

Questions and Answers about the New Property Tax Bills

By Ali ElSaffar, Oak Park Township Assessor

The average Oak Park homeowner will be paying about 5% more in property taxes this year compared to last year. Thanks to the complexity of the tax system, however, some homeowners will experience larger tax increases, while others will see smaller increases. In light of the weak economy, the declining housing market, and the fact that total spending by Oak Park governments increased by only 2.4%, some may be surprised by this year's tax increases.

Part of the reason for this year's increases relates to a series of new state and county tax policies that have shifted Oak Park's property tax burden. As a result of the new policies, Oak Park homeowners are paying 81% of Oak Park's tax levies this year, up from 78% last year. By contrast, commercial properties are now paying 11% of Oak Park's tax levies, down from 14% last year. The shifting tax burden, coupled with spending increases, resulted in tax increases for homeowners.

Can I do anything to reduce my tax bill? If you are eligible for a homeowner, senior citizen or other exemption but did not receive one, the Township Assessor's office can assist you in obtaining a revised bill for a smaller amount. If you have received all exemptions for which you are eligible, you likely will not be able to do anything about your current bill.

My second installment tax bill is about the same as my first installment tax bill. Does that mean my annual taxes are the same as last year? No! If your second installment bill is the same as your first installment bill, your annual tax bill has actually increased by 10%. This unexpected result is due to a tax policy change that took effect earlier this year.

In the past, the first installment tax bill was 50% of a property's total taxes for the prior year. Under the new policy, however, this year's first installment bill was 55% of the last year's taxes. Thus if the second installment is the same as the first, each installment would be 55% of last year's taxes. This corresponds to an annual tax increase of 10%.

To accurately determine the change in property taxes for your property, you must compare last year's annual tax bill to this year's annual bill. The annual amounts are listed on your second installment tax bill.

Property values are falling. Shouldn't my property taxes also be falling? This question incorrectly assumes that the property tax system has the same features as most other tax systems. In the income tax system, for example, the income tax rate is fixed, but individual tax payments and total government revenue vary according to changes in the incomes of taxpayers. In the property tax system, however, total government revenue is fixed. When property values fall, the property tax rate rises to ensure that the full amount of revenue levied by local government is collected.

Under a system in which rising property tax levies must be collected, property taxes can fall for some properties, but those reductions must be matched by tax increases for other properties. This year, the assessed value of business properties declined by more than the assessed value of

residential properties. As a result, businesses are paying a smaller share of the tax burden and homeowners are paying more.

Why is my homeowner exemption smaller this year than it was last year? In 2006, a policy known as the '7% homeowner exemption' came into effect in Oak Park. The policy created a variable homeowner exemption that limited tax increases for homeowners resulting from reassessment. But the policy was controversial, and is now being phased out.

Oak Park is seeing the initial effects of the phase out this year. The maximum savings under the 7% homeowner exemption was about \$2,825 last year, but is only \$2,150 this year. This means that those receiving the maximum exemption will experience tax increases of \$675 due to the declining exemption, and additional tax increases resulting from this year's higher tax levies.

Because of the complexities of the 7% exemption, the phase out will not affect all homeowners equally. For example, many of those who did not receive the maximum homeowner exemption last year will experience tax increases of less than \$675. Those who bought their homes in 2008, however, will likely see much higher tax increases thanks to a policy that accelerates the phase out of the 7% exemption for new homeowners.

My 2009 assessed value fell. Why aren't my taxes down? The county assessor lowered the 2009 assessed values of all Oak Park residential properties by 7%. Ordinarily, this change would reduce the tax burden on homes, while increasing the burden on properties not receiving assessment reductions. But for most homeowners, the decline in assessed values was offset by the decline in the value of the homeowner exemption noted above, and the decline in the assessed values on business properties explained below.

Why did the tax burden on commercial properties fall? Tax year 2009 was the first year in which a policy reducing the assessments on commercial properties took effect. Cook County tax policy has long sought to limit taxes on homeowners by increasing the taxes on business properties. Although this policy remains in effect, the change made for tax year 2009 narrowed the tax difference between commercial and residential properties.

In 2009, many commercial property owners filed appeals to obtain the benefit of the tax reductions available for their properties. As a result, the overall assessed value of Oak Park commercial properties fell by 23%. Since the 23% decline in commercial values outpaced the 7% decline for residential properties, homeowners picked up a greater share of the tax burden in 2009, with commercial properties paying a smaller share. The main exception to this trend relates to the commercial property owners who did not appeal in 2009 and thus did not take advantage of the lower level of assessment. The taxes for those commercial properties increased by 9.4%.

**Tax Levies for Government Units Serving Oak Park
2009 Taxes Paid in 2010 (Excluding TIFs and Special Service Areas)**

<i>Unit of Government</i>	<i>2008 Total Levy (Paid in 2009)</i>	<i>2009 Total Levy (Paid in 2010)</i>	<i>Levy</i>	<i>% of Total Tax Bill for '09</i>
School District 97	\$48,893,495	\$48,960,916	0.14%	32.07%
High School District 200	\$45,551,541	\$45,530,886	-0.05%	29.83%
Village of Oak Park	\$19,268,458	\$20,709,269	7.48%	13.57%
Cook County	\$7,223,496	\$7,265,763	0.59%	4.76%
Oak Park Library Fund	\$7,937,143	\$8,187,814	3.16%	5.36%
Water Reclamation District	\$4,386,316	\$4,813,107	9.73%	3.15%
Triton College District 504	\$3,690,075	\$3,946,379	6.95%	2.59%
Oak Park Township	\$3,864,135	\$3,927,938	1.65%	2.57%
Oak Park Park District	\$7,171,278	\$7,818,994	9.03%	5.12%
Miscellaneous Agencies	\$1,096,579	\$1,493,723	36.22%	0.98%
Totals	\$149,082,516	\$152,654,790	2.40%	100.00%

**Distribution of Oak Park Property Taxes
2009 Taxes Paid in 2010**

