Now, let us presume, hypothetically, that something terrible happened in the markets and the market value of your house ran down to 70 percent of its value, to 90,125. Lets also assume the Total Assessed Values in ABC Town suffered the same fate, a 70 percent valuation from before, 140,000,000.

Remember, ABC Town levies dollars. They are allowed to levy 5% or the rate of inflation in the CPI from last year, which ever is lower.

3,937,500 / 140,000,000 = .028125 becomes the rate to be applied to everyone.

F.   90,125 / 3 = 30,042 x .028125 = 844.93

> ***Wait a minute! What happened? My taxes didn't go down. They <u>still</u> went up from Example A. Even after a massive loss in value?***

Yes.

Why?

See the rate?

To obtain the needed dollars for ABC Town, even though the Total Assessed Values decreased, the rate changed to extract the same amount of money from a lower Overall Valued Assessment in ABC Town.

> ***What about this Tax Cap we always hear about?***

THE "**TAX CAP**"

It is known as Property Tax Extension Law Limit, PTELL. 39 of the 102 counties in Illinois, the taxing bodies are only allowed to, without voter approval, increase their levy by 5% or the rate of inflation in the CPI (Consumer Price Index), which ever is lower. This is what is known as the "Tax Cap." The exception to this county rule are those "Home Rule" units.

This pamphlet is provided as a simple explanation of the Levy process and how to understand the numbers on your tax bill.

There are additional terms, exemptions and details which can and will effect your tax bill. And not all taxes on your bill may be implemented this way.

We also do not discuss how the Assessor arrives at your Market Value by using a 3 year sales model. That is outside the scope of this hand out.

We do not attempt to go into the intricate details of this process. Nor do we try to go into the details of how *New Construction* is handled in the overall levying process.

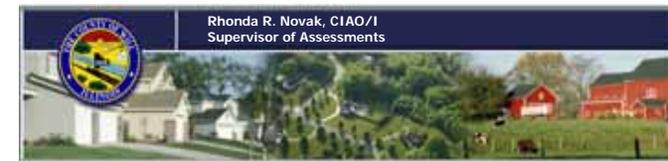If more detail is needed, please feel free to contact your local Assessor.

Will County
Rhonda R. Novak, CIAO/I
Supervisor of Assessments
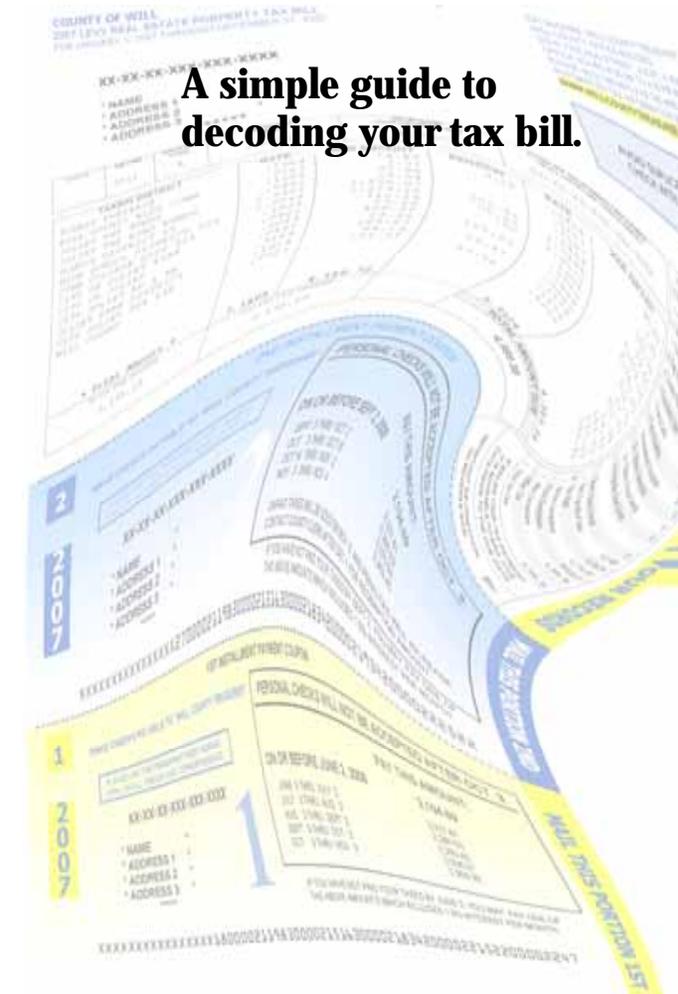302 North Chicago Street
Joliet, Illinois 60432

Assessments: 815-740-4648
Mapping: 815-740-4664
Fax: 815-740-4696

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Rhonda R. Novak, CIAO/I
Supervisor of Assessments

WHAT DO ALL THESE NUMBERS ON MY TAX BILL MEAN?

A simple guide to decoding your tax bill.

TAX LEVIES AND YOUR ASSESSMENTS

This pamphlet is going to try to explain what the rates mean and how the Tax Caps help to **_minimize_** any large impacts to your tax bill.

First we need to learn some vocabulary.

1. Tax Levy is the amount of money a taxing body seeks from a Property Tax

2. Equalized Assessed Value of your home is your home's market value, divided by 3.

3. Total Assessed Value is the sum of all the Real Property Assessments in that jurisdiction.

4. Tax Rate is the amount of the **Tax Levy** divided by the **Total Assessed Value**.

ABOUT THE "FORMULA"

Tax Levy / Total Assessed Value = Tax Rate

Your property's **Equalized Assessed Value** multiplied by the **Tax Rate** is how they arrive at the amount you see on your tax bill.

(**Home Market Value** / 3) = **Equalized Assessed Value** * **Tax Rate** = **Tax Amount** for that entity.

> **_Got it?_**

> **_Not yet._**

> **_No problem, here are some examples._**

SOME EXAMPLES

We have a town. Let's call it ABC Town. Suppose ABC Town decides to raise $3,750,000 for Village services.

And lets say, ABC's Township Assessor estimates the Total Assessed Value of **all** the taxable property in ABC Town equals around $150,000,000.

The Tax Rate that ABC Town would use is calculated by dividing the amount of taxes to be raised, by the Total Assessed Value:

$$3,750,000 \ / \ 150,000,000 = .025$$

Levy   Total Assessed Value   Tax Rate

Now, if your home's Market Value is $100,000, the tax bill amount for ABC Town will be:

A. $100,000 \ / \ 3 = 33,333 \ x \ .025 = 833.32$

Lets say ABC Town decides to leave the levy the same, they don't want to ask for an increase in their funds.

And, lets say the Total Assessed Value of ABC Town stays the same, no growth.

But lets say the market value of your house goes up from 100,000 to 125,000.

B. $125,000 \ / \ 3 = 41,666 \ x \ .025 = 1,041.66$

Your tax bill amount for ABC Town increased because your Assessment increased.

Now, what if ABC Town has had some terrific growth? Let's say, the Total Assessed Value of ABC Town increases by 25% from 150,000,000 to 200,000,000.

That means:

$$3,750,000 \ / \ 200,000,000 = .01875$$

Under that scenario, your taxes for ABC Town would be

C. $125,000 \ / \ 3 = 41,666 \ x \ .01875 = \$781.24$

> **_Hey! My Taxes went down!_**

Correct. Your taxes decreased from Example A because ABC Town had not increased their Levy, even though they had 25% growth.

Now, ABC Town knows, it costs additional money to provide services to all those new properties. And the costs to provide those services increase each year, like Planning Departments, Building Inspectors, snow removal systems, Fire and Police Departments, these things all cost money.

ABC Town is allowed to increase their levy 5% or the rate of inflation in the CPI, whichever is lower. (Tax Cap) For our example, we will use 5%.

To compute this amount, we take:

$3,750,000 \ x \ .05 = 187,500.$

So, $3,750,000 + 187,500 = 3,937,500$

3,937,500 is the new levy for ABC Town.

Now, again, we take that levy, divide it by the increased Total Assessed Value in ABC Town, 200 million:

$3,937,500 / 200,000,000 = .001968$ is the new tax rate for ABC Town.

Note, the tax rate increased from .01875 to .01968, correct?

D. $125,000 \ / \ 3 = 41,666 \ x \ .01968 = 820.30$

Now, let us assume a 3% adjustment to your home's Market value:

$125,000 \ x \ 3\% = 3,750 + 125,000 = 128,750.$

E. $128,750 \ / \ 3 = 42,917 \ x \ .01968 = 844.61$

> **_Got it now?_**

> **_Now I get it. But what about a decline?_**