

CHICAGOLAND--A FISCAL PERSPECTIVE 1980-1989

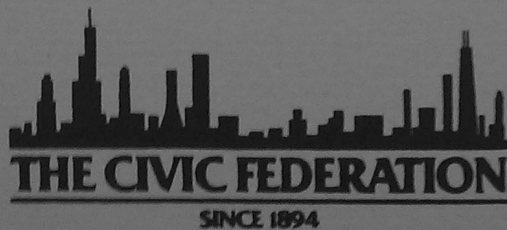
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RESEARCH...POLICY...ACTION...FOR CHICAGO TAXPAYERS

JUNE, 1991

MISSION

The Civic Federation is the nation's oldest taxpayers' watchdog organization. Incorporated in 1894, its mission was then, as it is now, to provide a citizen agency for promoting efficiency and economy in the organization and management of public business; for guarding against wasteful expenditure of public funds and excessive taxation; and for furnishing the public with accurate information concerning governmental revenues and expenditures.



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Market values increased in Chicago over this time span and such increases would normally have been reflected in the property assessments. So the real increases in tax bills would have been much larger than those shown in the preceding example. If the assessed value of a property worth \$100,000 in 1980 increased by 30 percent over ten years, the 1989 property tax bill for that property would have been 30 percent higher than the bill in the example. The home in the example would have had a full value of \$130,000 in 1989 not \$100,000.

Comparison of effective tax rates is another important way to analyze tax burdens.¹ Effective tax rates compare property market values to the property tax bill for those properties. It allows us to account for differences in assessment levels, state equalizer and local tax rates within different jurisdictions. An individual shopping for a \$100,000 property with choices for such a home in different municipalities can compare the actual tax bills for that priced property in each area.

The following chart shows 1989 effective tax rates for industrial, commercial and residential properties in Chicago, four Cook County suburbs, three DuPage County suburbs and three Lake County suburbs.

**1989 EFFECTIVE TAX RATES IN CHICAGO AND SELECTED SUBURBS
FOR HOMES, COMMERCIAL AND INDUSTRIAL PROPERTIES***

	HOME	COMMERCIAL	INDUSTRIAL
CHICAGO	1.68	5.81	4.97
COOK COUNTY SUBURBS:			
SCHAUMBURG	1.26-1.71	4.17-5.65	3.97-5.38
ROSEMONT	1.19-1.46	3.95-4.82	3.76-4.59
ELKGROVE	1.12-1.57	3.72-5.20	3.54-4.94
DUPAGE COUNTY SUBURBS:			
ELKGROVE	1.95-2.08	2.18-2.32	2.18-2.32
OAK BROOK	1.22-1.95	1.36-2.18	1.36-2.18
BURR RIDGE	1.80-2.46	2.01-2.75	2.01-2.75
LAKE COUNTY SUBURBS:			
DEERFIELD	2.01-2.35	2.25-2.62	2.25-2.62
BUFFALO GROVE	1.83-2.53	2.05-2.82	2.05-2.82
LINCOLNSHIRE	1.68-2.13	1.88-2.38	1.88-2.38

* These effective tax rates are based on information from the Cook County Clerk, DuPage County Clerk and Lake County Clerk and on assessment sales ratio studies from the Illinois Dept. of Revenue. The suburbs chosen to highlight here were part of the Civic Federation study, *Report on Intercountry Industrial and Commercial-Office Property Tax Differentials*, released in February, 1990. The effective tax rates are ranges in all cases but Chicago and represent the range of tax rates within each municipality. The City of Chicago effective rate is based on the main tax rate level in the city of Chicago. These effective tax rates are based on dividing the actual tax bill of a typical home or business property within these municipalities by the market value of that property.

¹ The effective tax rate used is based on tax bills of typical commercial and industrial properties and homes divided by their market values. The market values used are based on the Illinois Department of Revenue median 1989 assessment figures for Chicago and Cook County suburban homes, commercial and industrial properties. The calculation of tax bills includes the homestead exemption for residential properties.