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## EFFECTIVE TAX RATES SHOW SLIGHT DECLINE

### *Downward Trend in Effective Tax Rates for Northeastern Illinois Continues*

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CHICAGO – An annual study by the Civic Federation that compares effective tax rates for communities in northeastern Illinois found a continuation of a significant downward trend in effective property tax rates across the region.

The report, released annually by the Civic Federation, computes the effective tax rate—the percentage of full market value paid in property taxes during a given year—for tax year 2004. Chicago and twenty-six other communities in Cook, DuPage, Kane, Lake, McHenry, and Will counties were included in the study. The lowest tax rate among the communities studied was Oak Brook, with a rate of 0.87%, and the highest was in Harvey, where industrial properties paid an estimated 9.0%. However, the latter showed a nearly 2% decline over the previous year's estimate.

“The Civic Federation provides this report to allow apples-to-apples comparisons of property tax rates in communities throughout northeastern Illinois,” said Laurence Msall, president of the Federation. “Although there is substantial variation in the effective rate between different communities, this study shows that on the whole, rising property values across the region and legislated caps on property tax rates and levies reduced the average effective rate for property owners throughout metropolitan Chicago.”

Msall cautioned that the effective rates are estimates based on the median level of assessment within a given community. “Individual property tax rates may vary significantly from the average because of the number of variables that must be applied to compute the tax bill for any specific property,” he said. The effective tax rates were not adjusted to reflect homestead or senior citizen exemptions, for example.

The study also found wide variations in tax rates between communities. This is partially due to the fact that Cook County assesses residential, commercial, and industrial property at different statutory rates. Residential properties pay lower rates than commercial or industrial properties. The other counties in the study assess all properties at the same rate.

The difference in assessment rates between Cook County and the collar counties are visible due to the design of the study, which includes several communities that lie in two counties. For example, Elk Grove Village residential properties in Cook County were taxed at an effective rate of 1.47%, commercial properties at 3.20%, and industrial properties at 3.99%, while all properties on the DuPage side of the border were taxed at 1.81%. In Buffalo Grove, properties within Cook County were taxed at a residential rate of 1.78%, commercial rate of 4.02%, and industrial rate of 4.87%. The Buffalo Grove properties in Lake County were all taxed at an effective rate of 2.22%. Barrington Hills properties in

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Cook County were assessed at rates of 1.54%, 3.29%, and 3.98% for residential, commercial, and industrial properties, respectively; Barrington Hills properties in McHenry were all assessed at an effective rate of 1.94%.

The differences between properties that straddle two collar counties were smaller. All Naperville properties within Will County were taxed at an effective rate of 2.09% and those within DuPage County at an estimated rate of 1.81%.

While the overall trend in effective property tax rates across the region is a decline, some communities experienced increases in effective rates over a five-year period. Properties in Naperville on both sides of the county border experienced increases in effective rates—in DuPage County from 1.69% to 1.81% and in Will County from 1.96% to 2.09%. Elk Grove Village properties in DuPage County saw their effective rates grow from 1.62% in 2000 to 1.81% in 2004. Buffalo Grove property taxpayers in Lake County saw their rates increase from 2.01% to 2.22%. These three communities were the only examples of increased tax rates over the five year period from 2000 to 2004; all other communities sampled saw flat or decreasing estimated effective tax rates.

The effective tax rates in the Civic Federation study are based on data from the Illinois Department of Revenue and the Clerks of Cook, DuPage, Lake, Kane, McHenry, and Will Counties. The County Clerks supplied the composite property tax rates for each tax code within the county, and the state Department of Revenue provided median levels of assessment and the state equalization factor for each county. The study's authors multiplied the median level of assessment in each community by the state equalization factor to approximate the full market value of the real estate in each community analyzed. Where available, township median levels of assessment were used to provide the most accurate estimates. Otherwise, the study relied on the median level of assessment for the reassessment district.

The Civic Federation appreciates the assistance of the Illinois Department of Revenue, the Clerks of Cook, DuPage, Kane, McHenry, Will, and Lake Counties, and township officials in preparing this report. The complete text of the report is available at [www.civicfed.org](http://www.civicfed.org).

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*The Civic Federation is an independent, non-partisan government research organization founded in 1894. The Federation's membership includes business and professional leaders from a wide range of Chicago area corporations, professional service firms and institutions.*



## **EFFECTIVE PROPERTY TAX RATES: Select Municipalities in Northeastern Illinois**

### **Purpose**

Effective tax rates provide a common denominator for comparing property tax burdens in different jurisdictions over time.

### **Definition and Use**

An effective property tax rate is an estimate of the percentage of a property's full market value paid in property taxes during a given tax year. Multiplying the market value of a home or business property by the applicable effective tax rate would provide an estimate of the property taxes due on that property in the given year. For example, a property with a market value of \$200,000 and an effective tax rate of 2% would have an estimated property tax liability of \$4,000.

By standardizing the expression of property tax burden, effective property tax rates provide a method of comparing property tax burdens in different areas over time. However, these are estimates for the purposes of comparison rather than precise expressions of potential tax burden.

Effective property tax rates should be regarded only as estimates for several reasons. First, there are multiple property tax rates within each municipality, and the effective tax rate calculated here is representative of only one of those tax rates. Second, effective property tax rates are not adjusted for homestead exemptions. Third, the effective tax rate calculations utilize information on the median level of assessment within a given geographical area. While a property is likely to be near the median level of assessment, the actual level of assessment for any given property could be greater or lesser than the median.

### **Calculation of Effective Tax Rates**

The effective tax rates calculated here are based upon data supplied by the Illinois Department of Revenue and the Clerks of Cook, DuPage, Will, Kane, Lake and now McHenry Counties. The County Clerks supply the composite property tax rates for each tax code within the county. The Illinois Department of Revenue supplies the state equalization factor for each county as well as the median levels of assessment.

The median level of assessment is multiplied by the state equalization factor to approximate the percentage of a property's total value that is taxed. This percentage is then multiplied by the tax rate to produce the effective tax rate. The adjusted median level of assessment is used when it is available. Also, the median level of assessment for the most specific geographical area is used when it is available. Therefore, township median levels of assessment are used unless they are unavailable, in which case the median level of assessment for the reassessment district is used.

The assessment levels are those computed by the Illinois Department of Revenue based upon their Assessment/Sales Ratio Studies. For every county except Cook, that median level of assessment is for all types of property. For Cook County, which classifies property for real estate tax purposes, separate medians were computed for the three separate classes listed. Special note should be taken of the Department's ratio studies that indicate that a high coefficient of dispersion for commercial and industrial assessments, which means there is likely to be wide variation within each of these classes from the calculated median, for individual properties whose reported sale prices were included in the study.

**EFFECTIVE PROPERTY TAX RATES  
TAX YEAR 2004**

<b>Cook County</b>			
	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>
<b>Chicago</b>	1.29%	2.25%	1.90%
Harvey	3.55%	7.93%	9.00%
Chicago Heights	2.92%	6.21%	7.10%
Oak Park	1.84%	5.05%	5.78%
Orland Park	1.69%	4.11%	4.70%
Buffalo Grove	1.78%	4.02%	4.87%
Evanston	1.77%	3.93%	4.76%
Schaumburg	1.68%	3.72%	4.51%
Barrington Hills	1.54%	3.29%	3.98%
Elk Grove Village	1.47%	3.20%	3.99%
Wilmette	1.46%	3.15%	3.82%
<b>DuPage County</b>			
<b>All Types of Property</b>			
Elk Grove Village		1.81%	
Naperville		1.81%	
Wheaton		1.80%	
Oak Brook		0.87%	
<b>Kane County</b>			
<b>All Types of Property</b>			
Elgin		2.62%	
Geneva		2.13%	
Aurora		2.01%	
Carpentersville		1.92%	
<b>Lake County</b>			
<b>All Types of Property</b>			
Buffalo Grove		2.22%	
Fox Lake		2.21%	
Waukegan		2.17%	
Lake Forest		1.15%	
<b>Will County</b>			
<b>All Types of Property</b>			
Joliet		2.20%	
Romeoville		2.10%	
Naperville		2.09%	
Peotone		1.99%	
<b>McHenry County</b>			
<b>All Types of Property</b>			
Woodstock		2.38%	
Harvard		2.32%	
Barrington Hills		1.94%	
Algonquin		1.93%	

**EFFECTIVE PROPERTY TAX RATES  
TAX YEAR 2003**

<b>Cook County</b>			
	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>
<b>Chicago</b>	1.39%	3.01%	1.76%
Harvey	3.73%	9.38%	10.88%
Chicago Heights	2.83%	7.34%	8.52%
Oak Park	1.87%	5.71%	6.63%
Evanston	1.56%	5.30%	5.84%
Buffalo Grove	1.53%	5.13%	5.66%
Schaumburg	1.50%	4.68%	5.16%
Orland Park	1.78%	4.61%	5.35%
Barrington Hills	1.50%	4.58%	5.04%
Wilmette	1.33%	4.24%	4.67%
Elk Grove Village	1.32%	4.02%	4.43%
<b>DuPage County</b>			
<b>All Types of Property</b>			
Wheaton		1.80%	
Naperville		1.74%	
Elk Grove Village		1.73%	
Oak Brook		0.84%	
<b>Kane County</b>			
<b>All Types of Property</b>			
Elgin		2.59%	
Aurora		2.23%	
Geneva		2.16%	
Carpentersville		1.93%	
<b>Lake County</b>			
<b>All Types of Property</b>			
Waukegan		2.27%	
Fox Lake		2.14%	
Buffalo Grove		2.14%	
Lake Forest		1.20%	
<b>Will County</b>			
<b>All Types of Property</b>			
Joliet		2.26%	
Naperville		2.07%	
Romeoville		2.02%	
Peotone		1.88%	
<b>McHenry County</b>			
<b>All Types of Property</b>			
Woodstock		2.35%	
Harvard		2.29%	
Algonquin		1.94%	
Barrington Hills		1.78%	

**EFFECTIVE PROPERTY TAX RATES  
TAX YEAR 2002**

<b>Cook County</b>			
	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>
<b>Chicago</b>	1.27%	3.27%	2.05%
Harvey	3.60%	9.86%	11.87%
Chicago Heights	3.10%	8.48%	10.21%
Oak Park	2.09%	6.14%	7.39%
Evanston	1.65%	5.46%	5.70%
Buffalo Grove	1.54%	5.08%	5.30%
Orland Park	1.95%	5.01%	6.03%
Schaumburg	1.55%	4.72%	4.94%
Wilmette	1.43%	4.50%	4.70%
Barrington Hills	1.42%	4.17%	4.36%
Elk Grove Village	1.31%	3.99%	4.17%
<b>DuPage County</b>			
<b>All Types of Property</b>			
Wheaton		1.81%	
Naperville		1.75%	
Elk Grove Village		1.69%	
Oak Brook		0.86%	
<b>Kane County</b>			
<b>All Types of Property</b>			
Elgin		2.64%	
Aurora		2.22%	
Geneva		2.21%	
Carpentersville		2.03%	
<b>Lake County</b>			
<b>All Types of Property</b>			
Waukegan		2.41%	
Fox Lake		2.22%	
Buffalo Grove		2.13%	
Lake Forest		1.34%	
<b>Will County</b>			
<b>All Types of Property</b>			
Joliet		2.30%	
Romeoville		2.12%	
Naperville		2.09%	
Peotone		1.98%	
<b>McHenry County</b>			
<b>All Types of Property</b>			
Woodstock		2.47%	
Harvard		2.24%	
Algonquin		1.99%	
Barrington Hills		1.85%	

**EFFECTIVE PROPERTY TAX RATES  
TAX YEAR 2001**

<b>Cook County</b>			
	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>
<b>Chicago</b>	1.34%	3.12%	2.95%
Harvey	3.82%	10.93%	11.26%
Chicago Heights	3.10%	8.63%	8.89%
Oak Park	1.99%	7.48%	7.70%
Evanston	1.79%	5.62%	6.22%
Orland Park	1.93%	5.11%	5.26%
Buffalo Grove	1.67%	4.89%	5.41%
Schaumburg	1.71%	4.85%	5.37%
Wilmette	1.38%	4.31%	4.78%
Elk Grove Village	1.33%	4.13%	4.57%
Barrington Hills	1.31%	4.08%	4.51%
<b>DuPage County</b>			
<b>All Types of Property</b>			
Wheaton		1.93%	
Naperville		1.77%	
Elk Grove Village		1.74%	
Oak Brook		0.90%	
<b>Kane County</b>			
<b>All Types of Property</b>			
Elgin		2.62%	
Geneva		2.21%	
Aurora		2.21%	
Carpentersville		2.10%	
<b>Lake County</b>			
<b>All Types of Property</b>			
Waukegan		2.49%	
Fox Lake		2.36%	
Buffalo Grove		2.10%	
Lake Forest		1.28%	
<b>Will County</b>			
<b>All Types of Property</b>			
Romeoville		2.34%	
Joliet		2.31%	
Naperville		2.06%	
Peotone		1.98%	
<b>McHenry County</b>			
<b>All Types of Property</b>			
Woodstock		2.52%	
Harvard		2.23%	
Algonquin		2.10%	
Barrington Hills		1.89%	

**EFFECTIVE PROPERTY TAX RATES  
TAX YEAR 2000**

<b>Cook County</b>			
	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>
<b>Chicago</b>	1.47%	3.88%	2.91%
Harvey	3.62%	10.52%	10.67%
Chicago Heights	3.10%	9.19%	9.32%
Oak Park	2.10%	7.53%	7.63%
Evanston	1.75%	6.42%	7.03%
Orland Park	1.87%	5.46%	5.54%
Buffalo Grove	1.72%	5.24%	5.73%
Schaumburg	1.75%	5.22%	5.72%
Wilmette	1.36%	4.76%	5.21%
Elk Grove Village	1.44%	4.36%	4.77%
Barrington Hills	1.07%	4.04%	4.43%
<b>DuPage County</b>			
<b>All Types of Property</b>			
Wheaton		2.05%	
Naperville		1.69%	
Elk Grove Village		1.62%	
Oak Brook		0.96%	
<b>Kane County</b>			
<b>All Types of Property</b>			
Elgin		2.76%	
Aurora		2.30%	
Carpentersville		2.23%	
Geneva		2.21%	
<b>Lake County</b>			
<b>All Types of Property</b>			
Waukegan		2.49%	
Fox Lake		2.43%	
Buffalo Grove		2.01%	
Lake Forest		1.37%	
<b>Will County</b>			
<b>All Types of Property</b>			
Joliet		2.34%	
Romeoville		2.19%	
Peotone		2.00%	
Naperville		1.96%	
<b>McHenry County</b>			
<b>All Types of Property</b>			
Woodstock		2.52%	
Harvard		2.25%	
Algonquin		2.14%	
Barrington Hills		1.82%	



**EFFECTIVE PROPERTY TAX RATES  
TAX YEAR 1999**

<b>Cook County</b>			
	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>
<b>Chicago</b>	1.51%	4.61%	4.34%
Harvey	3.26%	10.51%	11.24%
Chicago Heights	3.15%	10.05%	10.74%
Oak Park	2.33%	8.04%	8.59%
Evanston	1.98%	7.28%	7.70%
Orland Park	1.94%	5.95%	6.36%
Schaumburg	1.75%	5.89%	6.22%
Buffalo Grove	1.91%	5.88%	6.22%
Wilmette	1.46%	5.33%	5.63%
Elk Grove Village	1.47%	4.94%	5.19%
Barrington Hills	1.34%	4.40%	4.65%
<b>DuPage County</b>			
<b>All Types of Property</b>			
Wheaton		2.14%	
Naperville		1.78%	
Elk Grove Village		1.66%	
Oak Brook		1.05%	
<b>Kane County</b>			
<b>All Types of Property</b>			
Elgin		2.91%	
Aurora		2.51%	
Carpentersville		2.25%	
Geneva		2.17%	
<b>Lake County</b>			
<b>All Types of Property</b>			
Waukegan		2.51%	
Fox Lake		2.33%	
Buffalo Grove		2.16%	
Lake Forest		1.47%	
<b>Will County</b>			
<b>All Types of Property</b>			
Joliet		2.45%	
Romeoville		2.28%	
Peotone		2.21%	
Naperville		1.87%	
<b>McHenry County</b>			
<b>All Types of Property</b>			
Woodstock		2.53%	
Harvard		2.44%	
Algonquin		2.10%	
Barrington Hills		1.96%	