



CRYSTAL LAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT 47 PROPERTY TAXES

Frequently Asked Questions

Summary

Illinois property taxes are an important source of revenue for public (K-12) schools, libraries, fire protection districts, city and county government. As in most states in the United States, property taxes are the backbone of funding of local government and schools. Unfortunately, in a period of a down economy, specifically when other revenue sources, such as from the State, are being cut and/or eliminated, the local taxing district's need for additional revenue has been heightened.

Crystal Lake's property taxes are subject to the Property Tax Extension Limit Law (PTELL), more commonly referred to as tax caps. This law limits any increase in the taxing district's total property tax levy to the Consumer Price Index (CPI) or (5 percent); whichever is lower. The limits for the most recent property tax extension years are as follows:

- 2012 was 3.0 percent;
- 2013 was 1.7 percent;
- 2014 was 1.5 percent;
- 2015 was 0.8 percent;
- 2016 is 0.7 percent

The PTELL was enacted by the State of Illinois as a means of tempering the rapid rise of property taxes primarily in and around Cook County. This was during a period of rapidly inflating property values that accelerated increases in property tax bills. Thus, in years whereby the community was experiencing significant growth and experiencing increases in their property values, the local taxing district's ability to collect revenues was limited and subject to PTELL. Below is a list of the Frequently Asked Questions.

Click on the link to see the related question and answer.

- [1. Why did my property taxes increase?](#)
- [2. If the assessed value of my home decreased, why did my taxes increase?](#)
- [3. How is the taxing district's tax rate calculated?](#)
- [4. What is the effect of the tax base on the tax rate?](#)
- [5. What is the Property Tax Extension Limitation Law?](#)
- [6. What is a levy?](#)
- [7. What is an extension?](#)
- [8. How does the district/local government determine its levy?](#)
- [9. What's my first step to determine if my assessment is accurate?](#)
- [10. I didn't agree with the assessor, what do I do now?](#)
- [11. How will I know what my new assessment is?](#)
- [12. I'm filing an appeal. What now?](#)
- [13. I purchased my home during this past year. Will the Board of Review consider that?](#)
- [14. What happens at the hearing?](#)
- [15. When will I know the decision of the Board of Review?](#)
- [16. What if I'm still not happy?](#)
- [17. What can I expect if I do that?](#)
- [18. I don't think the Property Tax Appeal Board made the right decision. Is there anything more I can do?](#)
- [19. Are there any exemptions that would reduce my tax bill?](#)
- [20. How can I tell which exemptions have been applied to my property?](#)
- [21. Are there other taxpayer assistance programs?](#)
- [22. Where does my property tax money go?](#)

[Return to Top](#)

1. Why did my property taxes increase?

There are several reasons why property taxes may increase year over year. An increase in property taxes within your particular taxing district may increase due to the following:

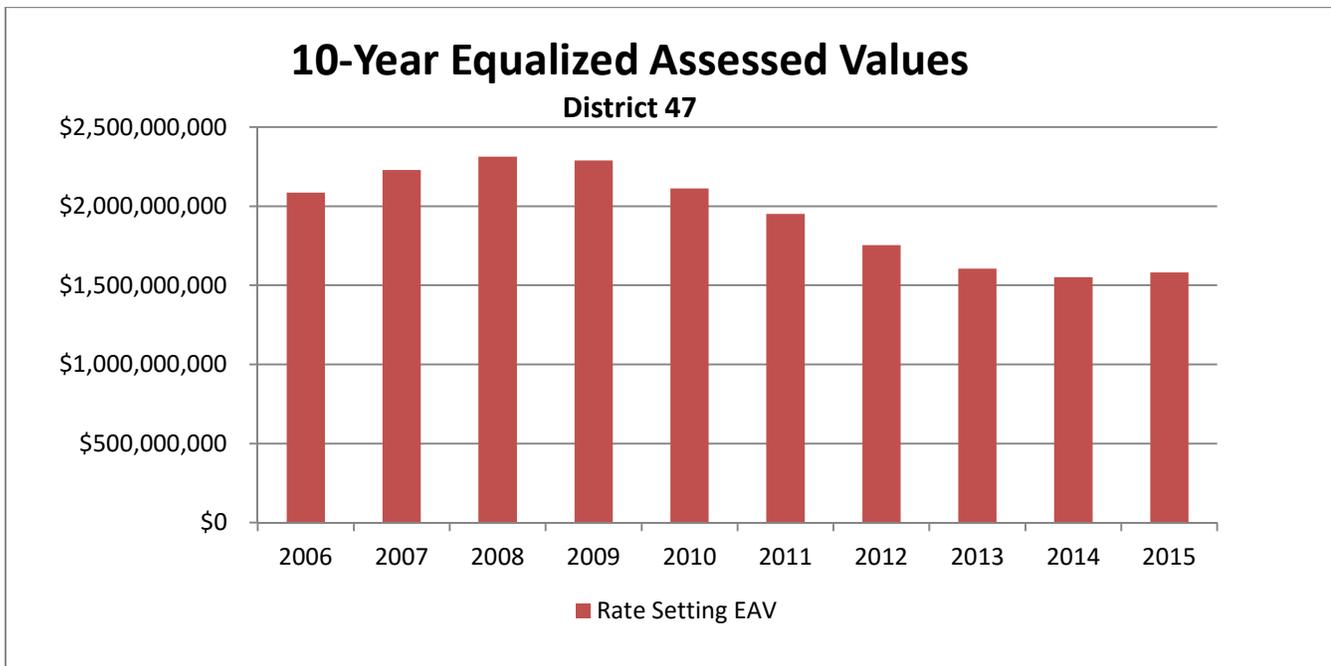
- a) A decrease in the taxing district's overall equalized assessed value can increase the tax rate. See #3 - "How is the taxing district's tax rate calculated?"
- b) An increase in taxes levied by the local government & school district in accordance with the Property Tax Extension Limitation Law. See #5 – "What is the Property Tax Extension Limitation Law?"
- c) An increase in the assessed value of your property.
- d) A decrease in assessed value that is lower/smaller than the overall decrease in assessed value for the taxing body. See #2 - "If the assessed value of my home decreased, why did my taxes increase?"
- e) Public voting for bond issues such as new construction of schools, jails, etc.

In addition to the above, we have included additional frequently asked questions and answers to help you better understand your property tax bill and the guiding principles surrounding the taxing process.

[Return to Top](#)

2. If the assessed value of my home decreased, why did my taxes increase?

The Township Assessor adjusts the Fair Cash Value of all properties from time to time. Unfortunately, the resulting lowered Assessed Value will not necessarily lower your property tax bill. The Fair Cash Value is only used to determine your property's portion of the total county tax. Lowering the Fair Cash Values of all properties equally will not change your portion of the total tax needed to operate the county government. In the past year, many newer neighborhoods that were built in the last decade had significantly higher assessed values than their current Fair Cash Values. As such, these values were reduced this past year, creating a "shift" in the tax burden. Thus, although your property's assessed value may have decreased; there may have been many homes that had a higher decrease in assessed value resulting in a shifting of the tax burden. For an illustration of the above, see the charts below.



[Return to Top](#)

3. How is the taxing district's tax rate calculated?

Levies are made in dollar amounts. To raise the money requested in levies, county clerks must calculate a tax rate for each fund for which the taxing district levied. The tax rate is a number that, when multiplied by the tax base, will produce the levy amount. A tax rate is calculated using the following formula:

$$\text{Tax rate} = \text{Tax levy} \div \text{tax base}$$

Note: A district's tax base is the total equalized assessed value, minus certain homestead exemptions, plus the value of any state-assessed property.

[Return to Top](#)

4. What is the effect of the tax base on the tax rate?

The greater the tax base, the lower the rate needed to raise a given levy. An increased base, which may be due to an increased equalization factor, new property, removal of exemptions, or tax incentive programs that have expired, could result in a lower tax rate. A decreased base, which may be due to property demolition or decreasing property values, could result in an increased tax rate.

For a general guide to the Illinois local property tax system, see:

<http://www.revenue.state.il.us/publications/localgovernment/ptax1004.pdf>

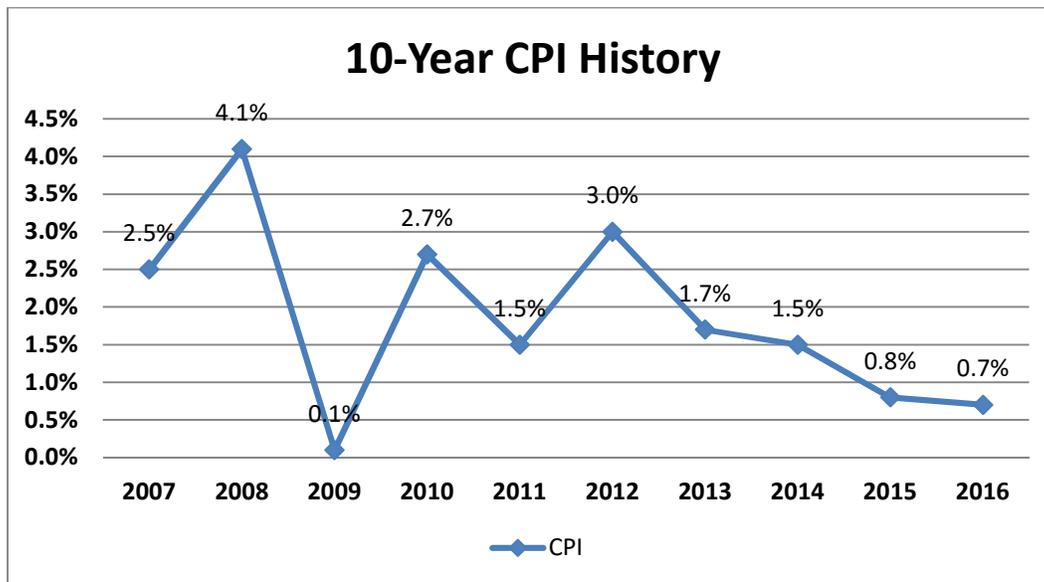
[Return to Top](#)

5. What is the Property Tax Extension Limitation Law?

The Property Tax Extension Limitation Law, commonly referred to as "TAX CAP" or "PTELL" limits the increase in property tax extensions to 5% or the Consumer Price Index (CPI), whichever is less, not counting new construction or bond interest obligations.

As an illustrative example, using the property tax information from School District 47, the district collected approximately \$60 million in operating taxes in 2010/2011 school year. The Consumer Price Index (CPI) used for determining the 2009 levy was 0.1 percent. This means the district could only receive \$60 thousand plus whatever taxes are generated from new properties coming on the tax rolls for the 2010 property taxes.

For informational purposes, please see the chart below for a historical illustration of CPI Levy Year



[Return to Top](#)

6. What is a levy?

The amount of money a school district and/or local government (taxing district) certifies to be raised from property tax.

[Return to Top](#)

7. What is an extension?

The process in which the County Clerk calculates the tax rate needed to raise the revenue (Levy) allowable by law and certified by each taxing body in the county. The total extension is the product of the taxing body's equalized assessed valuation (EAV) multiplied by its calculated tax rate and is equal to the total property tax billings on the district's behalf.

In most counties in Illinois, tax levy amounts are based on home values or EAV and the Consumer Price Index (CPI). The EAV is calculated by averaging the home value over the past three years and then dividing by three (3). EAV usually amounts to approximately 1/3 or 33% of the home's value.

Example: Home value of \$300,000 = (approximately) \$100,000 EAV

[Return to Top](#)

8. How does the district/local government determine its levy?

The law allows the taxing districts to make a prediction to ask for (levy) more taxes than they expect to collect, because at the time of the levy, the new property EAV is unknown. In early April, taxing bodies receive notification of the actual amount they will receive (extension) from the County Clerk.

[Return to Top](#)

9. What's my first step to determine if my assessment is accurate?

Call your local township assessor or check your local township's website. Make sure the information about your property is correct. The local assessor may also be able to show you other properties similar to yours in your neighborhood. You can determine if your property is equitably assessed. He or she may also have sales information. If you have lived in your home for a long time, you may not realize how much it is worth now.

[Return to Top](#)

10. I didn't agree with the assessor, what do I do now?

Try to work it out with your assessor's office. If you don't get the assessment satisfactorily resolved then get prepared. You only have 30 days from the newspaper publication date (see #11 "How will I know what my new assessment is?") to file an appeal, so you need to start doing your research early. Go to the county web site at <http://www.co.mchenry.il.us>. Then go to departments, then to assessments, then to forms. Bring up the Residential Assessment Appeal form and familiarize yourself with it. While there, look at the Board of Review Rules. You will also need to check out recent home sales by going to the county or township assessment office to view recent sales in your area. You might also want to talk to a realtor or check out some of the real estate sites on the internet. Please remember, your assessed value is as of January 1st of the current year.

[Return to Top](#)

11. How will I know what my new assessment is?

You may receive a letter in the mail in the late summer or early fall from the McHenry County Assessor's Office. This is your new official assessment notice that includes assessment and property information as of January 1st of the current year. At the same time you receive your letter, assessment changes (changes made by the assessor, not equalization) are published in the local newspaper. That publication date marks the beginning of the 30-day appeal process for your township.

[Return to Top](#)

12. I'm filing an appeal. What now?

Don't miss the deadline. By state statute, your appeal cannot be accepted after the deadline. Determine if your appeal is to be on equity or on market value. Your home could be assessed at the correct market value, but if all the other similar homes on your street are assessed below market value, then you are over assessed because you are carrying a larger share of the tax burden. In an equity complaint, you must supply the market value and assessment of comparable properties in your neighborhood. In a market value complaint, you must supply recent sales data to support the fact that your home may be over-assessed. Remember, you need to use comparable properties. That means properties of similar size, story height, quality of construction and style. You must use the comparable property form to show the differences between the comparable properties and your home. Be sure to file this information with your complaint form. This is your "evidence" to prove that your assessment is incorrect. You want to provide the most convincing case that you can. This means that you also need to show where your information came from. Pictures of your comparables and your own home are very, very valuable evidence. After receipt of your appeal, in most instances, you will receive a Notice of Hearing. There is an option to have your assessment appeal heard on the evidence and you may check the box indicating no hearing required. In this case, you would submit your evidence to the Board of Review. The township assessor would then submit their evidence. The Board of Review would conduct a hearing based solely on the weight of the evidence provided by both parties.

[Return to Top](#)

13. I purchased my home during this past year. Will the Board of Review consider that?

If you recently purchased your home and the Board of Review determines the sale to be "arms length", that is, advertised on the open market, then they may adjust your assessment and a hearing would not be necessary. In that case, you will receive a "10-day notice." Short sales and foreclosures that are advertised on the open market may be "arms length." This gives you an opportunity to have a hearing if you are still unhappy.

[Return to Top](#)

14. What happens at the hearing?

The hearing is somewhat informal. Present will be two or three hearing officers, a clerk to handle the paper work, the township assessor, and you the property owner. You may be represented by an attorney if you choose. Most residential property owners choose to represent themselves. You must include the authorization to represent form if you have someone represent you at the hearing. The Board will ask you to talk about the evidence that you submitted to prove your assessment should be changed. If you go to the hearing and all you have to say is that your taxes are too high, the Board of Review will tell you that they have no jurisdiction over your tax bill. They can only discuss your assessment and the market value of your property. Your tax bill is calculated by multiplying your assessment, minus any exemptions, by the rates for the various taxing districts that serve your property. Even a home located very near to yours, may be served by different taxing districts. Due to all those variables, it is best to compare assessments, rather than tax bills. After hearing your arguments and asking you questions about your evidence, then the Board will ask the township assessor to respond to your evidence and information and provide any additional information he or she may have.

[Return to Top](#)

15. When will I know the decision of the Board of Review?

In most cases, the Board will make an oral decision at the conclusion of the hearing. Sometimes, they will want to collect additional information or verify information, prior to making a decision. The Board does not issue official written decisions until all hearings have been held, usually by mid-March.

[Return to Top](#)

16. What if I'm still not happy?

Once you receive that written Final Notice of Findings, you will have 30 days from the date of the postmark to file with the Illinois Property Tax Appeal Board (PTAB). Those forms are available in the county office.

[Return to Top](#)

17. What can I expect if I do that?

You will be expected to provide evidence and proof of your contentions regarding your assessment. Determination of hearing date and all correspondence will originate from the state. However, PTAB hearings are held at the county office for the convenience of the taxpayer. The state sends a hearing officer to preside over the hearing, which is recorded. The hearing is a little more formal than the local hearing. Again, you are allowed to present your case first. The Board of Review is there to explain their reasons for the assessment they placed on the property. The township assessor may be there to provide information and act as a witness for the Board of Review, if the Board made their decision based on information provided by the assessor. Remember, the appeal to PTAB is "de novo". That means all new. You can provide additional information that you may have neglected to provide at the county level. The Board of Review can also provide new information.

[Return to Top](#)

18. I don't think the Property Tax Appeal Board made the right decision. Is there anything more I can do?

Since you have exhausted all of your administrative remedies, you can now file a court action. Contact your attorney.

[Return to Top](#)

19. Are there any exemptions that would reduce my tax bill? Yes. Exemptions reduce the Equalized Assessed Value (EAV) by a specific amount; the actual tax savings depends on the tax rate for the specific property.

Some exemptions include:

- **General Homestead Exemption**
- **Homestead Improvement Exemption**
- **Senior Citizen Homestead Exemption**
- **Senior Citizen Assessment Freeze Exemption**
- **Person with Disabilities Exemption**
- **Veterans with Disabilities Exemption**
- **Returning Veteran Exemption**

Please refer to the McHenry County Assessor website <http://www.co.mchenry.il.us> for the specific details of the exemption and the qualifications.

[Return to Top](#)

20. How can I tell which exemptions have been applied to my property? You can review your assessment information online or contact the Office of the Supervisor of Assessments.

[Return to Top](#)

21. Are there other taxpayer assistance programs? Yes, there are two.

1. The **Senior Citizen Real Estate Tax Deferral Program** allows qualified senior citizens to defer part or all of the property taxes on their personal residence. It's a form of a loan with a six percent interest rate which is to be repaid after the taxpayer's death or at the time the property is sold. Contact the McHenry County Treasurer for more information.
2. **Circuit Breaker Grants** provide low-income senior citizens and disabled citizens yearly grants to help pay property taxes. To apply, you need to complete **Form IL-1363**. For more information, contact the **Illinois Department on Aging** or call 1-800-624-2459.

[Return to Top](#)

22. Where does my property tax money go? Property taxes are an important source of revenue for public (K-12) schools, libraries, fire protection districts, city and county government. As in most states in the United States, property taxes are the backbone of funding of local government and schools.

If after reviewing the questions above, further questions exist, please feel free to contact:

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