

**Property Tax Clinic  
2023**

**Property Taxes  
in a  
Shifting Market**



**Curtis P. Newport  
Boone County Treasurer**



# Boone County Census

2000 – 41,786

2010 – 54,165 (+29.6%)

2020 – 53,448 (-1.3%)

# What do property taxes pay for?

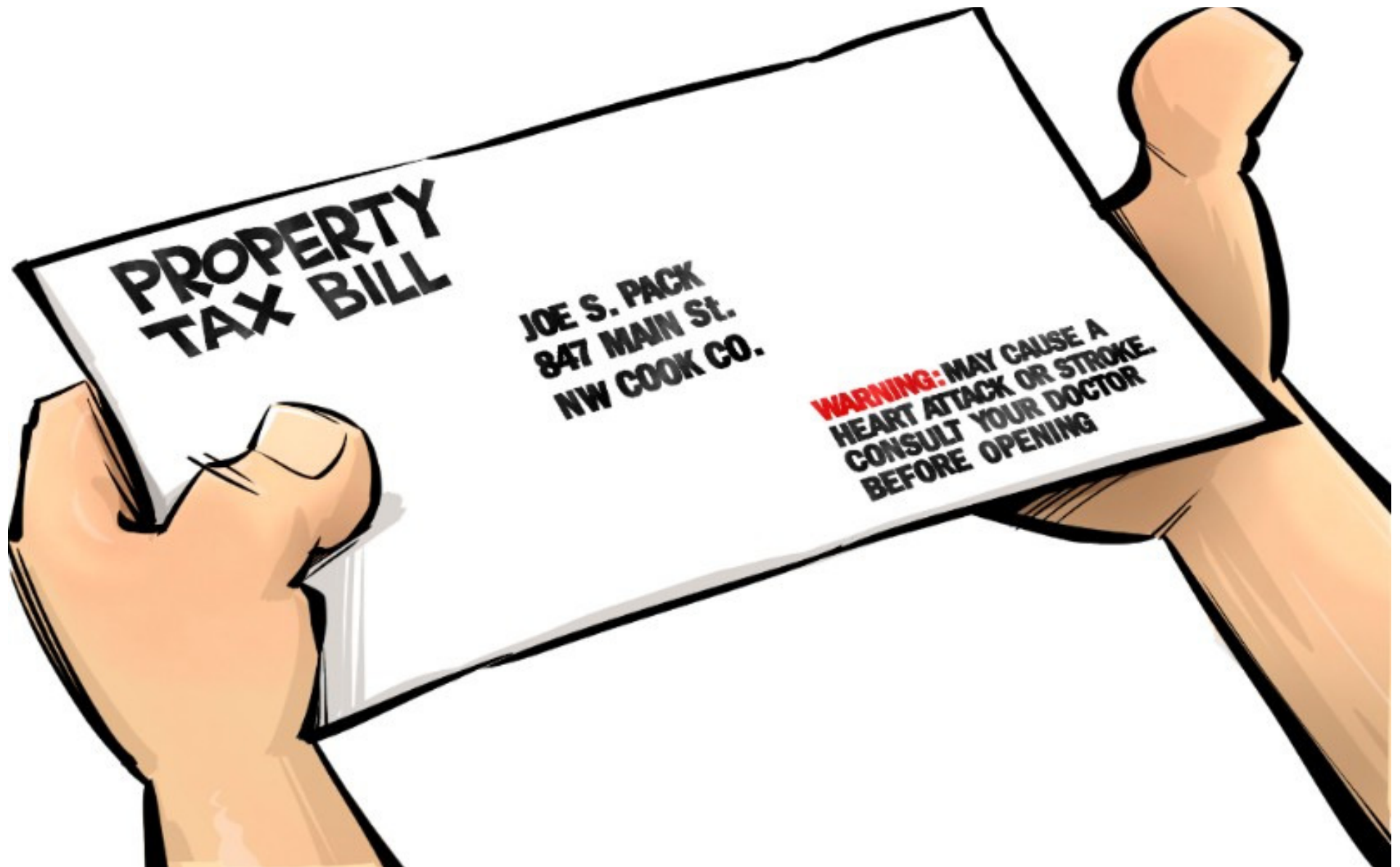


# Boone County Tax Bill Highlights

	TY 2021 Payable 2022	TY 2022 Payable 2023	% Change
Total Tax Bill	\$107,412,043	\$113,896,223	6.0%
Net Taxable Value	1,196,915,609	1,269,303,895	6.0%
Aggregate Tax Rate	8.97%	8.97%	0.0%

Localized tax rates vary from **7.89%** (Loves Park) to **10.00%** (Belvidere – Spring Township)

If you think Boone County's tax rate is too high...



# **Misconception, confusion and bewilderment**

**“Are assessors overvaluing properties on purpose to aid local governments? I sure hope not. If you can’t (pay your taxes), the government sells your property to a bottom-feeding tax buyer and the sheriff throws your stuff out on the sidewalk.”**

*Rockford Register Star Senior Editor Chuck Sweeny,  
Nov. 28, 2011.*



# Property tax myth #1:

Rising home values make my property taxes go up!



Not so fast, buddy!

**BUSTED**

# Property tax myth #2:

When my property value goes down, my taxes should also go down!

Sorry. That's not the way it works.

**BUSTED**





# Property Tax Terminology

- Taxing District
- Tax Levy
- Assessment
- Multiplier (Equalization Factor)
- E.A.V.
- Tax Extension
- Tax Rate
- PTELL (tax caps)
- Assessment Appeal
- Tax Protest

# Taxing District

- A local unit of government with the authority to levy property taxes
- Examples: Schools, community colleges, cities, villages, townships, libraries, parks, fire districts, county government, etc.
- Over 50 taxing districts in Boone County
- Typically 8-10 districts affecting an individual parcel

# How many school districts are there in Boone County?

- Harvard 50
- Belvidere 100
- Kinnikinnick 131
- North Boone 200
- Rockford 205
- Hononegah 207
- Hiawatha 426



# Tax Levy

- A request by a taxing district for the collection of property taxes
- Expressed in a dollar amount \$\$
- Approved by the taxing district's governing body of elected officials
- Discussed and voted on at a public meeting that is published in advance
- Submitted to the County Clerk annually

# Assessment

- Value of a parcel used to calculate property taxes
- Determined by elected Township (or Multi-Township) Assessors
- Residential - 1/3 of market value (three-year history)
- Commercial/industrial - 1/3 of market value or construction cost
- Farmland - calculated by State of IL based on productivity (soil type, crop prices, etc.)

## 2009 BOONE COUNTY REAL ESTATE TAX BILL

INSTALLMENT	SECOND INSTALLMENT
06/04/2010	DUE 09/01/2010

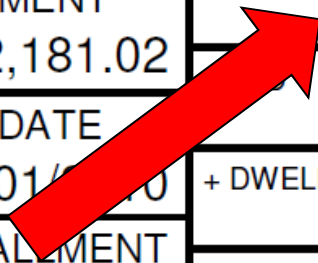
PERMANENT PROPERTY NUMBER  
03-34-476-004

DESC:  
LANE SUB PLAT #1 LOT 11 12258 SQUIRRE

FIRST DUE DATE 06/04/2010	TOWNSHIP Caledonia Township
FIRST INSTALLMENT \$2,181.02	FAIR CASH VALUE 214,218
SECOND DUE DATE 09/01/2010	12,933
SECOND INSTALLMENT \$2,181.02	+ DWELLING 58,473
ACRES 0.00	= ASSESSMENT TOTAL 71,406
TAX CODE 03006	- VETERANS EXEMPTION 0
CLASS CODE 0040	- HOME IMPROVEMENT 0
COST	= VALUE TO BE EQUALIZED 71,406
PENALTY	x STATE MULTIPLIER 1.0000
	= STATE VALUE 71,406
	- SENIOR FREEZE

L

NT	2009 TAXABLE VALUE 71,406	TAX RATE TAX AMOUNT 0.70444 \$502.00
----	------------------------------	---





# Fair Cash Value

- Is not intended to represent the current market value of the property.
- Indicates the assessed value as of Jan. 1 of the prior year.
- Assessed value is based on sales of comparable property during the three years preceding the assessment year.
- The “Fair Cash Value” on tax bills issued in 2024 will be based on sales of comparable property from 2020-2022.
- The “Fair Cash Value” is a historical average that approximates the market conditions three years before the tax bill is issued.





How I see my house.



How an appraiser sees my house





# How the Township Assessor sees my house



# Multiplier (Equalization Factor)

- A number used to adjust all assessments in a township or county so that the total is equal to 1/3 of market value
- Determined at township level by County Assessment Officer or Board of Review.
- Determined at county level by Illinois Dept. of Revenue
- A multiplier of 1.00 indicates the aggregate assessment is correct.

# E.A.V.

## (Equalized Assessed Value)

- Total taxable value of all property in a taxing district (assessment minus exemptions)
- Used to calculate tax rates

# Tax Extension

- The process of setting tax rates to collect the correct amount of taxes
- Calculated by the County Clerk after assessments are certified
- Each district calculated separately
- Limited by PTELL (tax caps)
- Total extension (dollars billed and collected) may be less than or equal to the levy, but not more.

# Tax Rate

- Determined by the County Clerk in the Extension process
- Multiplied by the taxable value of each parcel to determine individual tax bills.
- Each taxing district calculated separately

For an individual parcel:

Taxable value \* Rate = \$ Tax bill

For an entire district:

E.A.V. \* Rate = \$ Total Extension



# **Assessment Appeal**

The process of asking the Board of Review to change your assessment when you feel it is incorrect.

- Must be done within 30 days after assessment publication
- Must provide evidence to support your claim.
- Approx. 200-500 appeals/yr. in Boone County

# **Tax Protest**

A court action to challenge either an assessment or a tax rate based on legal grounds. These cases are rare in Boone County.

# PTELL

## Property Tax Extension Limitation Law

A.k.a. “Tax Caps”

- State law affecting collar counties in tax year 1991 and Cook County in tax year 1994
- Approved for Boone County via referendum Nov. '96
- Currently 39 of Illinois 102 counties are subject to PTELL.

# PTELL

## Property Tax Extension Limitation Law

- Limits the total tax dollars that can be extended by the County Clerk (billed and collected) for a taxing district.
- Limits extension increases according to the previous year inflation (CPI) up to 5%.
- Extension increases also allowed to account for new property added to the district.
- Referendum approved bond levies not subject to tax caps.

# The other side of PTELL

- A district's maximum extension is increased when new property added to a district, but...
- A district's maximum extension is not decreased when property is devalued, destroyed or removed.
- When property is devalued, destroyed or removed, its share of the tax burden is shifted to other property in the district.

# The Tax Extension Process

Each district calculated separately

1. Preliminary rate:

$$\frac{\text{Levy}}{\text{Current EAV}}$$

Example: \$4,000,000 levy / \$100,000,000 EAV = 4%

If the levy stays the same, tax rates will go down when assessments go up...

... and rates will go up when assessments go down.



# The Tax Extension Process

Each district calculated separately

1. Preliminary rate:

$$\frac{\textit{Levy}}{\textit{Current EAV}}$$

Example: \$4,000,000 / \$100,000,000 = 4%

2. PTELL limiting rate:

$$\frac{\textit{Prior year Total Extension x inflation factor}}{\textit{Current EAV - new property}}$$

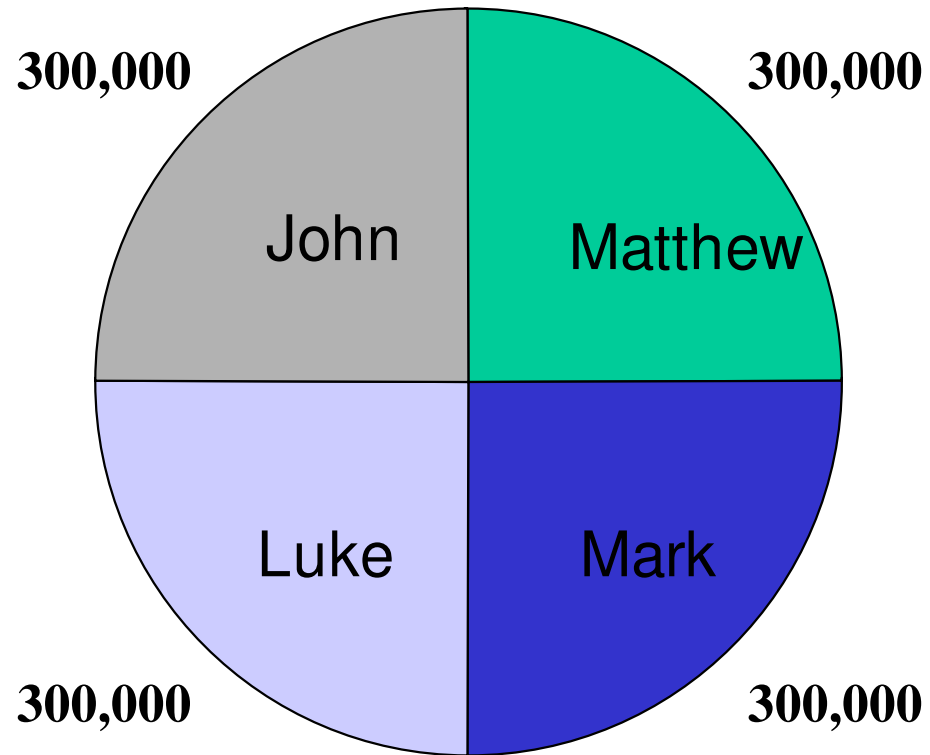
3. Lower of above rates will be used.

4. Rate \* Current EAV = Total Extension

# **Pretend Street Light District**

4 identical parcels  
With identical values.

# Street Light District Four Identical Properties



The Street Light District Board approves a \$1,000 tax levy of \$1,000 to the County Clerk.

Do Matthew, Mark, Luke & John all have the same tax bill?



# Street Light District Levy = \$1,000

House	Value	Assessment	Exemptions	Taxable Value	Tax
Matthew	300,000.00	100,000.00	-	100,000.00	\$276.24
Mark	300,000.00	100,000.00	(6,000.00)	94,000.00	\$259.67
Luke	300,000.00	100,000.00	(11,000.00)	89,000.00	\$245.86
John	300,000.00	90,000.00	(11,000.00)	79,000.00	\$218.23
<b>TOTALS</b>	<b>1,200,000.00</b>	<b>390,000.00</b>	<b>28,000.00</b>	<b>362,000.00</b>	<b>\$1,000.00</b>

Rate = Levy divided by total taxable value.  
 $\$1,000 / 362,000 = \underline{0.27624\%}$  tax rate

Moral of the story:

Exemptions shift the tax burden, reducing tax bills for those who receive them and increasing tax bills for those who don't.

# Street Light District Levy = \$1,000

House	Value	Assessment	Exemptions	Taxable Value	Tax
Matthew	240,000.00	80,000.00	-	80,000.00	\$273.97
Mark	240,000.00	80,000.00	6,000.00	74,000.00	\$253.42
Luke	240,000.00	80,000.00	11,000.00	69,000.00	\$236.30
John	240,000.00	80,000.00	11,000.00	69,000.00	\$236.30
<b>TOTALS</b>	<b>960,000.00</b>	<b>320,000.00</b>	<b>28,000.00</b>	<b>292,000.00</b>	<b>\$1,000.00</b>

Rate:  $\$1,000 / 292,000 = \underline{0.34246\%}$

# Moral of the story:

Falling real estate values may shift the tax burden somewhat, but the total amount collected remains the same.

The Senior Citizens Assessment Freeze benefits those property owners when property values are rising, but that benefit is reduced or eliminated when property values decline.



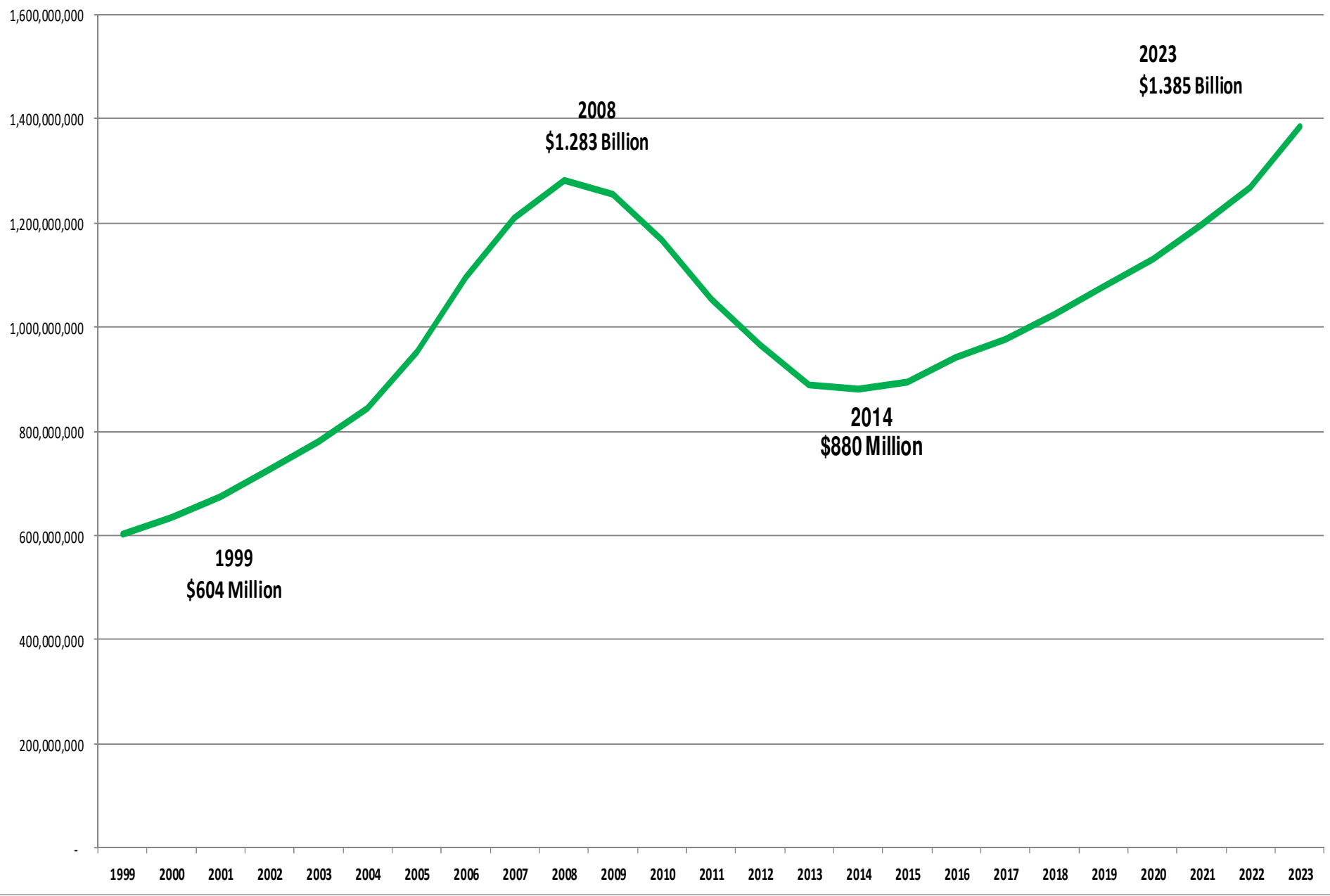
# Moral of the story:

Changing property values do not change the average tax bill, but they tend to shift the tax burden between neighborhoods. Some will go up and some will go down, depending on the magnitude of change and other factors.

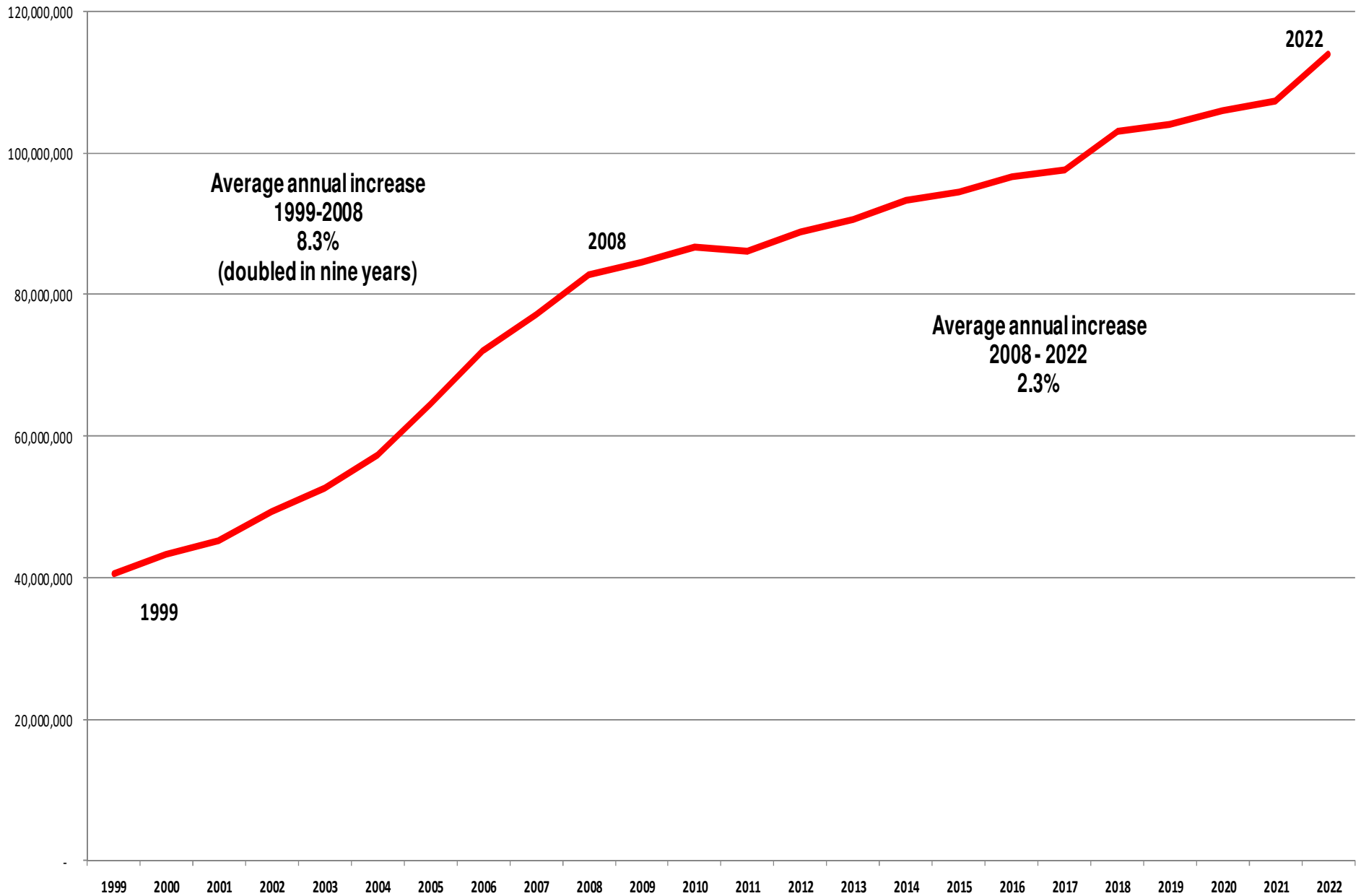


**Caution: Changing tax bills ahead**

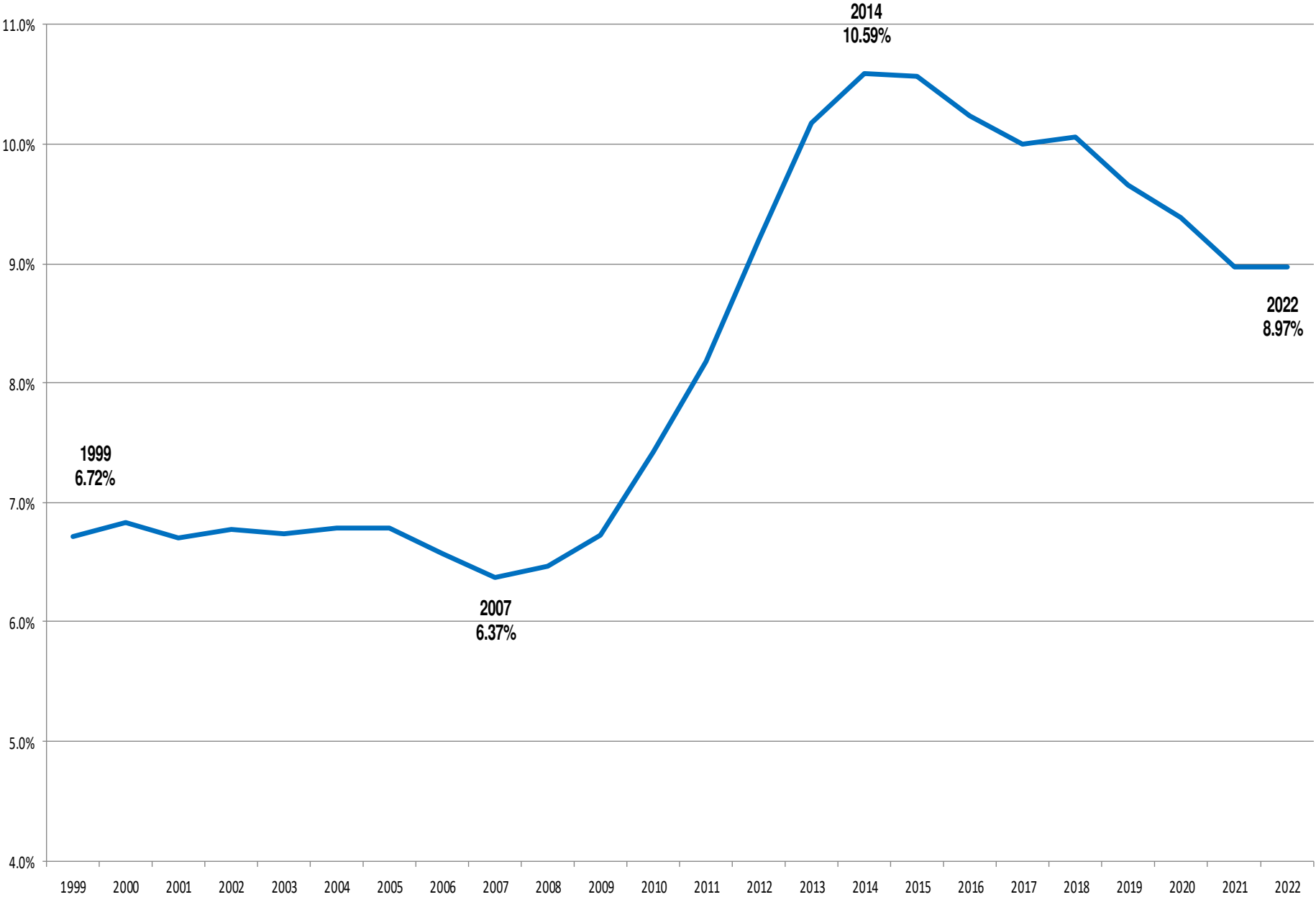
# Boone County Total Taxable Value, All Districts



# Boone County Total Real Estate Extension, All Districts



# Boone County Aggregate Tax Rate





# The bottom line

- Total extension (dollars collected) is limited by inflation (because of PTELL), not property values. Taxes can increase even when property values decline.
- Assessments are used to determine each parcel's portion of the total extension. They do not affect the total dollars collected.
- General changes in real estate market values do not change the average tax bill.

Property values are used to determine assessments, which are used to apportion the tax levy amongst all of the property in a district.

# More bottom line

- A change to one parcel's taxable value merely shifts some of the tax burden to other parcels in the affected districts.
- A successful assessment appeal or an increased exemption will lower one person's tax bill and raise everyone else's.



528 Allen St

Tax Year	Assessment (Market)	Rate	Tax
2007	124,734	6.90	2,524.94
2008	139,992	6.99	2,877.66
2009	136,842	7.22	2,861.78
2010	117,123	8.10	2,675.52
2011	101,994	8.82	2,468.05
2012	78,615	10.02	2,024.92
2013	61,860	11.09	1,621.32
2014	57,153	11.48	1,498.06
2015	62,445	11.41	1,690.52
2016	69,940	11.1	1,920.20

**Nine year tax decrease -24%**

03/03/11 03-34-476-004  
12258 Squirrel Tree LN



12258 Squirrel Tree Ln

Tax Year	Assessment (Market)	Rate	Tax
2007	212,931	5.82	3,836.90
2008	220,842	5.91	4,023.70
2009	214,218	6.11	3,995.52
2010	213,492	6.82	4,445.30
2011	205,614	7.46	4,666.98
2012	187,428	8.55	4,830.02
2013	174,849	9.40	4,913.44
2014	174,849	9.75	5,097.94
2015	187,026	9.65	5,435.38
2016	211,670	9.33	6,023.62

**Nine year tax increase 57%**

# A Tale of Two Houses

The Allen Street home lost **59%** of its value between 2008 and 2014. The tax bill dropped **48%** even though tax rates were rising.

The Squirrel Tree Lane home lost **21%** of its value between 2008 and 2014. The tax bill rose **27%** because of increasing tax rates.

# The future?

- We are in a “hot” real estate market, but some neighborhoods are hotter than others. Price range, age of the home and other factors always affect the market.
- The shifting of the tax burden continues.
- Rates will continue to drop as long as property values increase faster than the CPI.



# **Who else would benefit from hearing this presentation?**

I am happy to give this presentation to any group.

- Civic and service clubs
- Church groups
- Professional organizations
- Business groups
- Homeowners' associations
- Anyone else?

Call me at the Treasurer's Office 815-544-2666