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7% CAP CUTS 11.5% OFF CHICAGO HOMEOWNERS' PROPERTY TAX BILLS, CIVIC FEDERATION REPORT SHOWS

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CHICAGO – Cook County's new 7% property tax cap effectively cut property taxes for eligible Chicago homeowners by 11.5%, the Civic Federation reported in a study released Monday.

Under the provisions of the assessment cap, year-to-year increases in the taxable value of homeowner-occupied residential property in Cook County were limited to 7%, up to a total increased homestead exemption of \$20,000 in equalized assessed valuation. The new cap, which was passed in 2004, took effect in Chicago for tax year 2003 after the city underwent its triennial reassessment.

"The Civic Federation is keenly aware of the financial pressures created by the continued rise in residential assessments, and we believe this increased exemption effectively served as a shock absorber for homeowners," said Civic Federation President Laurence Msall. "However, this assessment cap is not a long-term solution. Local governments have got to end their constant demands for larger and larger property tax levies."

Even with the cap in place, the total tax owed on residential properties in Chicago increased by 10.1% over 2002, reflecting the continuing strength of the city's housing market. Without the cap, the total property tax on Chicago owner-occupied homes would have increased by 16.8%, the study found.

As a result of the expanded homestead exemption, all other types of properties experienced a 4.5% overall increase in their total property tax bills, the Federation further noted. The total property tax amount owed by all other classes combined increased by 2.4% under the cap; without it, the tax amount would have *decreased* by 2.0%.

As passed by the General Assembly, Public Act 093-0715 allows individual counties to impose the 7% cap on year-to-year increases in homeowners' equalized assessed valuation, or taxable value. The law is slated for a sunset review in 2006, after the entire county has undergone the three-year reassessment process.

Under the Cook County property tax system, a reduction in assessed valuation in one class of properties results in a shift of the tax burden to other classes.

The Federation initially gave qualified support to the 7% cap, because the potential advantages of increased transparency in the assessment process and a smoothing of property tax increases for homeowners outweighed the increased costs that would likely be shifted to other classes of property.

“This report shows that the 7% cap is having the expected effect, and providing many homeowners in Cook County with significant property tax relief,” Msall said. “However, the impact of the new exemption on the remaining two-thirds of Cook County needs to be monitored and analyzed fully.”

The basic methodology used to estimate the tax burden shift created by the 7% cap was first developed in the 1999 *Report of The Civic Federation Task Force on Cook County Classification and Equalization*, currently available at www.civicfed.org. The calculations include changes in the Equalized Assessed Value (EAV) of each class of property in the Cook County property classification system and changes in the relevant tax rates, allowing an estimate of the tax that would be owed by each class of property under previous and current law.

The Civic Federation report examined data from tax years 2002 and 2003 for each of the eight major governments listed on a City of Chicago property owner’s tax bill. The tax rates generated for these eight units were summed to create a composite tax rate that was then applied to the EAV of each class of property, producing the total tax amount owed by each class. All Civic Federation calculations are computed using aggregate property tax data provided by the Cook County Assessor’s Office. The Civic Federation methodology consistently produces results within 1% of the actual tax extensions calculated by the Cook County Clerk. The complete text of the report is available at www.civicfed.org.

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**THE EFFECTS OF THE “7% CAP” ON
PROPERTY TAXES PAID IN THE CITY OF CHICAGO:
TAX YEAR 2003**

**Prepared By
The Civic Federation
September 19, 2005**

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EXECUTIVE SUMMARY

On July 12, 2004, Governor Blagojevich signed into law Public Act 093-0715, commonly known as the “7% cap”. This law made a number of changes to residential property tax exemptions, including authorization for counties to adopt an expanded homeowner exemption effectively capping increases in the taxable value (Equalized Assessed Value, or EAV) of residential property at 7% per year, but limiting the expanded exemption to a maximum of \$20,000 EAV. Cook County adopted the expanded exemption; it took effect in Chicago for tax year 2003, the year of the City of Chicago’s triennial assessment.

The Civic Federation estimates that the 7% cap resulted in the following changes in the 2003 taxes for Chicago properties:

- A 5.7% total reduction in the amount of property taxes owed by Class 2 (residential) properties in the City of Chicago, as compared with the amount they would have owed under the previous homeowner exemption law;
- An 11.5% total reduction in the amount of property taxes owed by those Class 2 properties that *qualified* for homeowner exemptions; and
- A 4.5% total increase for all other classes of property, as well as Class 2 properties that *did not qualify* for homeowner exemptions.

Even as limited, the total property tax amount paid by Class 2 owners increased by 10.1% over 2002. Without the cap, the total property tax amount would have increased by 16.8%. The total tax amount owed by all other classes combined increased by 2.4% under the cap, but would otherwise have *decreased* by 2.0%.

INTRODUCTION

On July 12, 2004, Governor Blagojevich signed into law Senate Bill 2112 (Public Act 093-0715). The new law made a number of changes to residential property tax exemptions, including authorization for counties to enact an expanded homeowner exemption that caps increases in the taxable value of residential property at 7% per year. Shortly thereafter, the Cook County Board of Commissioners enacted an ordinance implementing the 7% cap. Under the previous homeowner exemption law, the taxable value of an owner-occupied Cook County property was reduced by a flat \$4,500. The 7% cap, which took effect in tax year 2003, allowed for an exemption of \$4,500 to \$20,000, depending on the increase in the property's taxable value.

The Civic Federation gave qualified support to this legislation, because the potential advantages of increased transparency in the assessment process and a smoothing of property tax increases for homeowners outweighed the increased costs that would likely be imposed on other classes of property. When SB 2112 was signed, the Federation stated its intent to monitor the effects of the 7% cap.

METHODOLOGY

The basic methodology for estimating the tax burden shift created by the 7% cap was first developed in the *Report of The Civic Federation Task Force on Cook County Classification and Equalization*.¹ The technical details are described more fully in the appendix to this report. The calculations include changes in the Equalized Assessed Value (EAV) of each class of property in the Cook County property classification system, and changes in the relevant tax rates.² This allows an estimate of the tax that would be owed by each class of property under previous and current law.

This methodology was applied to data from tax years 2002 and 2003 for each of the eight major governments listed on a City of Chicago property owner's tax bill.³ The tax rates generated for these eight units were summed to create a composite tax rate that was then applied to the EAV of each class of property, producing the total tax amount owed by each class.

¹ The Civic Federation. *Report of the Civic Federation Task Force on Cook County Classification and Equalization*, (Chicago: The Civic Federation, 1999).

² For purposes of property tax assessment, Cook County real property is categorized into classes such as residential, non-profit, commercial, industrial, and vacant. This analysis primarily compares Class 2, residential property, to all other classes of property, although data for each class of property is provided in Appendix C. Class 2 contains residential property with no more than six units, as well as individually owned condominiums and co-ops. It also includes farm land.

³The eight governments are: Cook County, Cook County Forest Preserve District, Metropolitan Water Reclamation District of Greater Chicago, City of Chicago, Chicago Board of Education, School Finance Authority, Community College District #508, and Chicago Park District. Agencies such as the South Cook County Mosquito Abatement District and City of Chicago Special Service Area #1, which appear on tax bills in certain parts of the city, were not included.

All Civic Federation calculations are computed using aggregate property tax data provided by the Cook County Assessor's Office. The Civic Federation methodology outlined above consistently produces results within 1% of the tax extensions calculated by the Cook County Clerk.

FINDINGS

Value of Homeowner Exemption, 2002-2003

The amount of equalized assessed property value (EAV) exempted from taxation by the Homeowner Exemption in Cook County increased by more than \$3.1 billion between tax years 2002 and 2003. The vast majority of this increase occurred in the City of Chicago assessment triad, which was the first to be reassessed under the 7% cap.⁴ In 2002, the Homeowner Exemption reduced the total Cook County EAV by 3.6%; in 2003, the Exemption reduced the County EAV by 5.8%.

Equalized Assessed Value and Homeowner Exemption of Cook County Real Property 2002-2003				
	2002	2003	\$ change	% change
City Triad EAV	\$ 45,330,892,358	\$ 53,168,632,414	\$ 7,837,740,056	17.3%
<i>HO Exemption</i>	\$ 1,459,874,239	\$ 4,365,868,836	\$ 2,905,994,597	199.1%
% EAV reduced	3.1%	7.6%		
North & South Suburban Triads EAV	\$ 59,754,320,644	\$ 57,097,995,549	\$ (2,656,325,095)	-4.4%
<i>HO Exemption</i>	\$ 2,484,282,866	\$ 2,684,123,285	\$ 199,840,419	8.0%
% EAV reduced	4.0%	4.5%		
TOTAL COOK COUNTY EAV	\$ 106,545,087,241	\$ 114,632,496,799	\$ 8,087,409,558	7.6%
<i>HO Exemption</i>	\$ 3,944,157,105	\$ 7,049,992,121	\$ 3,105,835,016	78.7%
% EAV reduced	3.6%	5.8%		

Source: Equalized Valuations for Split Agencies, Tax Years 2002 and 2003, Office of the Cook County Clerk

Increasing Number and Value of Class 2 Properties in City Triad

Despite the increased exemption, the total amount of Class 2 property taxes imposed by the eight major governments in the City of Chicago assessment triad increased by more than \$150 million between tax years 2002 and 2003, a 10.1% increase.⁵ This compares to a 2.4% increase in the property taxes owed by all other classes of property in Chicago during the same time period.

Total Property Tax Burden Within the City of Chicago: 2002-2003				
Property Class	2002	2003	\$ Change	% Change
Residential (Class 2)	\$ 1,488,882,777	\$ 1,639,124,003	\$ 150,241,226	10.1%
All Other Combined	\$ 2,016,650,909	\$ 2,065,371,945	\$ 48,721,036	2.4%
TOTAL	\$ 3,505,533,686	\$ 3,704,495,948	\$ 198,962,262	5.7%

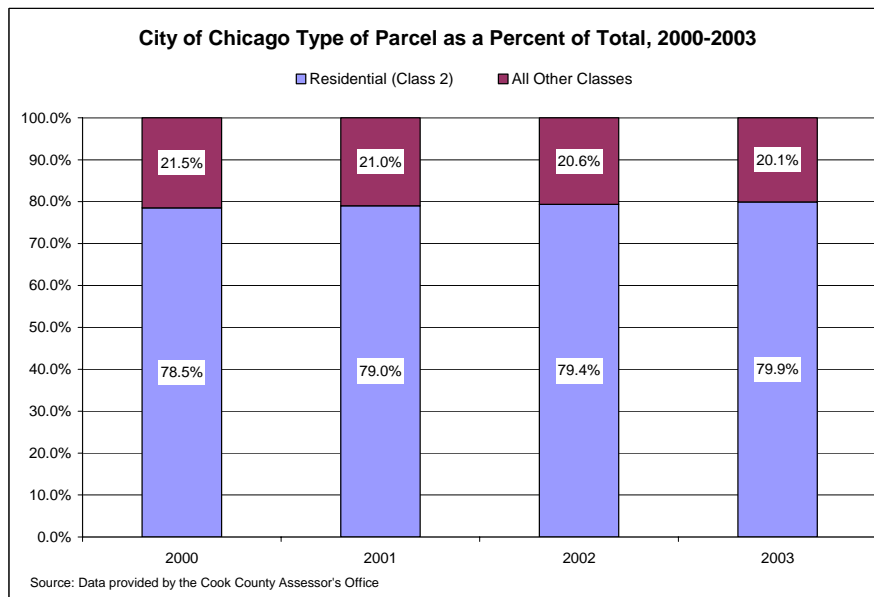
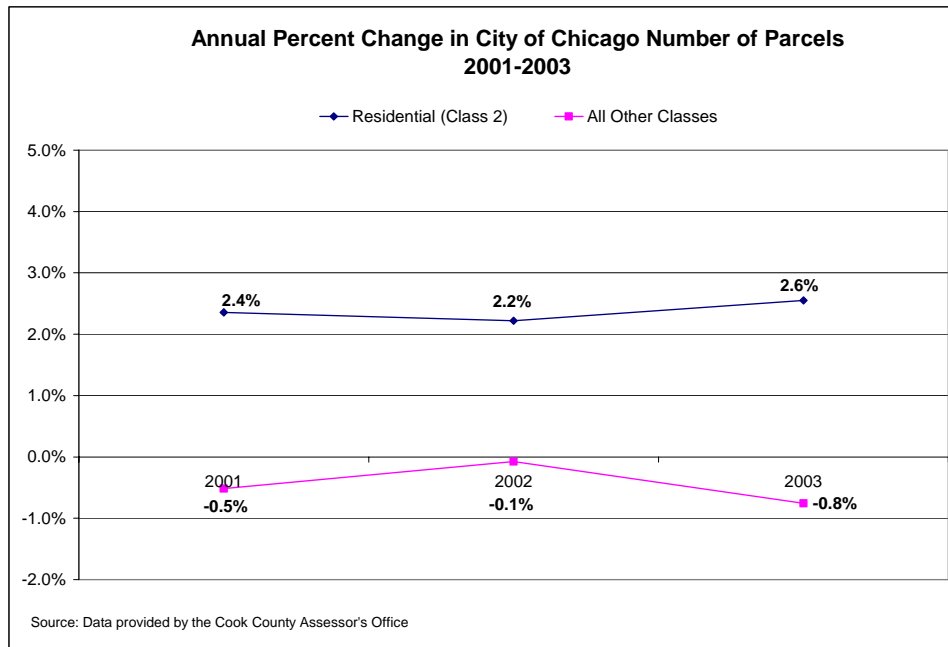
Source: Civic Federation calculations using Cook County Assessor data.

The 10.1% increase in Class 2 taxes resulted from growth in both the absolute number and the total market value of residential properties. This growth reflects a nationwide

⁴ For the purposes of property assessment, Cook County is divided into three regions, one of which is reassessed each year. The City triad was reassessed in 2003, followed by the North Suburbs in 2004 and South Suburbs in 2005.

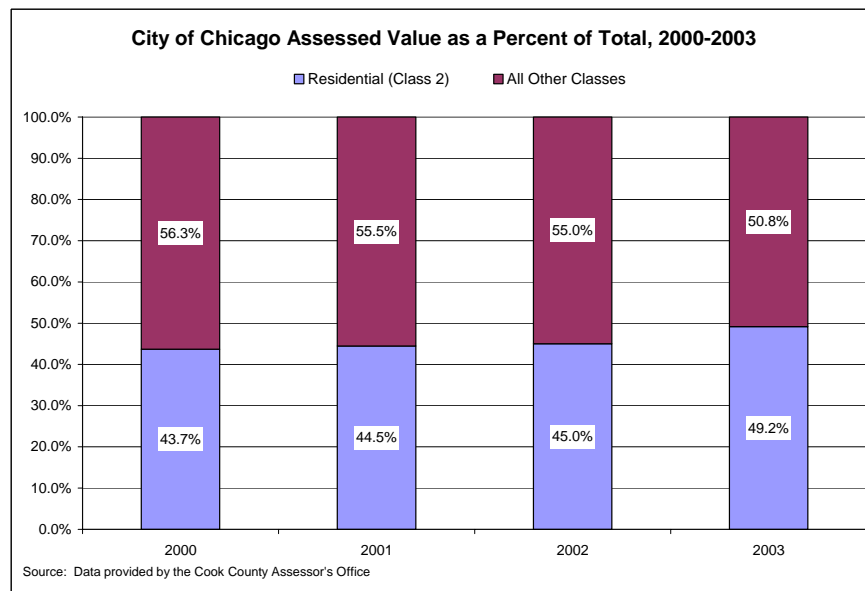
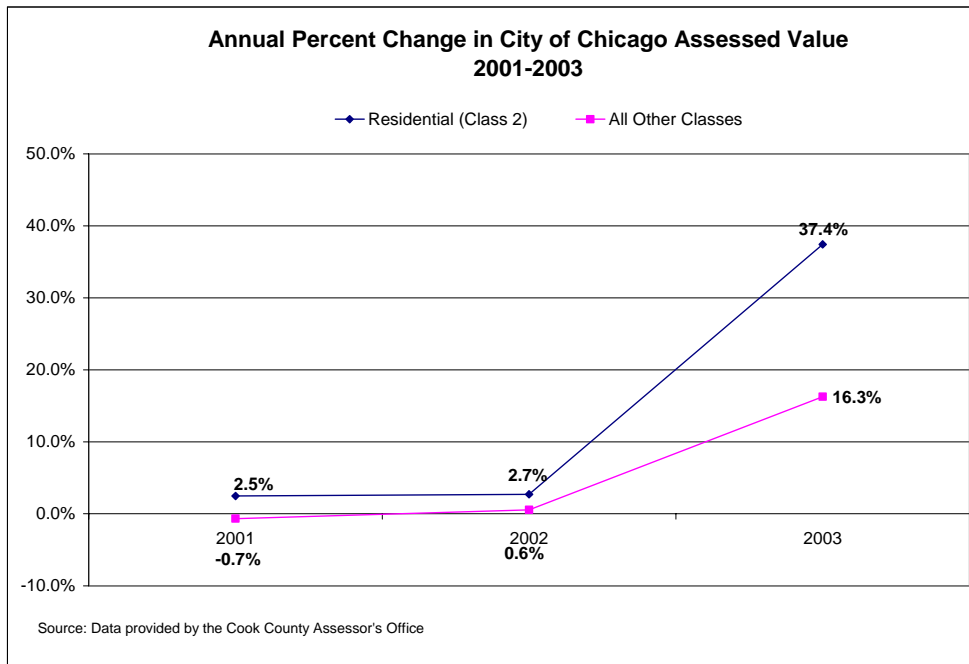
⁵ This amount includes taxes owed to the eight major governments and to Tax Increment Financing (TIF) districts by properties in the City of Chicago assessment triad.

boom in the housing market which has increased existing home values and encouraged new housing starts, including conversions of commercial property to residential condominiums in the City of Chicago.⁶ The number of residential parcels in the City of Chicago has been increasing by approximately 2.4% per year since tax year 2000, and totaled 79.9% of City parcels in 2003. Meanwhile, the number of all other types of parcels has been declining at a rate of roughly 0.5% per year, and has fallen from 21.4% to 20.1% of the City of Chicago total since 2000.



⁶ Richard Rosen, "Explaining recent changes in home prices," *Chicago Fed Letter* (The Federal Reserve Bank of Chicago) 216 (July 2005); John Handley, Mary Umberger and Thomas A. Corfman, "Will hot housing market overheat?" *Chicago Tribune*, May 25, 2005.

Reflecting the steep increase in housing prices, the aggregate 2003 assessed value for Class 2 properties in the City of Chicago increased by 37.4% over the 2000 assessment, while the aggregate assessed value for all other properties rose by 16.3% in the same time period. Class 2 properties have risen from 43.7% of total assessed value in 2000 to 49.2% in 2003, while the total assessed value of all other Chicago properties declined from 56.3% of the total in 2000 to 50.8% in 2003.



Comparison of Property Taxes Paid With and Without the 7% Cap

As shown above, total property taxes owed by Chicago homeowners increased by 10.1% between tax years 2002 and 2003, while taxes on non-residential property rose by 2.4%. In 2003, Class 2 property owners paid \$1.6 billion, or 44.2% of the total property tax burden, up from 42.4% paid by Class 2 in 2002.

Total Property Tax Burden Within the City of Chicago: 2002-2003 (Actual)				
Property Class	2002	2003	\$ Change	% Change
Residential (Class 2)	\$ 1,488,882,777	\$ 1,639,124,003	\$ 150,241,226	10.1%
All Other Combined	\$ 2,016,650,909	\$ 2,065,371,945	\$ 48,721,036	2.4%
TOTAL	\$ 3,505,533,686	\$ 3,704,495,948	\$ 198,962,262	5.7%

Source: Civic Federation calculations using Cook County Assessor data.

Absent the 7% cap, the 2003 triennial reassessment of Chicago property would have resulted in a 16.8% year-to-year increase in the total amount of property taxes owed by residential property owners. Class 2 property owners would have paid \$1.7 billion, or 46.7%, of the total property taxes owed in the City triad for 2003. The total amount of property taxes owed by all other classes of property would have decreased by 2.0% over the same two-year period.

Total Property Tax Burden Within the City of Chicago: 2002-2003, without 7% cap (Hypothetical)				
Property Class	2002	2003	\$ Change	% Change
Residential (Class 2)	\$ 1,488,882,777	\$ 1,738,496,171	\$ 249,613,394	16.8%
All Other Combined	\$ 2,016,650,909	\$ 1,976,452,451	\$ (40,198,459)	-2.0%
TOTAL	\$ 3,505,533,686	\$ 3,714,948,622	\$ 209,414,936	6.0%

Source: Civic Federation calculations using Cook County Assessor data

The modified homeowner exemption reduced the 2003 property tax owed by residential property owners in the City of Chicago by \$99.3 million, or 5.7%, compared with the amount that would have been owed if previous law had applied. The change in the law increased the property tax on all other classes by \$88.9 million, or 4.5%.

The table below includes a hypothetical \$10.4 million decrease in total taxes paid by City property owners. This represents a shift in the total tax burden imposed by countywide governments – Cook County, Cook County Forest Preserve District, and Metropolitan Water Reclamation District – from Chicago to suburban Cook property.

Effect of 7% Cap on Total Property Tax Burden Within the City of Chicago: 2003				
Property Class	2003 Hypothetical (no 7% cap)	2003 Actual (7% cap)	\$ Change	% Change
Residential (Class 2)	\$ 1,738,496,171	\$ 1,639,124,003	\$ (99,372,168)	-5.7%
All Other Combined	\$ 1,976,452,451	\$ 2,065,371,945	\$ 88,919,495	4.5%
TOTAL	\$ 3,714,948,622	\$ 3,704,495,948	\$ (10,452,673)	-0.3%

Source: Civic Federation calculations using Cook County Assessor data

Because not all residential properties qualify for the homeowner exemption, the 7% cap resulted in a shift of the tax burden within Class 2.⁷ According to the Cook County Assessor's Office, 67.3% of the Assessed Value of Class 2 properties in the 2003 City triad belonged to properties receiving the homeowner exemption.⁸ When Class 2 assessed value is subdivided between properties that receive the homeowner exemption and those that do not, the result is \$127.6 million in tax savings for owner-occupied residential properties as a result of the 7% cap.

Effect of 7% Cap on Total Property Tax Within Class 2 in the City of Chicago: 2003				
Property Class	2003 Hypothetical (no 7% cap)	2003 Actual (7% cap)	\$ Change	% Change
Residential (Class 2) Receiving Homeowner Exemption	\$ 1,110,142,324	\$ 982,500,866	\$ (127,641,458)	-11.5%
Residential (Class 2) Not Receiving Homeowner Exemption	\$ 628,353,847	\$ 656,623,136	\$ 28,269,290	4.5%
All Other Combined	\$ 2,604,806,298	\$ 2,721,995,082	\$ 117,188,784	4.5%
TOTAL	\$ 3,714,948,622	\$ 3,704,495,948	\$ (10,452,673)	-0.3%

Source: Civic Federation calculations using Cook County Assessor data

Effects of the 7% Cap on 2003 Taxes Paid: Examples

The following table illustrates the effects of the 7% cap on sample properties.⁹ A Chicago home valued at \$200,000 receiving the minimum homeowner exemption of \$4,500 owed \$4,775 in property taxes instead of the \$4,569 it would have owed under the previous law, an increase of \$206. In contrast, a \$200,000 home receiving the maximum exemption of \$20,000 owed \$3,778 instead of \$4,569, a decrease of \$791.

A commercial property valued at \$500,000 owed \$30,072 instead of the \$28,775 it would have owed without the 7% cap, an increase of \$1,297.

2003 Taxes Owed By Chicago Properties: Examples						
	Homeowner Exemption	Taxes Owed (Actual, 7% Cap)		Taxes Owed (Hypothetical, No 7% cap)	\$ Difference	% Difference
\$200,000 home	\$4,500	\$ 4,775	instead of...	\$ 4,569	\$ 206	4.5%
\$200,000 home	\$20,000	\$ 3,778	instead of...	\$ 4,569	\$ (791)	-17.3%
\$500,000 commercial property	\$0	\$ 30,072	instead of...	\$ 28,775	\$ 1,297	4.5%

CONCLUSION

Public Act 093-0715, also known as the "7% cap", resulted in a 5.7% reduction in the amount of property taxes imposed on residential (Class 2) properties in the City of Chicago assessment triad, as compared with the tax bills that would have been owed in 2003 under the previous homeowner exemption law. The revised homeowner exemption resulted in a 4.5% increase in property taxes for all other classes of property within the

⁷ The homeowner exemption is only available for a property which is the owner's or leaseholder's (if the leaseholder is responsible for paying the property taxes) primary residence.

⁸ City of Chicago Residential Homeowner Assessed Value Totals, provided by the Cook County Assessor's Office, July 5th, 2005.

⁹ Detailed calculations are included in Appendix C.

City of Chicago, again as compared with the amount that would have been owed under the previous law.

Within Class 2, the 7% cap law reduced the expected tax bill by 11.5% for properties with homeowner exemptions, while Class 2 properties without homeowner exemptions paid 4.5% more.

Property taxes paid by Class 2 still increased by 10.1% over 2002 under the 7% cap, and would have increased by 16.8% without the cap. Conversely, the taxes paid by all other classes combined grew by 2.4% under the cap and would have *decreased* by 2.0% without the cap.

APPENDIX A: METHODOLOGY

The basic methodology for estimating the tax burden shift created by the 7% cap in tax year 2003 was first developed in the *Report of The Civic Federation Task Force on Cook County Classification and Equalization*.¹⁰ The model uses aggregate assessment data provided by the Cook County Assessor's Office as well as levy data published in the Cook County Clerk's Agency Tax Rate Reports to estimate individual governments' equalized assessed value (EAV), tax rate, tax extension, and tax burden by class of property. The model is organized such that a control model, which mimics the actual tax extension process, can be compared to a model in which one or more inputs have been varied. Thus the control results and hypothetical results can be easily compared.

In this analysis, the model was run for eight governments for tax years 2002 and 2003. A tax rate was generated for each government, then the tax rates were summed and the composite tax rate was applied to the EAV by class for the City of Chicago to determine the tax dollars paid by the City triad properties to the eight governments.

In order to compare the effects of the 7% cap to the previous exemption system of \$4,500 per exempt homeowner property, the exemption inputs were varied for 2003. The parts of the 2003 model labeled "new" use the actual data for the new, expanded homeowner exemption (7% cap), while those parts labeled "old" estimate what the outputs would have been under the old exemption system, without the 7% cap in place. To estimate what the homeowner exemption would have been in 2003 without the 7% cap in place, we assumed that the same number of parcels would have received an exemption, and that each parcel's exemption would equal \$4,500 (the previous Cook County Homeowner Exemption amount). The exemption total for each government was reduced accordingly, and the reduced exemption total was then entered into the "old" side of the model.¹¹

The other input that required adjustment was the Tax Increment Financing (TIF) amount. Since the reduced exemption amount results in a larger EAV for Class 2 properties, it also results in a larger TIF increment. In order to adjust the Class 2 TIF increment, we assumed that 62.1% of Class 2 parcels in TIF districts were eligible for a homeowner exemption.¹² We then calculated the "old" EAV as above, using a \$4,500 exemption, for those TIF parcels eligible for a homeowner exemption, and subtracted from it the relevant baseline (or "frozen") EAV to obtain the adjusted TIF increment.

The composite tax rates generated for 2003 were 6.157% without the 7% cap and 6.434% with the 7% cap. The actual composite tax rate published by the Cook County Clerk for 2003 was 6.433%. These composite tax rates were applied to the EAV by class for the

¹⁰ The Civic Federation. *Report of the Civic Federation Task Force on Cook County Classification and Equalization*, (Chicago: The Civic Federation, 1999).

¹¹ Our model applies all exemptions to Class 2. Although a small number of exemptions are applied to property in other classes, data from the Assessor's Office indicate that these represent less than 3% of exemptions.

¹² Data provided by the Cook County Assessor's Office indicate that 62.1% of all Class 2 parcels were eligible for homeowner exemptions in 2003.

City of Chicago to determine the tax dollars paid by the City triad properties to the eight governments.

In order to estimate the tax burden shift within Class 2, we assumed that 67.3% of Class 2 assessed value in the City of Chicago triad belonged to homeowner exemption-eligible properties.¹³ We thus separated Class 2 assessed value into eligible (67.3%) and non-eligible (32.7%) properties and applied the composite tax rates to this subdivided class to obtain proportional tax payments.

Accuracy

The model approximates the method used by the Cook County Clerk to calculate EAVs, tax rates, and tax extensions, with some minor differences. For example, the model calculates Tax Increment Financing districts by class of property rather than tax code as the Clerk does, and it does not apply the special rounding rule to the final tax rate that the Clerk does. Nonetheless, the model consistently produces results within 1% of the Clerk's figures for EAV, tax rate, and tax extension.

¹³ According to data provided by the Cook County Assessor's Office, 67.3% of Class 2 assessed value in the City of Chicago triad belonged to homeowner exemption-eligible properties in tax year 2003.

APPENDIX B: PROPERTY TAX CHANGES, ALL CLASSES

Total Property Tax Burden Within the City of Chicago: 2002-2003 (Actual)				
Property Class	2002	2003	\$ Change	% Change
1 - Vacant Land	\$ 39,671,217	\$ 50,560,332	\$ 10,889,114	27.4%
2 - Residential	\$ 1,488,882,777	\$ 1,639,124,003	\$ 150,241,226	10.1%
3 - Apartments	\$ 334,816,970	\$ 353,492,988	\$ 18,676,018	5.6%
4 - Non-Profit	\$ 8,026,981	\$ 11,062,332	\$ 3,035,351	37.8%
5a - Commercial	\$ 1,398,834,071	\$ 1,454,481,584	\$ 55,647,513	4.0%
5b - Industrial	\$ 194,475,756	\$ 176,223,342	\$ (18,252,414)	-9.4%
6 - Industrial (Incentive)	\$ 6,008,299	\$ 6,364,715	\$ 356,416	5.9%
7 - Commercial (Incentive)	\$ 1,940,153	\$ 1,059,492	\$ (880,661)	-45.4%
8 - Ind. & Com. (Incentive)	\$ 25,815	\$ 18,766	\$ (7,049)	-27.3%
9 - Apartment (Incentive)	\$ 7,027,178	\$ 8,116,301	\$ 1,089,123	15.5%
Railroad	\$ 25,811,586	\$ 3,981,181	\$ (21,830,404)	-84.6%
Air Pollution	\$ 12,883	\$ 10,912	\$ (1,971)	-15.3%
Farm	\$ -	\$ -	\$ -	0.0%
TOTAL	\$ 3,505,533,686	\$ 3,704,495,948	\$ 198,962,262	5.7%

Source: Civic Federation calculations using Cook County Assessor data

Total Property Tax Burden Within the City of Chicago: 2002-2003, without 7% cap (Hypothetical)				
Property Class	2002	2003	\$ Change	% Change
1 - Vacant Land	\$ 39,671,217	\$ 48,383,581	\$ 8,712,364	22.0%
2 - Residential	\$ 1,488,882,777	\$ 1,738,496,171	\$ 249,613,394	16.8%
3 - Apartments	\$ 334,816,970	\$ 338,274,220	\$ 3,457,250	1.0%
4 - Non-Profit	\$ 8,026,981	\$ 10,586,070	\$ 2,559,090	31.9%
5a - Commercial	\$ 1,398,834,071	\$ 1,391,862,467	\$ (6,971,604)	-0.5%
5b - Industrial	\$ 194,475,756	\$ 168,636,481	\$ (25,839,275)	-13.3%
6 - Industrial (Incentive)	\$ 6,008,299	\$ 6,090,698	\$ 82,399	1.4%
7 - Commercial (Incentive)	\$ 1,940,153	\$ 1,013,878	\$ (926,275)	-47.7%
8 - Ind. & Com. (Incentive)	\$ 25,815	\$ 17,958	\$ (7,857)	-30.4%
9 - Apartment (Incentive)	\$ 7,027,178	\$ 7,766,874	\$ 739,696	10.5%
Railroad	\$ 25,811,586	\$ 3,809,781	\$ (22,001,804)	-85.2%
Air Pollution	\$ 12,883	\$ 10,442	\$ (2,441)	-18.9%
Farm	\$ -	\$ -	\$ -	0.0%
TOTAL	\$ 3,505,533,686	\$ 3,714,948,622	\$ 209,414,936	6.0%

Source: Civic Federation calculations using Cook County Assessor data

Effect of 7% Cap on Total Property Tax Burden Within the City of Chicago: 2003				
Property Class	2003 Hypothetical (no 7% cap)	2003 Actual (7% cap)	\$ Change	% Change
1 - Vacant Land	\$ 48,383,581	\$ 50,560,332	\$ 2,176,750	4.5%
2 - Residential	\$ 1,738,496,171	\$ 1,639,124,003	\$ (99,372,168)	-5.7%
3 - Apartments	\$ 338,274,220	\$ 353,492,988	\$ 15,218,769	4.5%
4 - Non-Profit	\$ 10,586,070	\$ 11,062,332	\$ 476,261	4.5%
5a - Commercial	\$ 1,391,862,467	\$ 1,454,481,584	\$ 62,619,117	4.5%
5b - Industrial	\$ 168,636,481	\$ 176,223,342	\$ 7,586,861	4.5%
6 - Industrial (Incentive)	\$ 6,090,698	\$ 6,364,715	\$ 274,017	4.5%
7 - Commercial (Incentive)	\$ 1,013,878	\$ 1,059,492	\$ 45,614	4.5%
8 - Ind. & Com. (Incentive)	\$ 17,958	\$ 18,766	\$ 808	4.5%
9 - Apartment (Incentive)	\$ 7,766,874	\$ 8,116,301	\$ 349,427	4.5%
Railroad	\$ 3,809,781	\$ 3,981,181	\$ 171,400	4.5%
Air Pollution	\$ 10,442	\$ 10,912	\$ 470	4.5%
Farm	\$ -	\$ -	\$ -	0.0%
TOTAL	\$ 3,714,948,622	\$ 3,704,495,948	\$ (10,452,673)	-0.3%

Source: Civic Federation calculations using Cook County Assessor data

Effect of 7% Cap on Total Property Tax Within Class 2 in the City of Chicago: 2003				
Property Class	2003 Hypothetical (no 7% cap)	2003 Actual (7% cap)	\$ Change	% Change
1 - Vacant Land	\$ 48,383,581	\$ 50,560,332	\$ 2,176,750	4.5%
2 - Residential with Exempt.	\$ 1,110,142,324	\$ 982,500,866	\$ (127,641,458)	-11.5%
2 - Residential without Exempt.	\$ 628,353,847	\$ 656,623,136	\$ 28,269,290	4.5%
3 - Apartments	\$ 338,274,220	\$ 353,492,988	\$ 15,218,769	4.5%
4 - Non-Profit	\$ 10,586,070	\$ 11,062,332	\$ 476,261	4.5%
5a - Commercial	\$ 1,391,862,467	\$ 1,454,481,584	\$ 62,619,117	4.5%
5b - Industrial	\$ 168,636,481	\$ 176,223,342	\$ 7,586,861	4.5%
6 - Industrial (Incentive)	\$ 6,090,698	\$ 6,364,715	\$ 274,017	4.5%
7 - Commercial (Incentive)	\$ 1,013,878	\$ 1,059,492	\$ 45,614	4.5%
8 - Ind. & Com. (Incentive)	\$ 17,958	\$ 18,766	\$ 808	4.5%
9 - Apartment (Incentive)	\$ 7,766,874	\$ 8,116,301	\$ 349,427	4.5%
Railroad	\$ 3,809,781	\$ 3,981,181	\$ 171,400	4.5%
Air Pollution	\$ 10,442	\$ 10,912	\$ 470	4.5%
Farm	\$ -	\$ -	\$ -	0.0%
TOTAL	\$ 3,714,948,622	\$ 3,704,495,948	\$ (10,452,673)	-0.3%

Source: Civic Federation calculations using Cook County Assessor data

APPENDIX C: CALCULATION OF EXAMPLE TAX BILLS

Homeowner, minimum exemption

Tax Rate: no 7%	Chicago 2003 General City Tax Rate	Tax Rate: 7%
\$ 200,000	Full Property Value	\$ 200,000
* 16%	Assessment Level: Residential 2	* 16%
= \$ 32,000	Assessed Value	= \$ 32,000
* 2.4598	Equalization Factor	* 2.4598
= \$ 78,714		= \$ 78,714
- \$ 4,500	Homeowner Exemption	- \$ 4,500
\$ 74,214		\$ 74,214
* <u>6.157%</u>	<u>Composite Tax Rate</u>	* <u>6.434%</u>
\$ 4,569	Tax Bill	\$ 4,775

Difference

\$206
4.51%

Homeowner, maximum exemption

Tax Rate: no 7%	Chicago 2003 General City Tax Rate	Tax Rate: 7%
\$ 200,000	Full Property Value	\$ 200,000
* 16%	Assessment Level: Residential 2	* 16%
= \$ 32,000	Assessed Value	= \$ 32,000
* 2.4598	Equalization Factor	* 2.4598
\$ 78,714		\$ 78,714
- \$ 4,500	Homeowner Exemption	- \$ 20,000
\$ 74,214		\$ 58,714
* <u>6.157%</u>	<u>Composite Tax Rate</u>	* <u>6.434%</u>
\$ 4,569	Tax Bill	\$ 3,778

Difference

-\$791
-17.32%

Commercial Property

Tax Rate: no 7%	Chicago 2003 General City Tax Rate	Tax Rate: 7%
\$ 500,000	Full Property Value	\$ 500,000
* 38%	Assessment Level: Commercial 5a	* 38%
= \$ 190,000	Assessed Value	= \$ 190,000
* 2.4598	Equalization Factor	* 2.4598
\$ 467,362		\$ 467,362
- \$ -	Homeowner Exemption	- \$ -
\$ 467,362		\$ 467,362
* <u>6.157%</u>	<u>Composite Tax Rate</u>	* <u>6.434%</u>
\$ 28,775	Tax Bill	\$ 30,072

Difference

\$1,297
4.51%