

Tax Year 2020 – Property Tax Bill Analysis

Overview

The Cook County Treasurer’s Office conducted an analysis of nearly 1.8 million property tax bills based on the second and final round of billing for this year.

The total amount billed countywide for 2020 — to be collected this year — is more than \$16.1 billion. That’s an annual increase of \$534 million, or more than 3.4%.

The office’s analysis, the first of its kind under Treasurer Maria Pappas, found that the bigger tax burden is not being shared equally:

- Commercial and industrial property owners overall face bigger tax bill increases than homeowners. The total billed to business properties was more than \$7 billion, an increase of \$410 million, or 6.2%. The amount billed to homeowners is \$8.9 billion, an increase of \$114 million, or 1.3%.
- But homeowners in several suburbs — where local elected leaders increased the overall amount taxed — are being billed far more than last year. In Bellwood, the median residential tax bill is \$1,868 higher than last year, representing a 45% increase. In Maywood, the median residential tax bill is \$1,543, which is 32% higher than last year.
- Property owners in many south suburbs continue to pay far more in taxes than landowners in other parts of the county, and in some of those towns, taxes went up again this year. The owner of a property in several of those south suburban communities will pay three to five times as much in annual taxes as the owner of an equally valued property in Chicago.

In what has become an all-too-familiar story, majority Black and Latino communities are being hardest hit with property tax increases. That’s true for both homeowners and businesses in those areas.

Majority Black and Latino communities make up six of the top 10 areas with the largest tax increases for homeowners and seven of the top 10 increases for commercial properties.

For instance, the total amount of taxes billed to homeowners climbed 20.1% in south suburban Robbins, 13.8% in west suburban Cicero and 12% in west suburban Stone Park. Commercial taxes climbed 23.1% in Posen, 21.9% in Park Forest and 21.8% in Flossmoor, all south suburbs.

South suburban Ford Heights, one of the nation’s poorest communities, has the unfortunate distinction of being both in the top 10 for the highest increase in residential property taxes, with an 18.1% increase, and in commercial property taxes, with a 42% increase.

Ford Heights and several south suburban communities continue to face some of the highest tax rates in the nation — a persistent problem that contributes to businesses and residents leaving the

economically struggling, mostly minority region that often places outsized burdens on the remaining homeowners. The high tax burden also makes it very difficult to attract new businesses.

In Chicago, the median residential tax bill held steady, declining by \$1.63. As a result, roughly half of city homeowners are getting lower bills, while the rest will see increases.

But those numbers differed widely from ward to ward. In several South Side, downtown, Near North Side and Near West Side wards, there were far more residential tax increases than reductions. More than 13,500 homeowners across the city face increases of \$1,000 or more.

The median residential tax bill in more than 50 suburbs — a little less than a third of the municipalities in the county — also declined. A median tax bill is the one at the midpoint of a group, meaning there are an equal number of bills that are higher and an equal number of bills that are lower.

Residential to Commercial Shift

Across Cook County, the overall tax burden continues to shift, with commercial and industrial property owners generally seeing far bigger increases in their bills than homeowners due to changes in how properties are valued for tax purposes.

Those property valuations, conducted by the Cook County Assessor’s Office, determine what portion of the overall tax burden is paid by each individual property owner. The Assessor’s Office last year reassessed all properties in the suburbs south of North Avenue. It also adjusted the values of many properties in the rest of the county, citing the economic effects of the COVID-19 pandemic on property values.

The COVID adjustments reduced the value of all residential properties in the city and north and northwest suburbs by about 10%. That was before it became clear that single-family home values would rise during the pandemic. Not all commercial properties were given COVID reductions.

The upshot: In the south and southwest suburbs, the total value of commercial property increased more than the total value of residential properties; in the rest of the county, the total value of residential properties decreased more than those of commercial properties. In each case, that results in commercial property owners picking up a bigger portion of the overall tax burden.

How are Property Taxes Determined?

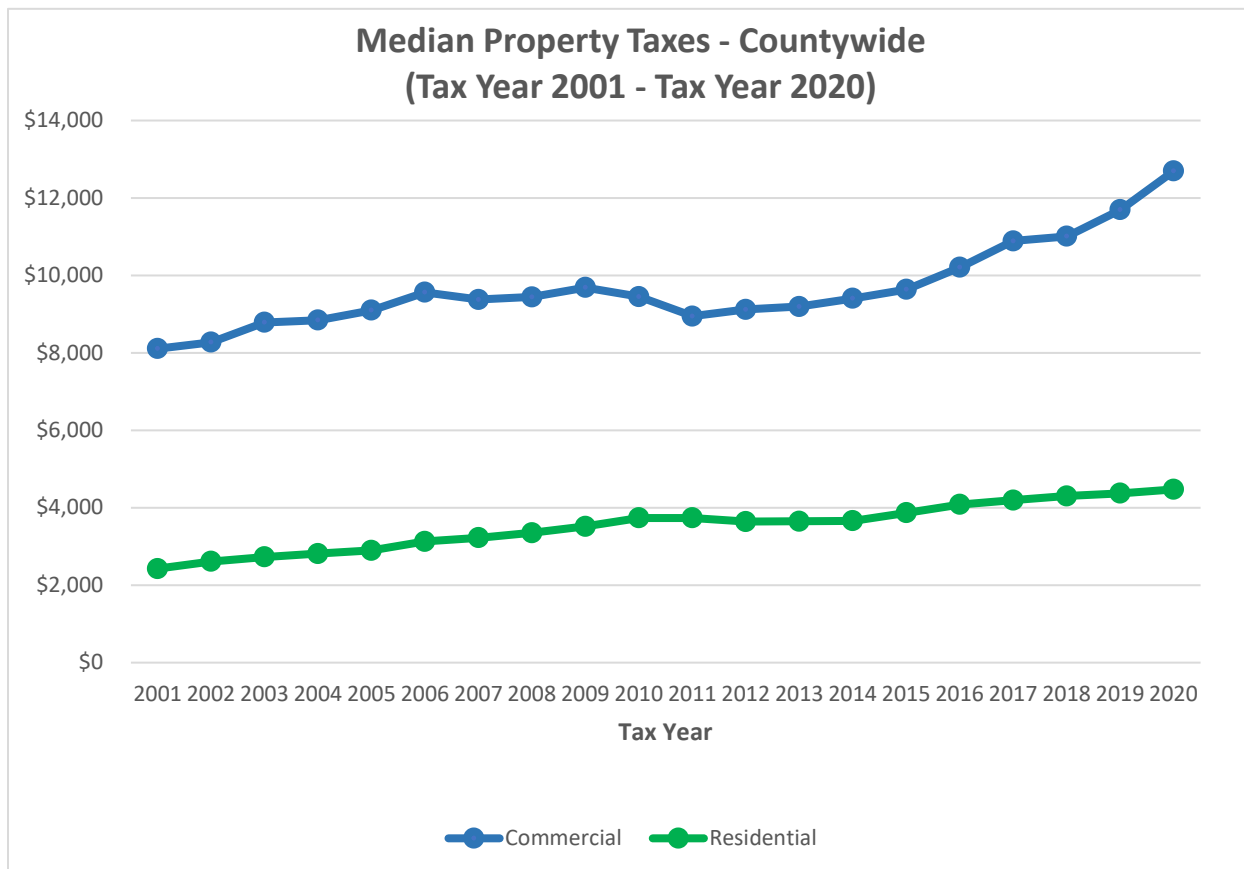
- School districts, municipalities, park districts and other local governments set the levy, or the overall amount of taxes to be collected to pay for their operations.
- The assessor estimates the value of properties, and sets homeowner exemptions, which are then used to determine what portion of the overall tax bill each property owner pays.
- The clerk determines the tax rates, based on the levies and overall assessed value in each local government. The assessed value, multiplied by the rate, needs to equal the total levy.
- The treasurer sends out the bills, collects the money and distributes it to the local governments that set the levies in the first place.

As a result, the 2020 tax bills show that owners of commercial and industrial properties will pick up slightly more of the overall property tax burden in Cook County than they did last year — a shift that will result in a minimal tax increase or even a tax reduction for many homeowners.

Specifically, 1.5% of the tax burden in the south and southwest suburbs was transferred from residential to business properties, compared with a 1.1% shift from residential to commercial in the north and northwest suburbs and a 1.3% shift from residential to commercial in the City of Chicago.

The general trends don't mean all businesses were hit with bigger bills or all homeowners got a reduction or held steady. That's because other factors besides assessments can affect the amount of the final tax bill.

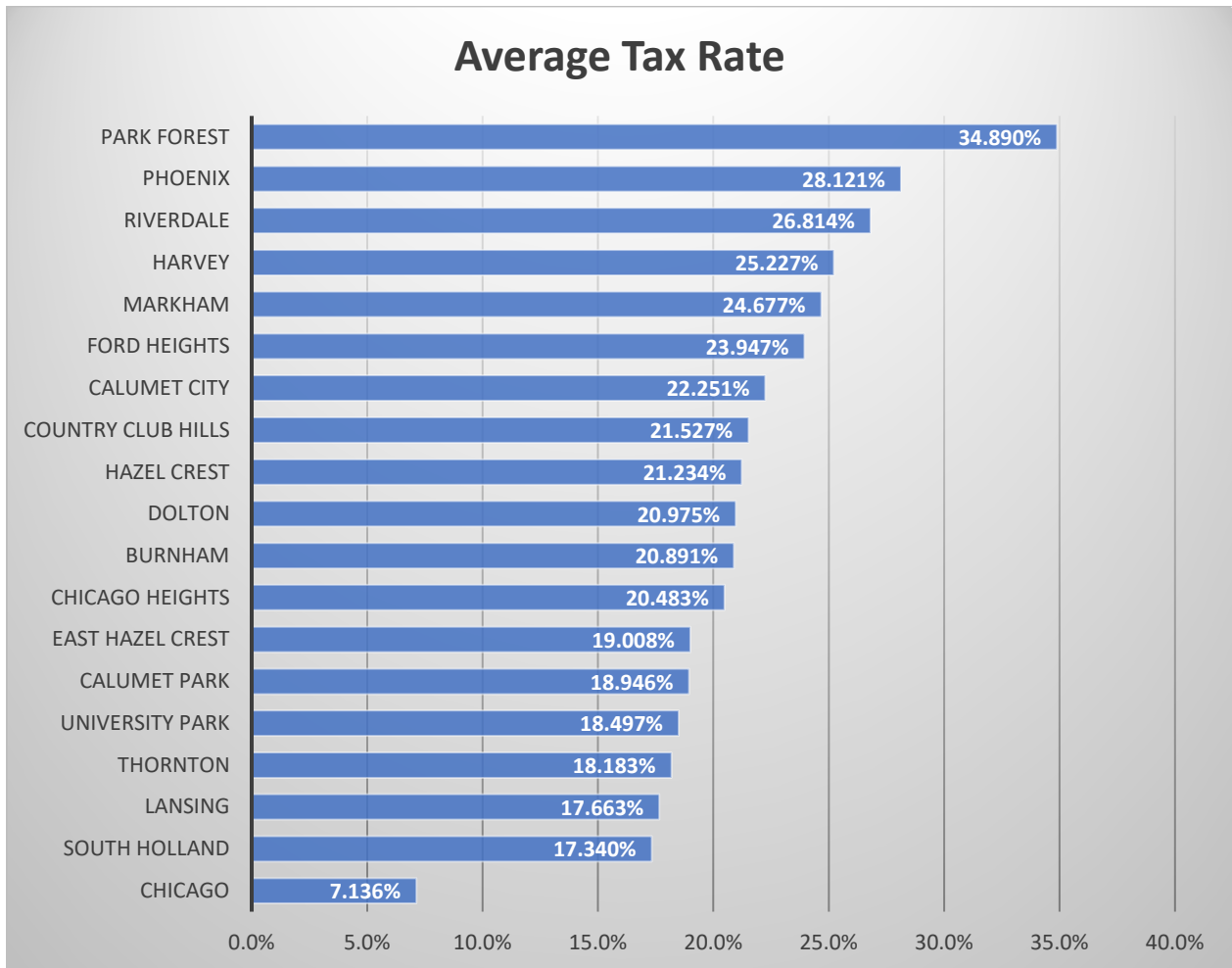
In some communities, the shift in tax burden was not as pronounced because of the types of the businesses in the area. Some properties might have been improved, or become vacant, causing significant swings in individual assessments.



South and Southwest Suburbs

In many south suburbs, officials for years have expressed concern about maintaining vibrant business communities — or any businesses at all — given the ability of businesses to move across the border to Indiana or Will County, where businesses are taxed at lower rates.

The 18 highest Cook County tax rates, which are multiplied by a property's assessed value to determine how much a property owner pays, are in the south suburbs. Park Forest tops the list, with tax rates almost five times as high as Chicago's, followed by Phoenix, Riverdale, Harvey, Markham, Ford Heights, Calumet City, Country Club Hills and Hazel Crest — all with tax rates three or more times higher than Chicago's.



That means a homeowner in Park Forest, where the rate increased this year, would pay about five times as much in property taxes as the owner of an equally valued home in Chicago.

Homeowners in the other suburbs in the top five for tax rates would pay at least three times as much as a Chicago counterpart, even though all of their rates declined slightly this year as assessed values in those communities were increased.

That disparity is especially hard for businesses to withstand. The owner of a business property pays at least two-and-a-half times as much as the owner of an equally valued residential property.

Businesses face higher taxes in Cook County because commercial and industrial properties are valued for tax purposes at 25% of full market value. Homes are valued at 10% and their owners typically receive exemptions — tax reductions designed to ease the burden on homeowners. In the rest of the state, homes and businesses are assessed at the same rate of 33.3%.

Every time high taxes cause a business to decide to move or call it quits, the resulting loss in tax collections shifts to remaining property owners, residential and business alike. That has contributed to outsized tax rates in many Cook County communities.

This year, some of that oversized burden is being transferred from homeowners to business property owners because of the new assessments.

Residences this year accounted for 68.9% of the total amount of assessed value in the south and southwest suburbs, compared with 70.4% a year earlier. Conversely, the share of the tax burden borne by business land owners rose to 31% from 29.6%.

In total, homeowners in the south and southwest suburbs are being billed 2.9% more this year than last year, while commercial and industrial landowners are being billed 7.2% more.

The median 2020 residential tax bill in the region is \$4,297, an increase of \$305, or 6.6%. The median commercial bill is \$14,834, an increase of \$894, or 6.4%. But those figures vary greatly from one school district to another or one municipality to another.

In Bloom and Rich townships, which both border Will County, residential property values declined while commercial values increased.

In Bloom Township, which includes all or parts of Ford Heights, Chicago Heights, Sauk Village, South Chicago Heights, Park Forest and Glenwood, the median business property tax rose by \$1,459 to \$12,563. The median residential tax bill declined by \$117 to \$3,321.

In Rich Township, which includes all or portions of Matteson, Olympia Fields, Flossmoor and Richton Park, the median business property tax bill rose by \$3,895 to \$33,075. The median residential tax bill declined by \$114 to \$5,518.

The shift, however, does not mean all homeowners get a break and all business owners get hit harder. While more than 201,000, or 46%, of the homeowners in the region will get a tax reduction this year, nearly 224,000, or 51%, will see an increase and the rest will see no change or are newly constructed homes being taxed for the first time. About one third of 32,356 business properties will see a reduction in their bill, while about two thirds will face increases.

Property owners in many western suburbs in this region where tax levies rose will see significant increases. Eleven out of the 12 suburbs where homeowners will see the biggest increases in the median tax bill are in those suburbs listed in the table on the next page.

Median Residential Tax Bills

Municipality	Tax Year 2020	Tax Year 2019	Increase
Bellwood	\$6,032.80	\$4,164.40	\$1,868
Maywood	\$6,330.71	\$4,787.54	\$1,543
Berkeley	\$6,102.87	\$4,670.53	\$1,432
Stone Park	\$5,628.84	\$4,221.12	\$1,408
Hillside	\$5,531.64	\$4,167.97	\$1,364
Riverside	\$10,899.32	\$9,677.91	\$1,221
Cicero	\$5,400.44	\$4,304.34	\$1,096
Broadview	\$4,735.48	\$3,695.92	\$1,040
North Riverside	\$5,275.29	\$4,404.01	\$871
Berwyn	\$6,383.40	\$5,548.64	\$835
Stickney	\$4,953.92	\$4,192.05	\$762

North and Northwest Suburbs

Last year, all Cook County suburbs north of North Avenue underwent their regularly scheduled reassessments, and 2.3% of the property tax burden was shifted from residential to business properties.

This year, the areas was not reassessed. But with the COVID adjustments, more than 1.1% of the burden was shifted from residential to business properties. Residential property owners will pay about 63.9% of the overall tax burden in the north and northwest suburbs, down from 65.1% a year earlier. The tax burden on businesses grew to 36% this year from 34.9% last year.

Overall, homeowners are being billed 0.3% more than they were last year, while businesses are being billed 5.2% more. The median residential tax bill this year is \$6,015, a decrease of \$26, or 0.4%. The median commercial tax bill is \$27,651, an increase of \$2,026 or 7.9%.

Although the median tax bills on homes in the North Triad are generally going down by small amounts, Northfield Township — where the amount of taxes authorized by local leaders went up — the median residential tax bill is \$9,266, an increase of \$458.

In the north and northwest suburbs, 81% of 21,979 business property owners will receive higher bills than they did last year. Meanwhile, 51% of more than 195,000 homeowners will receive higher bills.

Chicago

The Assessor's Office is reassessing the city of Chicago this year, which will affect next year's tax bills. Nevertheless, the COVID adjustments resulted in a shift of the burden from residential to commercial.

About 1.3% of the tax burden shifted this year from residential to commercial. Business properties accounted for 47.6% of assessed value, up from 46.2%. Residential properties accounted for 52.5% of all assessed value, down from 53.8%. Overall, commercial and industrial landowners are being billed 6.3% more this year while homeowners are being billed 1% more.

The median residential tax bill in Chicago is \$3,341, down by \$1.63, or .05%. The median commercial tax bill is \$9,659, an increase of \$761, or 8.6%.

This year, more than 343,000 homeowners, or 48%, get a tax reduction, while more than 358,000, or 50%, get a tax increase; the rest did not see a change or live in newly constructed homes being taxed for the first time. Less than 9,000, or 14%, of business property owners get a tax decrease, while more than 58,000, or 84%, are being billed more than they were last year.

Whether there were tax reductions or increases varies significantly from ward to ward. Attached is a chart to show those statistics.

Note: *This analysis excludes vacant lots, not-for-profit owned properties, houses of worship, co-ops and buildings that have both business and residential uses that are not separately billed, all of which represent about \$154 million of total taxes billed.*

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