

VILLAGE OF BARRINGTON HILLS

PROPERTY TAX RESEARCH

AS OF SEPTEMBER 23, 2011

PROGRESS NOTES

[Value]

Historically, there have been consistent property sales and prices were rising; so a three year averaging adopted in 1991 (PTELL extension limitation) served to flatten the rise in prices to the assessed value. This methodology worked well until prices continued to fall. Since the 2010 assessed value is actually the average of 2007, 2008 and 2009 it is more aligned with the real estate market as it existed in mid-2008.

The two major factors that impact property tax bills are *equalized assessed value (EAV)* [taxpayer's share of the total tax base] and *tax rates*. Equalization is the application of a uniform percentage increase or decrease to assessed values of various areas or classes of property to bring assessment levels, on average, to a uniform level of the market value (33 1/3 percent). Local assessment officials and Illinois Dept. of Revenue (IDOR) are responsible for equalizing assessment levels. The level of assessment to be equalized is the average of the urban-weighted medians of the three years immediately preceding the assessment year, after adjustment of assessment changes through the current assessment year.

IDOR issues a state multiplier to correct for county wide over/under assessments. Tax rate is the amount of tax due stated as a percentage of the tax base, derived by dividing the levy by the EAV. As EAV's decline (which is the case with the current housing market), tax (levy) rates rise.

[Collection]

The collections that are attributable to a particular tax year for the counties other than Cook have been difficult to reconcile since they do not report details of the prior year adjustments (i.e., which year(s) being adjusted).

Distributions of property taxes collected on a particular year's tax levy are usually paid in the following year (2009 levy collected/distributed in 2010) but can be delayed due to late payments, etc. Also, because of the fact that Kane, Lake and McHenry Counties have to rely on the prior years' percentage of burden by Cook County, an adjustment either increasing or decreasing amounts distributed is reflected the following year (2011).

I am in the process of requesting each County's property tax bills by PIN as well as property taxes collected by PIN as a means to further clarify any discrepancies between levy vs. collections [Cook County Clerk's office released a report on the second installment].

[Levy/Extension]

Since the Village of Barrington Hills is in four counties, the Illinois Department of Revenue establishes the allocation of the tax burden in overlapping tax districts which for tax year 2009 was Cook County – 54.41%, Kane County – 2.23%, Lake County – 16.01% and McHenry County – 27.35%. Because the burden factors and the Cook County's valuations are not known when the other three counties perform their calculations, they must later recalculate the extension with the final data. Any recalculation in a difference in prior collections is treated as an adjustment on the next year's tax bill.