



EFFECTIVE PROPERTY TAX RATES: Selected 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 provides an estimate of the property taxes due on that property in the given year. For example, a property with a market value of \$300,000 and an effective tax rate of 2% would have an estimated property tax liability of \$6,000.

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 purpose of broad comparison rather than precise expressions of tax burden.

Effective property tax rates should be regarded only as estimates for several reasons:

1. There are multiple property tax rates within each municipality, and the effective rate calculated in this report is representative of only one of those tax rates.
2. Effective property tax rates for residential properties do not include homestead, senior, or other exemptions. (See explanation of exemptions on the following page.)
3. 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.
4. The effective property tax rate for a specific property can be calculated by dividing that property's most recent annual tax liability into an estimate of its market value for the same year.

It is also important to recognize that a declining effective tax rate does not necessarily translate into reduced tax liabilities. A property owner whose property is appreciating may well experience annual property tax increases despite a falling effective tax rate.

Calculation of Effective Tax Rates

The effective tax rates calculated here are based upon data from the Illinois Department of Revenue and the Clerks of Cook, DuPage, Kane, Lake, McHenry, and Will Counties. The County Clerks calculate the composite property tax rates for each tax code within the county. The Illinois Department of Revenue calculates the equalization factor for each county as well as the median levels of assessment. The Department of Revenue collects data on property sales and calculates the ratio of assessed values to sales values. A median assessment/sales ratio for the three years preceding an assessment year is computed, as well as an adjusted median ratio if additional data is submitted by the County Assessor after the initial data was collected.¹ This median ratio is commonly referred to as the "median level of assessment."

¹ For more information on assessment/sales ratios, see the "Findings of the 1998 Assessment/Sales Ratio Study," Illinois Department of Revenue, <http://www.revenue.state.il.us/Publications/LocalGovernment/ptax1007.pdf>.

Updated October 4, 2007 to reflect revised data from the Illinois Department of Revenue

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 are computed for different classes of property. County ordinance specifies that these classes should be assessed at the following levels for 2005: residential (Class 2) 16%, commercial (Class 5a) 38%, and industrial (Class 5b) 36%. The median levels of assessment for these classes diverge significantly from the ordinance levels due to underassessment. Special note should be taken that the Department's ratio studies indicate 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. Median levels of assessment for Cook County are typically released in June or July two years following the assessment year (e.g., the 2005 median levels of assessment for Cook County were released on July 18, 2007).

To calculate effective tax rates, the median level of assessment is multiplied by the equalization factor to approximate the percentage of a property's total value that is taxed. This percentage is then multiplied by the actual 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 whole reassessment district is used.

Effects of Exemptions on Residential Effective Tax Rates

Property tax exemptions available to eligible homeowners reduce the taxable value of their property. Exemptions lower the effective tax rate of a homestead property by varying amounts depending on the market value and exemption value. For example, the 2005 effective tax rate for a Chicago residential property not eligible for exemptions is 1.21% of full market value.² The following examples show how that rate will differ for individual exemption-eligible homesteads depending on their 2005 market value and exemption value:³

- \$300,000 Chicago home receiving the minimum \$5,000 Homeowner Exemption: effective tax rate 1.11%
- \$300,000 Chicago home receiving a Senior Citizen Exemption (\$3,000) and the minimum \$5,000 Homeowner Exemption: effective tax rate 1.05%
- \$300,000 Chicago home receiving a Senior Citizen Exemption (\$3,000) and the maximum \$20,000 Homeowner Exemption: effective tax rate 0.75%.
- \$400,000 Chicago home receiving a Senior Citizen Exemption (\$3,000) and the maximum \$20,000 Homeowner Exemption: effective tax rate 0.87%.
- \$200,000 Chicago home receiving a Senior Citizen Exemption (\$3,000) and the maximum \$20,000 Homeowner Exemption: effective tax rate 0.52%.

Reasons for Decline in Effective Tax Rates

As shown on page 4, effective tax rates have fallen between 1999 and 2005 for the majority of communities analyzed. Decline in effective tax rates over time is a product of declining actual tax rates, declining median levels of assessment, or both. For example, Chicago's actual composite tax rate fell from 8.536% in 1999 to 5.981% in 2005. At the same time, the median level of assessment fell from 7.84% to 7.43% for residential, 23.99% to 14.51% for commercial, and 22.59% to 11.29% for industrial properties.

² Roughly 40% of Chicago residential properties were not eligible for exemptions in 2005.

³ These exemption-adjusted rates are calculated as follows: ((full market value * median level of assessment * equalization factor) – total exemption value) * aggregate tax rate ÷ full market value.

**EFFECTIVE PROPERTY TAX RATES
TAX YEAR 2005**

Cook County			
	Residential	Commercial	Industrial
Chicago	1.21%	2.37%	1.84%
Harvey	3.49%	8.99%	10.58%
Chicago Heights	2.78%	7.34%	8.64%
Oak Park	2.25%	5.84%	6.87%
Orland Park	2.01%	4.88%	5.74%
Elgin	1.98%	4.40%	5.50%
Arlington Heights	1.82%	4.19%	5.25%
Evanston	1.79%	4.00%	5.01%
Schaumburg	1.67%	3.83%	4.80%
Elk Grove Village	1.42%	3.28%	4.10%
Glenview	1.34%	3.08%	3.85%
Barrington	1.19%	2.91%	3.65%
DuPage County			
All Types of Property			
Wheaton		1.76%	
Naperville		1.69%	
Elk Grove Village		1.69%	
Oak Brook		0.79%	
Kane County			
All Types of Property			
Elgin		2.62%	
Carpentersville		2.10%	
Geneva		2.10%	
Aurora		1.90%	
Lake County			
All Types of Property			
Buffalo Grove		2.24%	
Waukegan		2.21%	
Fox Lake		2.14%	
Lake Forest		1.10%	
Will County			
All Types of Property			
Joliet		2.16%	
Romeoville		2.15%	
Naperville		2.01%	
Peotone		1.95%	
McHenry County			
All Types of Property			
Harvard		2.34%	
Woodstock		2.30%	
Algonquin		2.14%	
Barrington Hills		1.98%	

Updated October 4, 2007 to reflect revised data from the Illinois Department of Revenue

Effective Property Tax Rates: 1999 vs. 2005											
(in rank order by greatest decline)											
Cook County											
Residential				Commercial				Industrial			
	1999	2005	% change		1999	2005	% change		1999	2005	% change
1 Chicago	1.51%	1.21%	-19.4%	1 Chicago	4.61%	2.37%	-48.6%	1 Chicago	4.34%	1.84%	-57.5%
2 Chicago Heights	3.15%	2.78%	-11.9%	2 Evanston	7.28%	4.00%	-45.0%	2 Evanston	7.70%	5.01%	-34.9%
3 Arlington Heights	2.04%	1.82%	-11.1%	3 Glenview	5.23%	3.08%	-41.2%	3 Glenview	5.54%	3.85%	-30.4%
4 Evanston	1.98%	1.79%	-9.5%	4 Arlington Heights	6.85%	4.19%	-38.9%	4 Arlington Heights	7.20%	5.25%	-27.1%
5 Barrington	1.29%	1.19%	-7.5%	5 Elgin	7.03%	4.40%	-37.4%	5 Elgin	7.43%	5.50%	-26.0%
6 Elgin	2.14%	1.98%	-7.2%	6 Schaumburg	5.89%	3.83%	-34.8%	6 Schaumburg	6.22%	4.80%	-22.9%
7 Glenview	1.44%	1.34%	-7.1%	7 Elk Grove Village	4.94%	3.28%	-33.6%	7 Elk Grove Village	5.19%	4.10%	-20.9%
8 Schaumburg	1.75%	1.67%	-4.9%	8 Barrington	4.24%	2.91%	-31.3%	8 Oak Park	8.59%	6.87%	-20.0%
9 Oak Park	2.33%	2.25%	-3.5%	9 Oak Park	8.04%	5.84%	-27.3%	9 Chicago Heights	10.74%	8.64%	-19.6%
10 Elk Grove Village	1.47%	1.42%	-3.4%	10 Chicago Heights	10.05%	7.34%	-26.9%	10 Barrington	4.49%	3.65%	-18.7%
11 Orland Park	1.94%	2.01%	3.7%	11 Orland Park	5.95%	4.88%	-18.0%	11 Orland Park	6.36%	5.74%	-9.8%
12 Harvey	3.26%	3.49%	7.0%	12 Harvey	10.51%	8.99%	-14.4%	12 Harvey	11.24%	10.58%	-5.9%
DuPage County				Kane County				Lake County			
All Types of Property				All Types of Property				All Types of Property			
	1999	2005	% change		1999	2005	% change		1999	2005	% change
1 Oak Brook	1.05%	0.79%	-25.1%	1 Aurora	2.51%	1.90%	-24.2%	1 Lake Forest	1.47%	1.10%	-25.0%
2 Wheaton	2.14%	1.76%	-17.7%	2 Elgin	2.91%	2.62%	-10.0%	2 Waukegan	2.51%	2.21%	-11.7%
3 Naperville	1.78%	1.69%	-4.8%	3 Carpentersville	2.25%	2.10%	-6.8%	3 Fox Lake	2.33%	2.14%	-8.0%
4 Elk Grove Village	1.66%	1.69%	2.3%	4 Geneva	2.17%	2.10%	-3.4%	4 Buffalo Grove	2.16%	2.24%	3.8%
Will County				McHenry County							
All Types of Property				All Types of Property							
	1999	2005	% change		1999	2005	% change				
1 Joliet	2.45%	2.16%	-11.9%	1 Woodstock	2.53%	2.30%	-9.2%				
2 Peotone	2.21%	1.95%	-11.5%	2 Harvard	2.44%	2.34%	-4.0%				
3 Romeoville	2.28%	2.15%	-5.6%	3 Barrington Hills	1.96%	1.98%	1.0%				
4 Naperville	1.87%	2.01%	7.5%	4 Algonquin	2.10%	2.14%	1.9%				

**EFFECTIVE PROPERTY TAX RATES
TAX YEAR 2004**

Cook County			
	Residential	Commercial	Industrial
Chicago	1.29%	2.25%	1.90%
Harvey	3.55%	7.93%	9.00%
Chicago Heights	2.92%	6.21%	7.10%
Elgin	2.13%	4.74%	5.74%
Oak Park	1.84%	5.05%	5.78%
Arlington Heights	1.84%	3.99%	4.97%
Evanston	1.77%	3.93%	4.76%
Orland Park	1.69%	4.11%	4.70%
Schaumburg	1.68%	3.72%	4.51%
Elk Grove Village	1.47%	3.20%	3.99%
Glenview	1.40%	3.02%	3.66%
Barrington	1.36%	2.90%	3.51%
DuPage County			
All Types of Property			
Elk Grove Village		1.81%	
Naperville		1.81%	
Wheaton		1.80%	
Oak Brook		0.87%	
Kane County			
All Types of Property			
Elgin		2.62%	
Geneva		2.13%	
Aurora		2.01%	
Carpentersville		1.92%	
Lake County			
All Types of Property			
Buffalo Grove		2.22%	
Fox Lake		2.21%	
Waukegan		2.17%	
Lake Forest		1.15%	
Will County			
All Types of Property			
Joliet		2.20%	
Romeoville		2.10%	
Naperville		2.09%	
Peotone		1.99%	
McHenry County			
All Types of Property			
Woodstock		2.38%	
Harvard		2.32%	
Barrington Hills		1.94%	
Algonquin		1.93%	

**EFFECTIVE PROPERTY TAX RATES
TAX YEAR 2003**

Cook County			
	Residential	Commercial	Industrial
Chicago	1.39%	3.01%	1.76%
Harvey	3.73%	9.38%	10.88%
Chicago Heights	2.83%	7.34%	8.52%
Elgin	1.94%	5.73%	6.32%
Oak Park	1.87%	5.71%	6.63%
Orland Park	1.78%	4.61%	5.35%
Arlington Heights	1.71%	5.21%	5.74%
Evanston	1.56%	5.30%	5.84%
Schaumburg	1.50%	4.68%	5.16%
Elk Grove Village	1.32%	4.02%	4.43%
Barrington	1.27%	3.89%	4.28%
Glenview	1.26%	4.03%	4.44%
DuPage County			
All Types of Property			
Wheaton		1.80%	
Naperville		1.74%	
Elk Grove Village		1.73%	
Oak Brook		0.84%	
Kane County			
All Types of Property			
Elgin		2.59%	
Aurora		2.23%	
Geneva		2.16%	
Carpentersville		1.93%	
Lake County			
All Types of Property			
Waukegan		2.27%	
Fox Lake		2.14%	
Buffalo Grove		2.14%	
Lake Forest		1.20%	
Will County			
All Types of Property			
Joliet		2.26%	
Naperville		2.07%	
Romeoville		2.02%	
Peotone		1.88%	
McHenry County			
All Types of Property			
Woodstock		2.35%	
Harvard		2.29%	
Algonquin		1.94%	
Barrington Hills		1.78%	

**EFFECTIVE PROPERTY TAX RATES
TAX YEAR 2002**

Cook County			
	Residential	Commercial	Industrial
Chicago	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%
Orland Park	1.95%	5.01%	6.03%
Elgin	1.88%	5.53%	5.77%
Arlington Heights	1.76%	5.35%	5.59%
Evanston	1.65%	5.46%	5.70%
Schaumburg	1.55%	4.72%	4.94%
Glenview	1.37%	4.32%	4.51%
Barrington	1.33%	3.90%	4.07%
Elk Grove Village	1.31%	3.99%	4.17%
DuPage County			
All Types of Property			
Wheaton		1.81%	
Naperville		1.75%	
Elk Grove Village		1.69%	
Oak Brook		0.86%	
Kane County			
All Types of Property			
Elgin		2.64%	
Aurora		2.22%	
Geneva		2.21%	
Carpentersville		2.03%	
Lake County			
All Types of Property			
Waukegan		2.41%	
Fox Lake		2.22%	
Buffalo Grove		2.13%	
Lake Forest		1.34%	
Will County			
All Types of Property			
Joliet		2.30%	
Romeoville		2.12%	
Naperville		2.09%	
Peotone		1.98%	
McHenry County			
All Types of Property			
Woodstock		2.47%	
Harvard		2.24%	
Algonquin		1.99%	
Barrington Hills		1.85%	

**EFFECTIVE PROPERTY TAX RATES
TAX YEAR 2001**

Cook County			
	Residential	Commercial	Industrial
Chicago	1.34%	3.12%	2.95%
Harvey	3.82%	10.93%	11.26%
Chicago Heights	3.10%	8.63%	8.89%
Elgin	2.03%	5.67%	6.27%
Oak Park	1.99%	7.48%	7.70%
Orland Park	1.93%	5.11%	5.26%
Evanston	1.79%	5.62%	6.22%
Arlington Heights	1.79%	5.54%	6.13%
Schaumburg	1.71%	4.85%	5.37%
Glenview	1.34%	4.19%	4.64%
Elk Grove Village	1.33%	4.13%	4.57%
Barrington	1.25%	3.89%	4.31%
DuPage County			
All Types of Property			
Wheaton		1.93%	
Naperville		1.77%	
Elk Grove Village		1.74%	
Oak Brook		0.90%	
Kane County			
All Types of Property			
Elgin		2.62%	
Geneva		2.21%	
Aurora		2.21%	
Carpentersville		2.10%	
Lake County			
All Types of Property			
Waukegan		2.49%	
Fox Lake		2.36%	
Buffalo Grove		2.10%	
Lake Forest		1.28%	
Will County			
All Types of Property			
Romeoville		2.34%	
Joliet		2.31%	
Naperville		2.06%	
Peotone		1.98%	
McHenry County			
All Types of Property			
Woodstock		2.52%	
Harvard		2.23%	
Algonquin		2.10%	
Barrington Hills		1.89%	

**EFFECTIVE PROPERTY TAX RATES
TAX YEAR 2000**

Cook County			
	Residential	Commercial	Industrial
Chicago	1.47%	3.88%	2.91%
Harvey	3.62%	10.52%	10.67%
Chicago Heights	3.10%	9.19%	9.32%
Elgin	2.15%	6.23%	6.82%
Oak Park	2.10%	7.53%	7.63%
Arlington Heights	1.99%	6.06%	6.63%
Orland Park	1.87%	5.46%	5.54%
Evanston	1.75%	6.42%	7.03%
Schaumburg	1.75%	5.22%	5.72%
Elk Grove Village	1.44%	4.36%	4.77%
Glenview	1.32%	4.62%	5.06%
Barrington	1.03%	3.88%	4.24%
DuPage County			
All Types of Property			
Wheaton		2.05%	
Naperville		1.69%	
Elk Grove Village		1.62%	
Oak Brook		0.96%	
Kane County			
All Types of Property			
Elgin		2.76%	
Aurora		2.30%	
Carpentersville		2.23%	
Geneva		2.21%	
Lake County			
All Types of Property			
Waukegan		2.49%	
Fox Lake		2.43%	
Buffalo Grove		2.01%	
Lake Forest		1.37%	
Will County			
All Types of Property			
Joliet		2.34%	
Romeoville		2.19%	
Peotone		2.00%	
Naperville		1.96%	
McHenry County			
All Types of Property			
Woodstock		2.52%	
Harvard		2.25%	
Algonquin		2.14%	
Barrington Hills		1.82%	

**EFFECTIVE PROPERTY TAX RATES
TAX YEAR 1999**

Cook County			
	Residential	Commercial	Industrial
Chicago	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%
Elgin	2.14%	7.03%	7.43%
Arlington Heights	2.04%	6.85%	7.20%
Evanston	1.98%	7.28%	7.70%
Orland Park	1.94%	5.95%	6.36%
Schaumburg	1.75%	5.89%	6.22%
Elk Grove Village	1.47%	4.94%	5.19%
Glenview	1.44%	5.23%	5.54%
Barrington	1.29%	4.24%	4.49%
DuPage County			
All Types of Property			
Wheaton		2.14%	
Naperville		1.78%	
Elk Grove Village		1.66%	
Oak Brook		1.05%	
Kane County			
All Types of Property			
Elgin		2.91%	
Aurora		2.51%	
Carpentersville		2.25%	
Geneva		2.17%	
Lake County			
All Types of Property			
Waukegan		2.51%	
Fox Lake		2.33%	
Buffalo Grove		2.16%	
Lake Forest		1.47%	
Will County			
All Types of Property			
Joliet		2.45%	
Romeoville		2.28%	
Peotone		2.21%	
Naperville		1.87%	
McHenry County			
All Types of Property			
Woodstock		2.53%	
Harvard		2.44%	
Algonquin		2.10%	
Barrington Hills		1.96%	