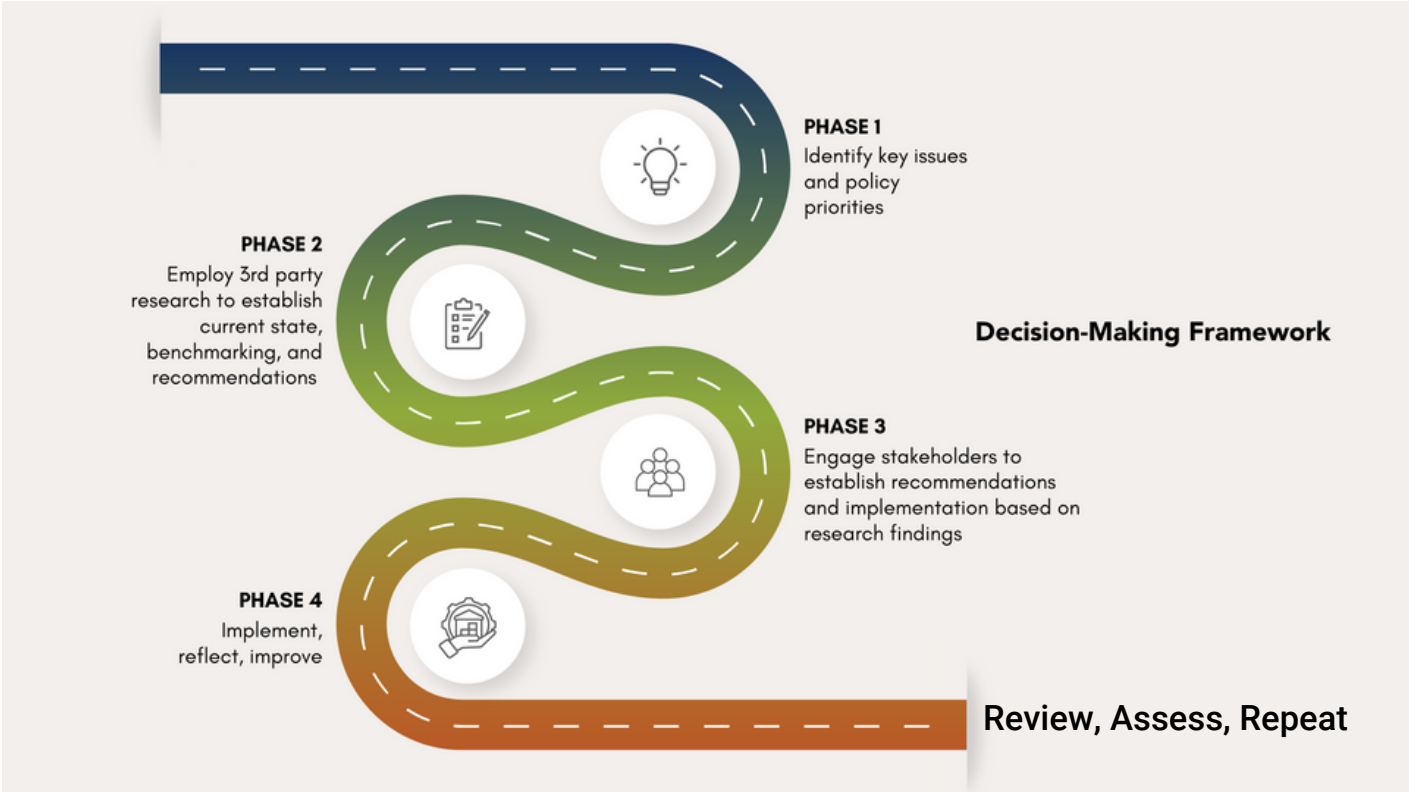
Illinois taxing districts rely more on property taxes to pay for its services more than in any other state in the nation, except New Jersey (Civic Federation, 2022).¹⁶ While the property tax assessment process determines the share of taxes each property owner pays, the amount paid depends on how much each taxing district requests annually. Reducing the requested tax levies will mean the taxing districts will have to rely on other sources of revenue or an increased use of similar shared resources. The PTAX Reform Group will examine and recommend practical ways of reducing the reliance on property taxes while still adequately funding critical public services.

These issues will be approached in multiple phases and engage stakeholders and community members to ensure all voices are heard to achieve the goal of an equitable and fair system.

Addressing Key Issues Within Cook County's Property Tax System

Cook County PTAX Reform Group Decision-Making Framework

The PTAX Reform Group, working with the Civic Consulting Alliance (CCA), developed a decision-making framework that leverages a data-driven approach to recommend policy changes and implement reforms. The framework also includes ongoing review and assessment, ensuring the PTAX Reform Group is using an equity lens to make progress in a strategic and sustainable way.

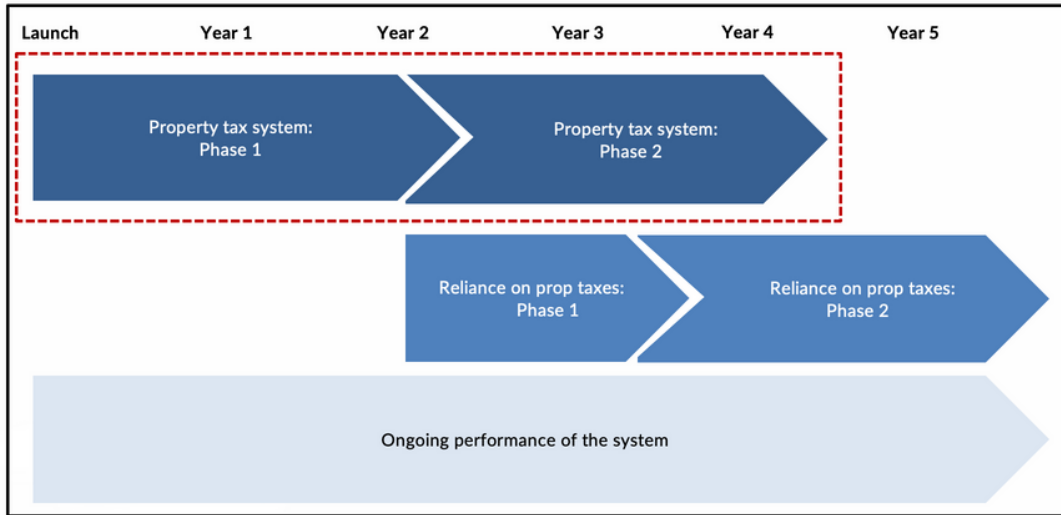


What's Next



Timing of Property Tax Reform

First area of focus is the **property tax system**. Focus area regarding **reliance on property taxes** will be launched sequentially; monitoring and evaluation of **system performance** is ongoing area of focus



First area of focus

For each area of focus:

- **Phase 1** addresses issues where County can make reforms
- **Phase 2** issues are more complex or require action from the state or other external stakeholders

PTAX Reform Group Research Partners

The Cook County Office of the President has engaged academic and public policy leaders to perform research and analysis that will be the foundation for the PTAX Reform Group's recommendations and reform efforts.



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Toni Preckwinkle
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