Illinois / Cook County Need Property Tax Reforms

By Bob Tivnan, CMI Chicago

Will the property tax system in Illinois and Cook County get a much needed overhaul from the next governor and legislature? Legislation has been introduced to repeal the current tax code and start from scratch to come up with a better plan in 2019 after the general statewide elections in November.

PROPERTY TAXES ARE HIGH AND COMPLEX

As a recent editorial in the Chicago Tribune points out, Illinois residents pay the second-highest property tax rates in the nation. Last year, Illinois lost more residents than any other state. High property taxes are believed to be a primary reason for the exodus.

Not only are the Illinois and Cook County property tax systems complex, they are also very costly. A contributing factor is the size of local government in Illinois, which creates duplicate spending that is difficult to control without efforts to downsize and reduce their tax levies.

In Cook County, the Illinois state equalization multiplier complicates matters by increasing all taxable values by practically three times above the original assessments to account for the county’s classification system. This produces artificially low assessments on many properties below the state-mandated assessment ratio of 33.33%.

THE FIX?

Historically, the Illinois Legislature has done little to address local property tax pressure. The Chicago Tribune has targeted lawmakers for their failure to tackle the complex issues that drive local spending, including pension costs and unfunded mandates. At the same time, the state has reduced funding for public education, making school districts rely more heavily on property taxes.
House Republican Leader Jim Durkin introduced House Bill 5924 in June. If the legislation gets signed into law, the Illinois property tax code will sunset on July 1, 2019. Then the legislature and governor will have about six months to come up with a replacement system.

Helping schools and local governments deal with escalating pension costs would have to be part of the solution to the current problems with Illinois property taxes. State Representative Mark Batinick has suggested that local governments should consolidate pension funds to reduce administration costs. Ideally, a new tax code would help local governments streamline, consolidate, and shrink, making the property tax system more manageable and tax bills less expensive.

As the Tribune editorial states, "Elected officials—state and local, Democrats and Republicans—need to prioritize property tax reform as they march toward state and city elections. Taxpayers should hold them accountable. What is their plan? Without a good one, the Illinois exodus will continue."