

WILL COUNTY PROPERTY TAXES FREQUENTLY ASKED QUESTIONS AND ANSWERS

Why did Tinley Park increase its tax rate?

The tax rate for the Village of Tinley Park did increase, however, the Village does not set tax rates. The Village of Tinley Park has no control over the property tax rate that is determined each year. The tax rate cannot be determined until the end of the property tax process when both the amount of the tax levy and the total Equalized Assessed Value (EAV) for a taxing district is known.

Determining the tax rate is one of the last steps in the property tax process before Will County the production of the property tax bills. Likewise, the Cook County second installment tax bills are calculated and produced after the tax rates have been determined.

The tax rate is the ratio of each government's tax levy to the overall tax value (EAV) of all properties within that government's boundaries. There is an inverse (opposites) relationship between the tax base and the tax rate. When the tax base (EAV) decreases, the tax rate will increase; even if the tax levy does not change. (See example provided under **"My taxes went up even though my property value is less than last year. Why?"**)

The annual tax levy for the Village of Tinley Park and the Tinley Park Public Library are supposed to be shared equitably by all taxpayers within Tinley Park based on their individual property values. As you know, the Village of Tinley Park covers territory in both Cook and Will Counties. The annual tax levies of the Village and Library must be split between Cook and Will Counties based on the proportion of property value in each county. The computation of the tax rates for the Village and Library each year is complicated in Will County because the property value (EAV) for Cook County has not been finalized and known in April each year when Will County is preparing to issue its tax bills. This requires the Will County Clerk's Tax Extension Office to prepare an estimate of the Cook County tax base in order to determine an estimated Total EAV for Tinley Park. This estimated Total EAV is then used to calculate the preliminary (estimated) share of the Village and Library tax levies to be spread across the Will County properties and to determine an estimated Will County tax rate. This situation is further explained under the question, **"The Village Board said their 2014 tax levy was the same as 2013, yet I see a big change in Village taxes between 2013 and 2014. How can this be? What's going on here?"**

The Village's overall tax base (EAV) dropped \$204 million between 2010 and 2011, which was an 11.3 percent decrease. This remains the largest one year decrease in the Village's tax base on record. Between 2011 and 2012, the overall EAV for the Village dropped an additional \$116 million (7.2 percent decrease). The overall EAV for the Village continued to decrease between 2012 and 2013 by another \$94 million (6.3 percent decrease). Another decrease of \$54 million in overall EAV occurred between tax years 2013 and 2014. The \$468 million drop (25.8 percent) over the consecutive four year period is unprecedented. However, it is important to keep in mind that this decrease in property value does not affect the amount of dollars that were levied to support governmental operations.

It is important to keep in mind that this decrease in property value does not affect the amount of dollars that were levied to support governmental operations. The Village does not control the valuation of property. Property valuation is handled primarily by the Township Assessors in Will County, and the County Assessor in Cook County.

The Village's levy request for 2014 was exactly the same dollar amount as the prior year. The levy for the Tinley Park Public Library was also unchanged. The change in Will County tax rates is explained in more detail elsewhere in these FAQs.

The Village Board said their 2014 tax levy was the same as 2013, yet I see a big change in Village taxes between 2013 and 2014. How can this be? What's going on here?

It is true, the 2014 Will County property tax bills reflect an increase in the Tinley Park taxes relative to the prior year. However, this increase is not because the Tinley Park Village Board or Library Board did anything unusual with regard to their 2014 levy requests from prior years. Both the Village and Library's levy requests for 2014 were exactly the same dollar amount as the previous 2013 request. Not even one penny more. Zero change.

The Will County tax rate for the Village of Tinley Park increased 7% between 2013 and 2014. Because the Village of Tinley Park's tax levy request was unchanged, none of this 7% increase is related to a change in the tax levy. The "look-back" adjustment (explained in greater detail below) for the 2013 Village of Tinley Park levy is \$311,167 which translates to 9.5 cents of the Village's Will County tax rate of \$1.5281 per \$100 of EAV. The "look-back" adjustment accounts for 6.6% of the 7% increase in the Village tax rate (or 94% of the rate change). The 2014 Will County EAV for Tinley Park is \$328,253,966 and decreased 1% from the prior year. This decrease in EAV can account for approximately 0.4% of the 7% increase in the Village tax rate (or 6% of the rate change).

While the dollar amounts are smaller, the same explanations are applicable to the Tinley Park Public Library levy amounts. The 2013 "look-back" adjustment for the Library is \$86,583 which translates to 2.6 cents of the Library's 2014 Will County tax rate of \$0.4256 per \$100 of EAV. The "look-back" adjustment accounts for 6.6% of the 7% increase in the Library's tax rate (or 94% of the rate change). The remainder of the increase in the Library's tax rate relates to the decrease in the overall EAV for the Village of Tinley Park.

The property tax system is based on taxpayers paying an equitable share of a government's property taxes (levy) each year based on their property value. This process is relatively simple if the government's property tax base (Equalized Assessed Value; or EAV) is located only within one County. However, the Village of Tinley Park (and the Tinley Park Public Library) includes territory in both Cook and Will Counties.

The Will County Clerk's Tax Extension Office must determine an estimate of non-Will County EAV for each taxing agency with property value located in more than one county as part of determining the Will County tax rates each year. The Tax Extension Office reports that there are about 90 Will County taxing districts that overlap into one or more other counties, so this situation is not unique to Tinley Park alone.

The Cook County EAV for a tax year is not known when Will County is preparing to issue its tax bills for that tax year. This requires the Will County Clerk's Tax Extension Office to use of an estimate of the Cook County tax base in order to determine an estimated Total EAV for Tinley Park. In turn, this total is used in calculating the estimated percentage share of the Village and Library tax levies to be spread across the Will County properties of Tinley Park.

In the following tax year, once the prior year Cook County EAV is known, Will County recalculates the actual share of the prior year tax levy that should have been billed. The difference between the estimated share previously billed, and the actual share (that should have been billed, if the actual EAV had been available), is added to the current year's estimated share of the levy, factored into the Will County tax rate, and ultimately billed to taxpayers in the Will County portion of Tinley Park.

Unfortunately, this process of levy estimation in the initial tax year, and the related levy finalization ("look-back") adjustment in the subsequent tax year, can create unusual fluctuations in the tax rate and the comparative amounts of taxes paid from year to year. The Village of Tinley Park has no control over the Will County process of estimating EAV and the related determination of tax rate.

For the prior tax year 2013, the Will County EAV was \$331,734,777. The estimate of the Village's Cook County EAV determined by the Will County Clerk's Tax Extension Office was \$1,164,490,631 which results in an estimated total EAV of \$1,496,225,408. Accordingly, by this estimation process, Will County property owners were billed for 22.2% ($331,734,777 \div 1,496,225,408$) of the Village of Tinley Park and Tinley Park Public Library 2013 property tax levies. The estimated share of the 2013 tax levy was additionally adjusted by approximately \$387,000 (\$301k Village; \$86k Library) related to finalizing the levy share for 2012 tax year (difference between the estimate and actual). For tax year 2012, the estimated ratio of Will County to total Tinley Park EAV was 21.7%. The actual proportion ratio was 23.3% which translated to the \$387,000 adjustment noted.

The actual Cook County EAV for tax year 2013 was later determined to be \$1,066,577,781 compared to the estimated EAV of \$1,164,490,631 that Will County had used. The estimated Cook EAV determined by the Will County Clerk's Tax Extension Office was too high. This means that the Will County portion of Tinley Park's tax base was estimated to be lower (smaller) than it actually was. In turn, this means that not enough of the Village and Library's 2013 tax levy had been shared with Will County taxpayers. As noted above, the 2013 Will County tax bills reflected an estimated 22.2% share of the Village 2013 tax levy, when in actuality, the Will County proportion of the total EAV was 23.7%. As a result, Will County taxpayers did not pay their proper share of the 2013 property tax levy. Additionally, if the use of the estimated EAV for the 2013 Will County tax bills was left unadjusted, it would mean that the Village of Tinley Park would never collect the full amount of the tax dollars it had requested in its 2012 tax levy.

Under Will County's long established tax procedures, the "look-back" adjustment for finalizing the 2013 tax levy is added to the estimated share of the 2014 levy in the current property tax bills. This adjustment for the actual share of the 2013 tax levy has increased the 2014 estimated levy share by nearly \$398,000 (\$311k Village; \$87k Library). Based on historical information available, this is among the largest estimate to actual adjustments to the Tinley Park Will County property taxes that we are currently aware of. Regrettably, this is the fourth consecutive year that Will County Tax Extension has estimated our Cook County EAV too high resulting in sizable add-on "look-back" adjustments added to the following year's taxes. It is important to remember that this "look-back" adjustment is actually part of the prior year's tax levy that would have been paid in that prior year had the actual EAV for Tinley Park in both counties (Cook and Will) had been available when Will County prepared its tax rates and tax bills.

A "look-back" adjustment is part of the Village and Library taxes as they appear on the Will County tax bill each year. In many years, this "look-back" adjustment has been almost unnoticeable when comparing the taxes paid in two consecutive years. Because of the size of the "look-back" adjustment required for 2013, the comparability of Tinley Park and Public Library taxes between 2013 and 2014 are

greatly distorted. Because the Village and Library did not change the amount of their tax levy requests in 2014 relative to the prior year, this “look-back” adjustment becomes even more apparent.

My taxes went up even though my property value is less than last year. Why?

Property taxes collect a fixed amount of money that was levied (requested) by each government reflected on your property tax bill in order to fund their respective governmental operations. This fixed amount is spread proportionately over all property within that government’s boundaries based on the individual property values. In this manner, all properties pay a portion of that government’s tax levy. The proportion (ratio) of the tax levy to the Equalized Assessed Value (EAV) determines the property tax rate each year.

While the Frankfort Township Assessor and the Will County Supervisor of Assessments first reflected the effects of the Recession on property values for property tax purposes with tax year 2009, similar wholesale adjustments did not occur in the Cook County portion of Tinley Park until the 2011 triennial reassessment. The 2011 Cook County reassessment was the first valuation adjustment to reflect the impacts of the Recession on local property values for tax purposes. The decrease in the State Equalization Factor also resulted in a decrease in overall property values for the rest of Cook County. The overall EAV for Tinley Park has also decreased in tax years 2012 and 2013 in both Cook and Will County. The 2012 and 2013 Cook County decreases can be partially attributed to additional valuation appeals, another decrease in the State Equalization Factor. An increase in exemptions (Homeowner, Senior, etc.) also impacted 2012.

Property taxes are designed to collect a fixed amount of money for the governments included on the tax bill. Just because the (property) values dropped does not mean taxing districts are going to be getting less money or taxpayers are going to be paying less.

This means that an individual’s taxes can increase, particularly for taxpayers whose property did not lose value or whose value dropped less than others. This results in some taxpayers carrying more of the tax burden than others.

A simplified example:

The total amount of money levied for a government is \$100. There are only two properties within that government’s boundaries with equal taxable value of \$50 each, or \$100 in total. The ratio of the levy to the tax base is 100 percent, which is also stated as a tax rate of \$1.00 per \$100 dollars of EAV. Each property owner pays \$50 in taxes.

In the following year, Property A is still worth \$50, but Property B is now worth \$45, for a total of \$95 in EAV. The government’s tax levy request has remained unchanged and is again \$100. The resulting tax rate is now \$1.0526 per \$100 of EAV (\$100 levy divided by \$95 EAV).

Although the tax levy was unchanged (\$100 in both years), the tax rate increased because the overall total property value went down (from \$100 to \$95).

In the second year, Property A pays \$52.63, and Property B pays \$47.37 which still totals the \$100 of levy requested.

Even though the tax rate increased in the second year, the government still only receives the \$100 it asked for (levied).

The tax bill does not reflect my Homeowner's (or Senior) Exemption(s). What can I do?

On the right-hand side of the tax bill is a box under the heading "Tax Calculator" that shows how your tax bill was determined. If any of the lines for exemptions show ".00" you did not receive benefit of that exemption. If you think you are entitled to one of these exemptions, you should contact or visit the Frankfort Township Assessor or the Will County Supervisor of Assessments to file a Certificate of Error form.

The current standard homeowner exemption is \$7,000 for Cook County homeowners and \$6,000 for Will County homeowners. The Senior Citizens exemption, available to homeowners aged 65 or older, provides an additional exemption of \$5,000 for eligible Cook County or Will County homeowners.

Further information about exemptions can be found on the following websites:

Frankfort Township Assessor <http://www.frankfortassessor.com/sd/ft/content/Detail.aspx?ID=4>

Will County Supervisor of Assessments <http://www.willcountysoa.com/exemptions.aspx>

I previously received a Senior Assessment Freeze Exemption, but did not get this exemption this year. Is there something wrong with my bill? What can I do?

The Senior Freeze Exemption allows qualified senior citizens to freeze the equalized assessed value (EAV) of their properties for the year preceding the year in which they first apply and qualify for this exemption. For example, a senior citizen who qualifies and applies for this exemption in tax year 2013 will have the EAV of the property frozen at the 2012 EAV. The owner must be age 65 or older and have total household income of less than \$55,000 to qualify for this exemption. Those who qualify and receive this exemption should be aware that this does not freeze the amount of their tax bill. The application form can be found at <http://www.willcountysoa.com/Content/Forms/WC-324-and-pamphlet.pdf>

You may also visit the following websites for more information on exemptions.

Frankfort Township Assessor <http://www.frankfortassessor.com/sd/ft/content/Detail.aspx?ID=4>

Will County Supervisor of Assessments <http://www.willcountysoa.com/exemptions.aspx>

If the value of your residence has decreased or if tax rates increased, you may not receive any savings from the Senior Assessment Freeze Exemption. In order to realize a savings on your tax bill, the current equalized assessed value (EAV) must be greater than your "frozen" base year (the original year you filed for this exemption).

Because many property values were reduced in the years 2011 through 2014 tax year, you may no longer qualify for the Senior Assessment Freeze Exemption. If the previous year's value is higher than the current year's, no freeze exemption amount would be shown on the bill since the current assessed value would be lower.

You may also wish to contact the Frankfort Township Assessor or the Will County Supervisor of Assessments offices.

What portion of my tax bill goes to the Village?

The portion of the total tax bill that is distributed to the Village of Tinley Park will vary based on the other overlapping taxing bodies that serve a property and their respective tax levy requests. On average, 12 percent of your total taxes go to Tinley Park. Based on the overall Tinley Park average, the majority of your tax money goes to elementary school, high school and community college education services (71 percent); followed by the Village; then the County and Township (10 percent); Park District (4 percent); and Public Library (3 percent).

Why doesn't the Village spend less in order to lower our taxes?

It is difficult for the Village to make significant reductions in spending without eliminating personnel and eliminating or reducing services. Approximately 2/3 of the Village operating budget is tied to salary and benefits. The effects of reductions can not be immediately seen or felt in such things as property taxes due to the timing of the property tax cycle. Property taxes are billed in arrears (e.g. 2014 property taxes are paid in 2015). Most local governments, including Tinley Park, will look to property taxes to support operations in the fiscal year they are received. Frequently governments will anticipate their future financial needs in setting the amount of their levy each year so that the financial needs are addressed when the taxes are received. The Village of Tinley Park does consider its other revenue sources available to support operations (sales tax, income tax, etc.) in establishing its levy request each year, and additionally has utilized tax cap formulas to limit growth in the levy amount.

Near the beginnings of the Recession, the Village froze the hiring of new personnel and required departments to cut expenses in reaction to the faltering economy and the related losses in revenues. While attempting to maintain quality essential services for our residents, these cost-cutting measures assisted the Village in limiting increases in the tax levy to fund annual operations. As a result of the personnel positions that have been vacated through attrition, but not subsequently been replaced, the Village is currently operating with fewer employees than in 2007. These unfilled and frozen positions save the Village and taxpayers nearly \$2 million each year. Inflation and increases in commodity costs, health insurance, liability insurance, and contractually obligated wage increases impact operating costs from year to year. These normal increases run counter to any efforts to reduce costs. Without reducing services, the Village has limited options to achieve significant cost reductions in its annual budget. Without significant increases in other revenue sources, the Village also has limited ability to reduce its reliance on the property tax levy for funding operations each year.

I heard that Taxing District's Financial Statements are available on the Cook County Treasurer's website. What is this information?

In an attempt to provide financial disclosure to taxpayers, the Cook County Treasurer's Office, in conjunction with the Cook County Board, developed a "Debt Disclosure Ordinance" to require all Cook County taxing districts to provide certain disclosures about its finances with particular emphasis on debts and liabilities on an annual basis to the Cook County Treasurer. This information can be found under "Taxing District's Financial Statements" at www.cookcountytreasurer.com or www.cookcountypropertyinfo.com.

We applaud Cook County's efforts to create a central repository of information for taxing bodies in Cook County. However, similar financial reporting has been available through the State Comptroller's Office

for many years. Additionally, many taxing bodies (including the Village of Tinley Park) already provide similar (and often more detailed) financial information and disclosures through their own websites.

The Cook County Debt Disclosure Ordinance has placed heavy emphasis on the total debt owed by taxing districts in Cook County. The County has prohibited additional disclosure of the types and amounts of the various “debts” included in their required disclosure of “total debt” which can create a misleading representation of a taxing district’s debt and overall financial position. Additionally, looking solely at debt does not provide a fair or reasonable picture of the financial position or financial operations of a taxing district, so we recommend caution in drawing conclusions from the extracted Taxing District’s Financial Statements information presented on the Cook County website.

The extracted Taxing District’s Financial Statement information found on the Cook County Treasurer’s website was obtained from data entry required to be done by the individual taxing districts under the Debt Disclosure Ordinance requirements. Due to limited definitions and instructions for the requested disclosures provided by Cook County, there are both inconsistencies in information provided and probable data entry errors that potentially compromise the integrity, comparability and usefulness of these required Cook County disclosures. We warn readers to use this information with considerable caution, especially for comparative purposes as the information has not undergone any validation process before being published by Cook County on its website.

More useful financial information can be found in the annual audit report (Comprehensive Annual Financial Report) that each taxing district is required to upload as part of the Debt Disclosure Ordinance. These reports can be viewed by clicking on the linked Fiscal Year date on the Cook County Treasurer’s website. As noted, additional financial information may also be found on the Illinois State Comptroller’s website. In the interest of Open Government and Transparency, many taxing districts will have considerable financial disclosures included on their individual websites.

The Village of Tinley Park has created an “Open Government” page on its website to centralize its transparency disclosures in one location. Considerable financial information about Tinley Park can be found there covering at least a five year period.

How can I learn more about where my taxes go?

The Village has posted these FAQs and informational charts on our website at www.tinleypark.org.

You may also visit:

Frankfort Township Assessor <http://www.frankfortassessor.com/sd/ft/content/Default.aspx>

Will County Supervisor of Assessments <http://www.willcountysoa.com/home.aspx>

Will County Clerk Office of Tax Extension <http://www.thewillcountyclerk.com/>

Will County Treasurer <http://www.willcountytreasurer.com/>

You also can visit the websites of the various taxing bodies, or contact them directly for more information about their tax levies.

You also can call Village Hall at (708) 444-5000 with your questions. We will be able to assist to the extent that the questions relate to the Village’s finances and property taxes.