



UNDERSTANDING PROPERTY TAXES

By Richard Skillings

A Summary - Part 1 of a 4-part series

Of the 26 kinds of taxes governmental entities charges citizens in Illinois, either directly or indirectly through vendors, the only one we collectively control is property



tax. One might argue that a portion of sales tax rates and certain taxes on our utility bills are set by city councils, so we have some influence over them, and that would be correct. But these do not come directly to the voter for approval, as do many property tax rates. So, before getting too upset and singling out property taxes for complaint, ask yourself these three questions: What am I paying for? Am I willing to pay that much for it? What can I do to change things? Know that you can take action and affect your property tax, while you probably cannot do anything to affect the 25 other taxes.

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Who is "STOP158: Citizens for Smart Growth"?

By Richard Ellerbrake

Stop158: Citizens for Smart Growth is a movement of citizens who share a positive vision for their communities and actively promote that vision. Stop158 works to strengthen the quality of our common life, while promoting smart growth and metro-equity.

For many reasons, which you can read about on the website www.stop158.org, we oppose an outer-belt, interstate-type highway from Troy to the JB Bridge, which Illinois Department of Transportation (IDOT) calls the "Gateway Connector." ●

Allies united with us in opposition to the Gateway Connector include:

- American Bottom Conservancy
- Citizen's Against the Sprawlway
- EcoHawk Foundation
- Prairie Alliance for Sensible Transportation
- Sierra Clubs, Illinois Chapter
- United Congregations of Metro East ●

The Great Neighborhood Book: A Do-It-Yourself Guide to Placemaking

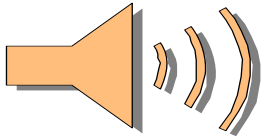
This book explains how "Placemaking" creates and sustains a strong neighborhood and how most struggling communities can be revived, not by vast infusions of cash, not by government, but by the people who live there. The author addresses such challenges as traffic control, crime, comfort and safety, and developing economic vitality. Using a technique called "placemaking" -the process of transforming public space- this guide offers real-life examples that show what can happen when individuals take small steps and motivate others to make change. This book is written for neighborhood activists, concerned citizens, urban planners, developers, and policymakers. This book is a production of the Project for Public Spaces, a New York-based nonprofit that works at helping people develop public spaces in their communities. Search the book's title online for purchase options. ●

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The amount of your property tax is the product of two factors—the levy generated by elected/appointed officials, and the fair market value (FMV) of your property. However, that simple concept is extremely complex when it's put into practice. This article briefly describes those two factors, while subsequent articles will detail them. A final article will explain how to find out if your property is over-assessed and, if it is, how to protest your assessment. Note that you cannot protest your tax bill; by the time you get it, all legal opportunities to protest are over.

First, the levy represents the total dollars that a taxing district, such as the township road district, needs to operate in the next fiscal year. That levy is converted to the tax rate each property owner is charged. Since all properties will be charged the same rate (unless a taxing district covers more than one assessing distinct), the value of all properties in the taxing district must be known. For example, suppose the district needs \$1 million to meet its budget, and the assessed value of all properties in the district is expected to be \$100 million. Then the levy is converted to a tax rate of \$1 per \$100 assessed value. On your tax bill you'd see the levied rate of \$1. When all taxes are collected, the district will have its \$1 million dollars. Each taxing body that covers your property—school districts, road districts, county, etc.—will set a levy, and each levy shows up on your bill.



When you elect your representatives--school board, aldermen, mayors--you give them the right to set your tax rate or to appoint somebody else to do it. Yet, they do not do anything without first publicly announcing it. All levies are brought to the citizens through public disclosure, usually in the local paper, followed by a hearing. If the levy increases more than 5%, then another disclosure and a special Truth-in-Taxation hearing is required before the levy becomes legal. The purpose of the hearings is to explain the levy and any increase--not to get public approval. The taxing body can increase the levy, subject to certain state-imposed limits and the "tax cap" law, without any further approval. However, some special levy increases do require voter approval, such as for facilities construction (non-home rule communities); some increases are not limited by law, such as for payroll and legal funds.

Generally, however, there's a limit on each item in the budget. For example, by statute a street lighting district cannot exceed a levy of .125% of the total assessed value of properties in the district.

Second, the property's fair market value is where most people get confused. While, theoretically, FMV is what a buyer and homeowner would agree as a price if the property were on the market on January 1 of each year, the manner in which the state calculates FMV when the property is not for sale is complex and to some extent subjective. The determination is a three-step process. First, a preliminary FMV value is calculated by the township (or county, if no township assessor is elected). The FMV is computed using such features as the square footage of the house; the year built; the number of floors, bathrooms, fireplaces, chimneys, fixtures dispensing water (toilet, sink, etc.); the presence of air conditioning, deck, pool, or driveway; the kind of

basement and its size; the type of construction and percent masonry veneer if it's a frame house; and the sizes of garage, outbuildings, and lot. All this data is on file at the assessor's office, frequently including overhead and curbside pictures of the property and the plat. The state/county provides to the assessor standard tables which dictate how to value each item. All this data is available to the general public and can be accessed online by street number, owner's name, or parcel ID. If any data used in the calculation is incorrect, the owner has the right to correct it at any time at the assessor's office.



Once a preliminary FMV is determined, the owner has the right to protest the decision to the county Board of Review; if the owner disagrees with the Board's decision on the protest, the owner can appeal to the state's Property Tax Appeal Board (PTAB).

Next, this preliminary assessment is adjusted by the county if an imbalance is detected. An imbalance occurs when the average assessed values of homes in a neighborhood are above/below their average actual FMVs, as determined from sales in the area. If that happens, a property may pay more/less taxes than a comparable home in another neighborhood. Called "intracounty equalization," this adjustment step is often skipped, for several reasons. For example, there may be limited time to do it, assessments may be balanced already, or the county may have done the original assessment. The most likely reason, however, is that the state will do another equalization.

Finally, a second equalization is done by the Illinois Department of Revenue to make certain there is no statewide imbalance, using three years' of sales data and average assessments within every township.

Once your FMV is finally calculated, a multiplier is applied to the county's assessed value to reach the property's equalized assessed value (EAV). It is on that EAV that your taxes are calculated.

During each of those three steps, the owner has the legal right to protest the result. In fact, there are no less than five protests that can be filed during any single tax year.

We are taxed on one third of our EAV, so for tax purposes, the county clerk divides the EAV by three, multiplies the result by levies from each taxing district, and totals them to build your tax bill. You should see that calculation on your bill. In turn, you pay your taxes to the county treasurer, who distributes the proceeds to various taxing districts. This cycle takes two years, so we are always paying taxes on the previous year's EAV. ●

All four articles are currently available on-line at www.stop158.org or by contacting our organization at the address printed on p. 3 of this newsletter. ●

CALENDAR OF EVENTS

STOP 158 STEERING COMMITTEE MEETINGS

Place 866 Old Enterprise Farms, Lebanon, IL 62254

Time 7:00 p.m. – 8:30 p.m.

Regular meetings of the steering committee generally occur on the second and fourth Monday of each month. Meetings are open to all interested parties. Please call to reserve a space: 618-632-3158.

For the calendar of the **East-West Gateway Council of Governments** visit www.ewgateway.org

The **Sierra Club** has many interesting offerings. Go to: www.illinois.sierraclub.org

September 13 - 14: IDOT Annual Fall Planning Conference

- The Illinois Department of Transportation's Annual Fall Planning Conference will be held at the Clock Tower Resort in Rockford, a fun (and relatively inexpensive) place to go under any circumstances. The conference organizers ask that you contact them with your suggestions for conference topics and speakers. Organizers would also like to hear from you if you are interested in serving on the conference planning committee. The contact person is Betsy Tracy, (217) 785-2368 or Elizabeth.Tracy@illinois.gov ●

Contributions to support
and this newsletter can be mailed to:

STOP158
PO Box 330,
Troy, Illinois 62294

Or visit the web site www.stop158.org and
contribute via our secure website. ●



Publisher: www.stop158.org:

Citizens for Smart Growth

Editor: Marty Ganz

Contributors include:

Manny Arzavala, Webmaster

Ken Aud, UCM Representative

Richard Ellerbrake, Spokesperson

Annette Haines, Letter writing

Jack Norman, Sierra Club Representative

Bob Ramsey, Network Marketing

Richard Skillings, Treasurer

Address: PO Box 330, Troy, IL 62294

Email: marty1115@earthlink.net

WHAT TRANSFORMATIONAL LEADERS DO

In a column written for "Management Insights," a weekly online column published in Governing.com in collaboration with the Government Innovators Network at Harvard's Kennedy School of Government, Babak Armajani lays out what public-sector leaders who are successful bringing about significant change seem to do. His list:

- ❖ They are relentless about staying on purpose.
- ❖ They challenge their organizations with "unreasonable" or "impractical" goals.
- ❖ They are ready to invest in change.
- ❖ They create a high-level blueprint for change (a picture of what the transformed organization will look like).
- ❖ They get personally involved with the day-to-day issues involved in change.
- ❖ They are willing to celebrate what is good about the past. (People do what the system rewards.)

He expands at some length on each of these statements. You can read more about city management by going to the following web site and searching the word *manage*, www.governing.com.

Armajani is CEO of the Public Strategies Group, where, with his partners, he focuses on transforming bureaucracies into customer-focused enterprises.

Does this description sound like your elected officials? You can find out by calling, writing or emailing your elected officials. Ask them for their opinions on the Gateway Connector or any other topic of your choosing. If you need contact information, it is listed at www.stop158.org ●

Some of this information was excerpted from the EWGCOG Newsletter dated July 20, 2007, volume 10, Issue 28.

*The problems that exist in the
world today cannot be solved
by the level of thinking that
created them.*

(Albert Einstein)

Top 10 Places to Live

By Annette Haines

If you get a chance look at *Money Magazine's* annual "Top 10 Places to Live, you will see the factors people look for include things like *low crime, green space, clean air, cultural options, good schools, safe streets, things to do and a sense of community.*

People don't mention strip malls, subdivisions, big box stores, or multi-lane highways as assets. They never list realtors, nail salons, tanning beds, or pizza parlors as the kinds of things they look for when deciding where to settle down. ●

For the full article, copy and paste the following address to your browser

<http://money.cnn.com/magazines/moneymag/plive/2007/> Click on Real Estate to see the Top 10.

**Would you like to receive this newsletter via email?
Let us know by sending an email to
smartgrowth@stop158.org.**

Help Wanted:



— Volunteer to preserve the quality of life in Southwestern Illinois.

Join our letter writing campaign today!

www.Stop158.org

"All politics is local" (Tip O'Neill)

Stop158 : Citizens for Smart Growth
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