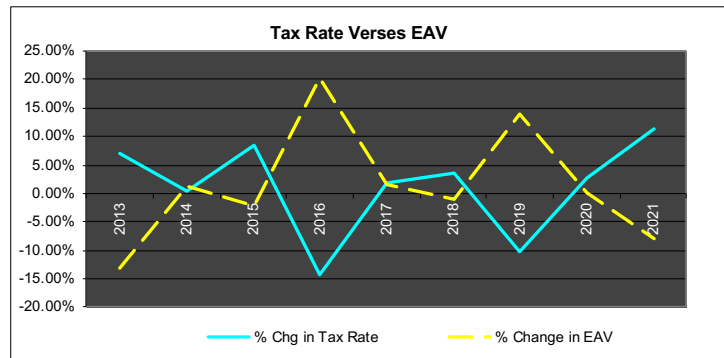


Arlington Heights School District 25 Tax Levy Impact on Tax Bills

The school district does not levy tax based on a rate or an increase in a rate. The district levies taxes based on a dollar amount, and that dollar amount is limited to an increase each year of the Consumer Price Index (CPI) or 5%, whichever is less. The Cook County Clerk's office divides that dollar amount by the total Equalized Assessed Valuation (EAV) of all properties in the school district.

$$\frac{\text{School District Tax Extension}}{\text{Total EAV}} = \text{Tax Rate}$$

When the Total EAV in the District increases, the tax rate decreases to ensure the school district only receives the dollars it is entitled to. Conversely, when the Total EAV decreases, the tax rate increases to ensure the school district receives the dollars it is entitled to.



The school district asked for a 5% tax increase. Why wasn't the increase in my tax bill for the school district 5%?

The percent change in your property tax bill is not a 1:1 relationship with the percent change in your property value. Other factors also impact your tax bill:

- **Did your homeowner's exemption get applied to your tax bill?** The homeowner's exemption is \$10,000.
- **Are you receiving all the money saving exemptions to which you are entitled?** Exemptions may save you hundreds of dollars on your tax bill. Some exemptions auto-renew each year and some don't. To view descriptions of exemptions available in Cook County go to <http://cookcountyassessor.com/exemptions>. Exemptions applied to your home appear on your second installment tax bill issued in the late summer/fall. Check your property tax bill to see which exemptions were applied to your home. You can also check on-line by searching for your property on the Cook County Assessor's website.
- **Did a local taxing body pass a referendum or sell bonds that caused an increase in property taxes in addition to the CPI increase?**
- **What was the change in your EAV as compared to other taxable properties in the community?**

Reductions and increases in EAV of individual properties cause a shift in the tax burden to other properties. If other property EAVs decreased by a larger percent than yours, your resulting EAV would represent a larger portion of the total EAV than it previously did. Thus, you would be responsible for a larger portion of the taxes than you previously were. With thousands of taxable properties making up the total EAV, it is impossible to predict your tax bill simply based on what happens with your individual property's EAV (see the following simplified examples).

Consider Example 1:

Year 1: The school district needs taxes of \$10,000 to provide services to your children. Suppose there are only 2 taxable properties in the community, your home and a commercial bank. The taxable value (EAV) of your home is \$100,000 and the EAV of the bank property is \$700,000.

Your home represents 12.5% of the total EAV ($\$100,000/\$800,000$), so your share of the tax bill is $12.5\% * \$10,000$ or $\boxed{\$1,250}$.

The bank represents 87.5% of the total EAV ($\$700,000/\$800,000$), so the bank's share of the tax bill is $87.5\% * \$10,000$ or $\boxed{\$8,750}$.

Year 2 declining EAV: The school district is limited by the Consumer Price Index (CPI) to an increase in property taxes of 5.0%, or \$500, for a total tax of \$10,500. At the same time, your EAV decreases by 15% to \$85,000 and the bank EAV decreases by 30% to \$490,000.

Your home now represents 14.8% of the total EAV ($\$85,000/\$575,000$), so your share of the tax bill is $14.8\% * \$10,500$ or $\boxed{\$1,554}$.

The bank now represents 85.2% of the total EAV ($\$490,000/\$575,000$), so the bank's share of the tax bill is $85.2\% * \$10,500$ or $\boxed{\$8,946}$.

Your taxes went up \$304 in Year 2, or 24%. The bank taxes went up \$196, or 2.2%. Even though your EAV decreased, the bank's EAV decreased more, so **your property now represents a larger proportion of the total tax base, and thus, a larger proportion of the tax burden.** While the individual taxpayers saw significant differences in their tax bills, the school district only received a 5% increase.

Consider Example 2:

Assume the same Year 1 facts from above but:

Year 2 increasing EAV: The school district is still limited by the Consumer Price Index (CPI) to an increase in property taxes of 5.0%, or \$500, for a total tax of \$10,500. Your EAV increases by 20% to \$120,000 and the bank EAV increases by 25% to \$875,000.

Your home now represents 11.7% of the total EAV ($\$120,000/\$995,000$), so your share of the tax bill would be $12.1\% * \$10,500$ or $\boxed{\$1,271}$.

The bank now represents 87.9% of the total EAV ($\$875,000/\$995,000$), so the bank's share of the tax bill is $87.9\% * \$10,500$ or $\boxed{\$9,229}$.

Your taxes went up \$21 in Year 2, or 1.6%. The bank taxes went up \$479, or 5.5%.

Even though your EAV increased, the bank's EAV increased more, so your property now represents smaller proportion of the total tax base, and thus, a smaller proportion of the tax burden. While the individual taxpayers saw significant differences in their tax bills, the school district only received a 5% increase.

Prepared by Stacey Mallek, Asst. Supt. For Business/CSBO

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