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VBH BOT Finance FYI

2 messages

Robert Kosin <rkosin@barringtonhills-il.gov>**Wed, Oct 26, 2011 at 7:17 AM**

To: Dolores Trandel <clerk@barringtonhills-il.gov>

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Lower value, rising cost

Homeowners turn to reassessments, but they don't always help

By KATIE ANDERSON - kanderson@shawmedia.com

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[PHOTO] Realtor Casey Voris (left) helps Henry Mueller, 80, of Spring Grove, learn how to file for a housing reassessment during a property assessment seminar at the McHenry County Association of Realtors in Crystal Lake. (Jenny Kane – jkane@shawmedia.com)

When Henry Mueller moved to Spring Grove in 2004, he bought a new, two-bedroom ranch home for \$217,000.

That year, Mueller paid “about \$4,100” in property taxes, he said.

Seven years, a recession, and a housing crash later, a 2010 McHenry County property tax assessment put the fair cash value of Mueller’s home at about \$230,000 – an equalized assessed value of about \$77,400.

An intelligent man, retired from a career in TV and now running a profitable sign business, Mueller was confused.

He called the Burton Township Assessor’s Office and complained. Mueller did not believe that his property had been fairly assessed.

The township re-evaluated Mueller’s home and after a hearing by the Board of Review, his equalized assessed value went down about 16 percent, Mueller said.

“I said ‘super, but I think it should be more like 30 [percent] to 40 percent lower,’” Mueller said. Even with the lower assessment, Mueller paid \$4,658.02 in property taxes this year.

At 80 years old, Mueller is quick-witted, full of vigor and good humor. And, although Mueller has successfully navigated eight decades of family and business life, property taxes continue to stump him.

According to Zillow.com, an online real estate database, the median market value for a single-family home in the village of Spring Grove dropped more than \$80,000 between July 2004 and July 2010.

While housing values continue to drop, Mueller, like thousands of other McHenry County residents, can’t figure out why property tax bills keep going up.

"I have been looking at appraisals and real estate taxes all of my life, and I try and try to understand why, when property values go down, taxes don't go with them," Mueller said.

Mueller believes an accurate 2011 assessment would find that his property is worth about \$150,000, but he is prepared to see an assessment that shows it is worth more. Further, Mueller won't be surprised at a tax bill that, once again, reaches upwards of \$4,000.

The fact is, McHenry County property tax bills aren't going to shrink with equalized assessed values. In fact, property tax rates next year are expected to increase across the board, according to local tax experts.

This is because property tax rates are directly tied to levies – the amount of money taxing bodies seek to bank from property owners in a year – not the value of homes in their taxing districts.

Taxing bodies, including school, library and fire protection districts along with municipalities, can ask for more money from property owners each year, regardless of home values, because of a law originally designed to protect property owners. The Property Tax Extension Limitation Law, also known as PTELL, allows a taxing body to increase the amount of revenue it collects from a district each year by the rate of inflation or 5 percent, whichever is less.

The "tax cap" law was intended to limit the annual increase in property tax revenue that governments could cull during boom times. And during the 1990s and early 2000s, the law performed as intended, reining in tax increases that had begun to spiral upward by double-digit percentages, McHenry County Clerk Katherine Schultz said. Now that the economy has stalled, however, taxing districts still can increase their levies by the percentage of the increase of the CPI. This year, that means districts can raise their levies by 2.7 percent, as well as capture any new growth. Levy requests are due to the county clerk by Dec. 28, and in each local school district that already has established its request – including Districts 200, 47, 15, 155 and 158 – officials cast their levy nets to capture all possible dollars.

At least part of that trend is because school districts have been receiving less financial support from state and federal sources, McHenry County Supervisor of Assessments Bob Ross said during a seminar on property tax assessments this fall. School board members who vote on the annual levies face a problem. They need to fund payroll, maintenance and supplies at a time when the cost of goods and services is climbing, Ross said. So they seek more money.

Because the taxing bodies are requesting more at a time when home values are down, tax rates will rise to make up for the difference. "Property tax assessments determine who pays what," Ross said during the seminar on assessments and appeals. "Even if everyone's assessed value went down, the levy could still rise. For example, if CPI goes up 2.7 percent, then the levy will rise by that factor and your slice of the burden will rise along with everyone else's slice."

Howard Crouse of PMA Financial explained the inverse relationship this spring using a pie analogy. He works for a firm that many McHenry County school districts hire for financial projection services.

"The pie of money to be collected by a district is going to expand," Crouse said. "Falling property values simply means that to access that bigger pie, the property owner pays a higher tax rate, and therefore

pays more money.”

“If you are unhappy about the way your house was assessed, call my office,” Ross said. “But if you are unhappy about the tax levy, go talk to the elected officials. The school board, the County Board, and whatever other bodies are listed on your bill. We determine who pays what, we do not determine how much [the taxing bodies] ask for,” he said.

Mueller said he has talked to local taxing bodies before in efforts to bring down his tax bill.

“I have been to too many of those meetings, and if [board members] get enough static they just quit and somebody else comes on,” Mueller said.

In addition to shouldering a share of the burden for School Districts 2, 157 and the McHenry County College district next year, Mueller also is likely to feel the effects of falling commercial property values and any of his neighbors’ successful property tax appeals.

The only way to protect his pocketbook, Mueller figures, is to be the squeaky wheel.

He plans to appeal his property tax assessment once it is published this month and if necessary pay a Realtor to help him gather evidence for the reassessment.

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Wed, Oct 26, 2011 at 8:05 AM

Kane County might let voters shun ComEd
By James Fuller
Daily Herald
Article posted: 10/26/2011

Residents in the unincorporated areas of Kane County may get to vote ComEd electricity service out of their lives come this spring, but not before county board members take a close look at who would make money in the deal.

The idea is to ask voters for permission to let the county act as a bulk purchaser of electricity on their behalf. In theory, the county could negotiate a lower rate than what ComEd charges with another private electricity company looking to gain a foothold in the local market.

Estimates put the savings at between \$120 and \$150 a year for a residential customer.

County board members said Tuesday night they like that part of the idea.

"This sounds like a no-brainer," said county board member Jesse Vazquez. "We can finally give back to the community instead of taking taxes like with everything else we do."

But other board members said they want to take a closer look at who is selling them on the switch first. Up to now, that person has been Arnie Schramel of the Progressive Energy Group.

Schramel has made two presentations to county board committees to sell the board on the venture. His partner is Chris Childress. Childress was in the spotlight in February 2010 for winning a paid appointment to the Fox Metro Water Reclamation District with the help of former county board member Bill Wyatt.

At the time, Wyatt was listed as managing partner with the company. Wyatt said he worked for Childress for free. Both Schramel and Childress are former Nicor employees.

If the county hires Progressive Energy to be its consultant in the electricity purchase, Progressive Energy would get a commission from whichever company the county ultimately chooses as an alternative to ComEd.

The request for proposals from consultants is due Wednesday. Progressive Energy is expected to be in the mix along with BlueStar Energy Solutions.

County staffers said Tuesday night they would select the consultant for the county board since there would be no direct cost to the county no matter how much the consultant's commission is. But several board members put the brakes on that.

County board member Barb Wojnicki said she wants to interview every consultant who submits a proposal.

"That keeps them all on a level playing field," Wojnicki said. "We've heard from Progressive Energy already."

Another aspect of the proposal is a part of state law that allows the county to charge a fee to each household or business that opts to reject ComEd in favor of a new company. The fee is targeted to cover the county's costs of running the electrical purchase. County staffers suggested a fee of \$1 per household, but the law puts no cap on what the county may charge.

The county board's Energy and Environmental Committee will review the

results of the consultant proposals and a request to put a question on the spring ballot. If voters reject the question, the county can't proceed with the bulk electricity purchase. If the voters approve the question, a resident would have to opt out to stay with ComEd.

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