



## UNDERSTANDING PROPERTY TAXES

By Richard Skillings

### Levy - Part 2 of a 4-part series

Nearly 75% of all tax revenues for local governments come from property taxes. For some taxing districts and for some funds, it is the only source of revenue. Illinois' property tax collection, at an average of \$1411 per household, puts it among the highest 10 states nationally. And since 2000, the rise in property taxes has exceeded the rise in personal income every year; add that to the prices of health care and gasoline, and you begin to understand the furor over property taxes. This article discusses the government's half of the equation.

Top 10 States	Tax as % of home value
WI	1.82%
TX	1.82%
NE	1.67%
VT	1.63%
NH	1.63%
NJ	1.63%
<b>ILLINOIS</b>	<b>1.58%</b>
ND	1.50%
PA	1.47%
CT	1.42%

Source: 2005 American Community Survey from the US Census Bureau

As mentioned in the first article of this series, the levy is the total dollars a taxing district will collect to operate in the next fiscal year. That number is computed by the taxing district which adds the spending wishes of each

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## FREQUENTLY ASKED QUESTIONS

### What has the Stop158 group been doing lately?

- Meeting with IDOT and elected officials
- Pushing to redirect the \$25 million allocated for the L & E study
- Publishing articles and letters in the Illinois Business Journal, as well as the local daily and weekly newspapers
- Responding to many information requests from property owners
- Working with CUB to control utility rate increases
- Installing and maintaining Stop158 signs (let us know if you'd like to post one)
- Working with allies on issues relating to quality of life i.e. pollution, farm land retention, health services, limiting sprawl
- Promoting sensible traffic improvement such as Troy-Scott Rd & US 40 turn lane improvements due to start this year
- Updating the Stop158 web site
- Pushing for improvement in public transit services
- Collecting signatures on the petition opposing the Gateway Connector
- Publishing this newsletter and using email to keep the public informed

### Where does Stop158 get money for its activities?

FROM YOU! Stop158 Citizens for Smart Growth is a volunteer organization devoted to improving the quality of life for those in Madison, Monroe and St. Clair Counties. Without your support we cannot continue to publish this newsletter, maintain the website, survey elected officials or create signs. Donate today at [www.stop158.org](http://www.stop158.org).

**Where can I get a free bumper sticker?** You can request a bumper sticker through the web site [www.stop158.org](http://www.stop158.org) or call 618-667-7661. Be sure to leave a good mailing address.

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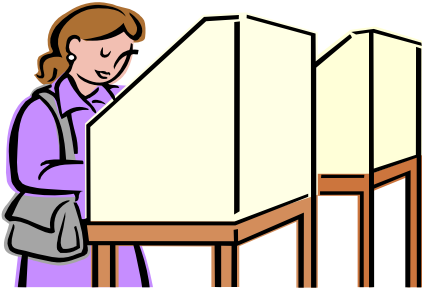
department in the district. That would include the district's primary public programs, salaries/benefits, administration, overhead, inflation, etc. Called "setting the levy," the process can be rather subjective.

There are several controls on taxing districts to prevent them from generating a levy reflecting excessive wants/needs or one that might lead to rampant taxation.

### The most important of those controls is voter control.

First, voters usually must vote when it come to: (1) the existence of special districts; (2) large construction projects for school districts and non-home rule communities; (3) many large (defined as 5%) increases in a district's levy; and (4) some special spending needs in separate district funds.

But even without a direct vote, you influence the levy indirectly when you elect your representatives. You give them the right to speak for you on money issues; they can raise your tax rate or appoint somebody else do it for them. The services you get and the programs you pay for oftentimes boils down to the integrity of the elected officials.



Second, the State imposes some controls on the levy process. A list of all funds in every district and their State-approved limits is published periodically. Leadership in each district may not exceed those limits when generating the levy.

Finally, monies received by a governmental unit must be linked to a specific accounting fund; the dollars in almost all such funds (except the General Fund) are restricted in the way they can be spent. This control tends to be the weakest, because elected officials have some ability to move money from one fund to another. This is particularly common at the state level, and local leaders tend to imitate the state.

While most households work from a budget, Illinois taxing districts really do not have a budget, as such; the levy is akin to a budget, but is a really a projection of wants/needs. All levies are brought to the citizens through public disclosure, usually in the local paper, followed by a hearing. If the New Year's levy increases by more than 5%, then another disclosure, a

special Truth-in-Taxation hearing, and perhaps public approval via referendum, is required before the higher levy becomes legal. You must recognize that the purpose of both the public notice and the subsequent hearing is to only explain the levy—not to get public approval. Once completed, the levy is certified by the taxing district leadership and sent to the county clerk.

The county clerk computes the tax rates that will show up on the property tax bills. He parcels out the levies according to the assessed value of properties in each taxing district. For example, suppose the assessed value of all properties in the township is \$100 million and tax district X levies \$1 million. The clerk establishes a tax rate of \$1.00 per \$100 assessed value for every property in that district. On your tax bill you'd see the levied rate of \$1.00; if the assessed value of your property is \$100,000, your debt to that taxing body would be \$1,000. If you are also in tax district Y, with a levy of \$5 million, then their rate would be \$5.00 on your bill and you'd pay them another \$5,000. And so on, for all the districts that your property falls in. Assuming the district's total assessed value actually reaches \$100 million, each district will have its requested dollars after all taxes are collected.



It's important to recognize that there are two big assumptions at work here: (1) that the total assessed value of property in the township reaches the projection, and (2) that all taxes are timely collected.

So, taxing bodies typically will hedge. They may ask for more money than actually needed (that is, set their levy too high, even up to the maximum allowed by law whether they have identified needs for the money or not), simply because they can do so.

Note that the levy, the tax rate, and the overall assessment are intertwined. In the recent past, real estate selling prices and assessed values have risen faster than either inflation or the levies. To prevent too much money from being collected against the levies (which would violate state law), county clerks have had to reduce tax rates. That's when you hear something that makes little sense: elected officials claim they have lowered your tax rate, but you still pay more tax!

And, be aware, as the housing market cools, and fewer homes are sold, total assessed value may not generate enough new revenue to satisfy the taxing bodies' levies. So, guess what will happen to your property tax bill!

**To read the entire article on Tax Levies or all four articles of the Tax series, visit [www.STOP158.org](http://www.STOP158.org).** ●

## CALENDAR OF EVENTS

### STOP 158 STEERING COMMITTEE MEETINGS

Place 866 Old Enterprise Farms, Lebanon, IL 62254

Time 4:00 p.m. – 5:30 p.m.

Regular meetings of the steering committee generally occur twice monthly. Meetings are open to all interested parties. Please call to confirm meeting time and reserve your seat: 618-632-3158.

STOP158 has frequent sign painting parties. We are always looking for volunteers to: 1) help with the painting and 2) post the signs in their yard. More visibility would significantly help our efforts. Can you post a sign on your property?

For the calendar of the **East-West Gateway Council of Governments** visit [www.ewgateway.org](http://www.ewgateway.org)

The **Sierra Club** has many interesting offerings. Go to: [www.illinois.sierraclub.org](http://www.illinois.sierraclub.org) ●



*Get involved!*

Contributions to support  
and this newsletter can be mailed to:

STOP158  
PO Box 330,  
Troy, Illinois 62294

Or visit our secure web site [www.stop158.org](http://www.stop158.org)  
and contribute. ●



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## What's going on with the Gateway Connector?

- **Illinois Department of Transportation (IDOT) says its priorities are bridge and road maintenance.**
- **“Opportunity Works,” the governor’s 2008 capital budget, is still up for grabs. The legislature has not yet adopted a budget.**
- **When a budget is adopted, it will contain tons of money for IDOT.**
- **IDOT has a list of things it wants to do, including a Gateway Connector “Location and Environmental Study (Phase I)” for \$23.7 million.**
- **IDOT says, “The Phase I study will evaluate a variety of options - including the option of no improvements - in order to determine what transportation improvements could best handle the expected population and traffic growth. However, if the Phase I study finds that a new facility would be the best solution, then a corridor will be in place for its use.”**

Our job is to tell our representatives, IDOT, and the governor clearly and often that we do not want any more money spent on the Gateway Connector, a bad idea when it was conceived and a worse one now. ●

“Somewhere, somehow we know that the besetting mess, to us so hugely disquieting, is a miniscule glitch in the leisurely progress of the earth’s history. Yet we must pay heed to the disquiet for we also know that, infinitesimal, finite particles as we are in the web of life, our imperative is to contribute to the maintenance and betterment of our habitat and not to its fouling and destruction.”

(Renilde Montessori, Paris, 2001)



### Our Ally list expands

American Bottom Conservancy (ABC) is a not-for-profit organization working to protect the people and environment of Illinois through education, advocacy and, when necessary, litigation. ABC is active in air and water quality issues and preserving open space. A prime focus of the organization is to preserve wetlands and to monitor and challenge unwise development in the floodplain.

Stop158 **Citizens for Smart Growth**  
PO Box 330  
Troy, IL 62294

## 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](http://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
- Sierra Clubs, Illinois Chapter
- United Congregations of Metro East●

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