

COMMON QUESTIONS ABOUT THE NEW TAX BILLS

by Ali ElSaffar, Oak Park Township Assessor

The recently mailed property tax bills are the first to reflect the 2008 reassessment of Oak Park properties. For many Oak Park homeowners, the tax increases due to reassessment will not be as dramatic as they were after the reassessments of 2002 and 2005. Some taxpayers, however, will experience large tax increases. Those who bought their homes in 2007 are the most likely to experience such increases.

The changes property owners will see in their tax bills reflect two separate effects: changes in the spending of local governments, and changes in each property's share of the local spending. To better understand these changes, it can be helpful to think of the entire tax system as if it were a restaurant tab.

When a group of friends go out for dinner, the restaurant keeps a running tab representing the food and drink consumed by the group; the group then determines each friend's share of the tab. In the property tax system, the 'tab' is the combined property tax levies set by all units of government serving Oak Park. This year's tax tab for Oak Park is \$149 million, which is 4.9% greater than last year's tab.

The tax assessment process determines each property's share of the tax tab, following a seemingly simple rule: if Property A comprises 1% of Oak Park's total equalized assessed value, Property A will pay 1% of Oak Park's total tax tab.

Property is reassessed every three years in order to adjust each property's share of the tax burden as property values change. For example, if Property A's assessed value had been 1% of the total but has been growing faster than the other properties in the community, the reassessment may reveal that it now comprises 2% of the total equalized assessed value of Oak Park. In that event, the taxes on Property A would increase from 1% to 2% of the total tax tab, resulting in a very large tax increase for the property. By contrast, if a reassessment reveals that a property's value has increased at a slower rate than the rest of the community, its share of the tax tab would fall.

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. However, you may be able to reduce next year's tax bill if you file an appeal. You should call the Township Assessor's office at (708) 383-8005 for more details.

Has this year's reassessment resulted in an increase in homeowners' share of the tax tab?

In general, no. As a result of Oak Park's reassessments in 2002 and 2005, home values were increasing at a much faster rate than business properties. Accordingly, the 2002 and 2005 reassessments shifted the tax burden such that homeowners as a class were paying a larger

share of Oak Park's tax burden whereas business properties as a class were paying a smaller share of the burden.

Due to the slowdown in the housing market, however, burden shifting between property classes in 2008 is substantially lower than it was in prior years. Last year, for example, homeowners paid 79% of Oak Park's tax tab. This year the homeowner's share is down to 78%, with business properties picking up the difference.

Because these overall class statistics are averages, there will be individual exceptions to the overall trends noted above. In general, however, the overall level of taxation on all properties will be more stable than has been the case in the last two reassessments.

My homeowner exemption has significantly changed in value. Why?

In 2006, a law commonly known as the 7% assessment cap came into effect in Oak Park. The intent of this law was to reduce the burden-shifting phenomenon whereby homeowners were paying more as a result of reassessment and business owners were paying less. The 7% legislation accomplished this goal through an expanded homeowner exemption for owner-occupied residential property.

Thanks to the 7% law, the homeowner exemption for many Oak Park homeowners this year will be greater than it was last year. Last year, the maximum homeowner exemption value was \$1,848. This year's maximum homeowner exemption value is \$2,826. Although not everyone will receive the maximum homeowner exemption, most homeowners will see larger homeowner exemptions compared to last year. These larger exemptions have helped to limit the tax increases caused by reassessment.

I bought my house in 2007. Why did my taxes go up so much?

Under the 7% cap legislation, the value of the homeowner exemption is reduced after a property is sold. Thus an individual who bought a home in 2007 may have received the maximum homeowner exemption of \$1,848 last year, but may have an exemption worth as little as \$471 this year. As a result of the falling homeowner exemption, those who bought their homes in 2007 could see significant tax increases.

I thought assessed values fell recently. Why isn't this reduced assessed value reflected on my bill?

It is important to remember that property taxes are always paid one year late. Accordingly, the bills that were just mailed reflect the assessed values that were set in 2008. In the summer of 2009, the Cook County Assessor reduced the assessed values of all residential Oak Park properties. But the lower 2009 assessed values will not appear on tax bills until the fall of 2010.