



Property Tax Reforms Supported by BOMA/Chicago

January 2025

INTERNAL OFFICE REFORMS

Offices of the Cook County Assessor and Cook County Board of Review

Share Data Between Offices: Update database systems at the Offices of the Assessor and Board of Review Offices to ensure data, methodologies, and calculations can be shared between offices. Data should also be shared with taxpayers to demonstrate how data is used and assessments are applied.

Provide Taxpayer Access to Tax Data: Allow taxpayer access to all aspects of tax data and inputs to allow outside auditors and others to review and analyze data to model changes.

Homeowner Appeals Report: The volume of appeals at both the Assessor's Office and the Board of Review is high, and the majority are from homeowners. Data from both agencies regarding the quantity of homeowner appeals, root causes of volume, impact on resources and opportunities should be shared with a goal of streamlining the appeal process. The County may want to publish this report incorporating information from both agencies.

Office of the Cook County Assessor

Improve Identification of Building Modifications: Require townships to forward approved Building Permits to the Assessor's Office within a certain timeframe. Funding should be designated for additional field staff and/or technology to support identification and documentation of building modifications. The Assessor's Office should regularly review and update the data used to assess properties in a transparent manner, including regular reports made available to the public.

Conduct Annual Assessments: Conduct assessments every year to provide taxpayers with incremental changes each year instead of three-year reassessments that can be financially devastating. Look at best practices in collar counties where townships apply equalizers each year based on Illinois Department of Revenue (IDOR) sales ratio studies reflecting market appreciation or depreciation. While not a perfect system, it does help to alleviate some shock that has occurred during recent 3-year reassessments.

Triennial Valuations in Interim Years: When values are available from the Board of Review, the Assessor should honor the long-time practice of maintaining the assessed valuation established by the Board of Review in the triad year for the full three years. Triennial valuations should not be altered in interim years absent physical changes to the property (e.g. demolition or new construction) or discovery of a genuine mistake in the original valuation.

INTERNAL OFFICE REFORMS: Office of the Cook County Assessor - Continued

Publish Sales Ratio Study: As recommended by the International Association of Assessing Officers (IAAO), the Assessor's Office should publish a sales ratio study after each reassessment to compare assessments to sales prices for each class. The report should be accessible to the public indicating all classes that are under- or over-assessed.

Limit Property Tax Adjustments to Reassessment Years: Properties in triads that are not being reassessed should not receive blanket adjustments (such as the Covid Adjustment).

Apply Property Tax Adjustments Uniformly: Any adjustments issued in a triad during a reassessment should be applied uniformly to all property classes.

Create Greater Transparency: Assessor Kaegi has provided greater transparency with certain data that should be codified in State Statute, including the following:

- Historical assessed values
- Transaction/sales data
- Location data, such as which school districts the property is in, and distances to amenities like the nearest L station or the lakefront
- Characteristics of homes and condos in Cook County
- Valuation model
- Valuation reports for reassessed townships
- Reassessment trends by neighborhood and city

However, additional data should be more transparent, including:

- Worksheet documentation on internal Assessor appeals
- Cap rate methodology, including rents, vacancy rates, expense ratios, etc. (and where this data is derived)
- Valuation models by property type (income approach, metrics used, adjusted rent, vacancy collection, expense ratio)
- Sales approach methodology, including the sales data used
- Anonymized database

Having all the above information available – especially cap rate methodology – could help to reduce appeals, while increasing transparency and trust in the system.

EXEMPTIONS

Property Tax Exemptions: Exemptions should be carefully studied to ensure they are the most efficient use of public policy tools to protect low-income households and provide appropriate relief.

CIRCUIT BREAKER

Fix a Broken Property Tax System: The significant jumps we are seeing in assessments across the county for years indicate a system-wide problem. Instead of creating a band-aid fix with a Circuit Breaker program, we need to look at Cook County's property tax system holistically to fix the system.

CLASSIFICATION SYSTEM

Assess All Properties Equally: Cook County is unlike every other county across the state where all properties are assessed equally at 33 1/3%. Instead, Cook County commercial properties are assessed at 250% of the rate of residential properties. Once the equalizer is applied, commercial property tax bills can be up to 3 times the amount of residential property bills, when comparing equal values. This means that commercial properties subsidize residential properties. It also means that in communities where business corridors are negligible or nonexistent (often in underserved communities), residential properties will experience excessive tax rates because there are few or no commercial properties to subsidize those property taxes.

An alternative to making all assessments equal would be to analyze and adjust the classification system periodically based on market conditions to minimize the gap between commercial and residential assessment rates.

Limit Classification Changes to County Board: Changes to Property Tax Classifications should only occur with approval by the County Board and in adherence with the Constitutional Uniformity requirement.

BIG PICTURE: BUDGETING AND EDUCATION FUNDING

Cut Spending: Instead of focusing on tax and fee increases, the City and other levies should be finding ways to cut costs and increase efficiencies.

Shift Education Funding Responsibility to State: Relying on property taxes for education funding creates inequities in funding across the state and has contributed to excessive property tax increases. Education should be funded by the state, not through property taxes.

Remove State Authority Over City Pension System: Chicago pays the bill for the City of Chicago's pension system and should be responsible for restructuring and fixing that system as needed – not the State of Illinois *that currently sets pension benefits and payments. At the very least, the City of Chicago should be included in those discussions.*

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