



UNDERSTANDING PROPERTY TAXES AND PROPERTY TAX APPEALS

Property taxes are an important element of any real estate investment, especially in Chicago. We encourage home buyers to know the basic elements of this important calculation and to understand how the appeal process works.

PROPERTY TAX CALCULATIONS

Tax bills are calculated by multiplying the assessed value by the tax rate and then by the equalization factor.

$$\text{LOCAL TAX RATE} \times \text{EQUALIZATION FACTOR} \times \text{ASSESSED VALUE} = \text{TAX AMOUNT BEFORE EXEMPTIONS} - \text{EXEMPTIONS} = \text{TAX AMOUNT}$$

The **local tax rate** is established by the local government taxing bodies depending on the tax needs of each township.

- The local tax rate is displayed on each tax bill along with the taxing needs that go into the calculation of the tax rate

The **equalization factor** is a number set annually by the county

- The most recent Cook County equalization factor is 2.9627 (2017)
- Outside of Cook County the equalization factor is almost always 1

The **assessed value** for residential properties is determined by the county or state:

- In Cook County, 10% of market value
- Outside of Cook County, 1/3 of market value

Exemptions that may be available:

- Homeowner's Exemption
- Senior Citizen Homestead Exemption
- Senior Citizen Freeze
- Returning Veteran Exemption

Tax Bill Timing

- Taxes are paid in arrears, so in 2019 you are paying your 2018 tax bill
- In Cook County, tax bills come out February 1st and July 1st
 - The February 1st bill is 55% of the prior year's tax bill
 - The July 1st bill "trues up" the full tax bill and reflects any exemptions or reductions
- Outside of Cook County, the full tax bill usually comes out around May 1st with installment payments due in June and September



coleary@jamesonsir.com ■ 773.710.4202

www.cadeyolearycollection.com

425 w north ave. chicago il. 60610

  @cadeyolearycollection

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PROPERTY TAX APPEAL OVERVIEW

Tax appeal attorneys typically work on a contingent basis, charging a percentage of tax savings they earn for the property owner. This service aids property owners in maintaining cost savings and ensuring their property is benchmarked appropriately by the governing bodies. The tax appeal process is not a time-intensive process for property owners who engage a tax appeal attorney; little involvement is required other than occasionally providing documents.

Frequency of Appeal

- In Cook County, property taxes are reassessed every three years on a rotating group basis
 - 2019 – the North & Northwest Suburbs
 - 2020 – the South and Southwest Suburbs
 - 2021 – the entire City of Chicago
- Outside of Cook County, property taxes are reassessed every four years
 - 2019 – the rest of the state of Illinois

Levels of Appeal

- 1st Level of Appeal = Assessor's Appeal
 - In Cook County, there is an official appeal process
 - Outside of Cook County, it is informal and involves a discussion with the local Assessor
- 2nd Level of Appeal = Board of Review
 - Involves an official appeal process and must be utilized to appeal to the 3rd level
- 3rd Level of Appeal = Property Tax Appeal Board (PTAB) or Court
 - Must "exhaust your administrative remedies" by first appealing to the Board of Review to file at the 3rd level

Things to know about the appeal process:

- Each township has separate filing deadlines
- It can take about three months to receive a decision from the Assessor and Board of Review
- However, any relief obtained at either of these levels is reflected on your tax bill
- It can take a year or more to receive Court or PTAB decision, and any relief obtained is received in the form of a refund check
- It is free to file at PTAB, but Court involves filing fees

Tax Appeal Attorney:
Danielle Pearlman
Dpearlman@SarnoffBaccash.com
(312) 782-8310
www.SarnoffBaccash.com



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f @cadeyolearycollection

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