

## UNIFORMITY, EQUITY & EQUALIZATION FACTORS

**Fairness – it’s what we all want.** How often as your Assessor have I heard, “I don’t mind paying my fair share...” We understand that our local services cost money. We know that we have to pay for them. But we want the process to be fair; we want “a level playing field”.

**This demand for “uniformity” is a recurring principle in our democratic society.** In 1818 Illinois was the first state to specifically require “uniform and equal taxation” of property in the State Constitution. By 1845, statutory law, including Illinois tax law, agreed with and expanded on the constitutional requirement of “uniformity” and since then, case law has repeatedly upheld it. Today the concept of “equal treatment” is the central theme of our property tax system and “uniformity” takes precedence. Layers of protection are built into the property tax system to ensure “*fairness*”, “*equal treatment*” and “*uniformity*”.

**So, it follows that the primary goal of the *assessment process* is to distribute the collective tax burden created by our local taxing bodies in a *fair and equitable manner*.** Assessments perform a distribution function, *not a taxing function*. And the job of the Assessor is to value all property at one third of market value in a *uniform and equitable* manner. Yet, while assessments are determined by local assessors, they are subject to revision and review by the Chief County Assessment Officer, the Lake County Board of Review and ultimately the Illinois Department of Revenue.

**The Illinois Property Tax Code requires that all taxable real property be assessed at 33.33% of “fair cash” value, as determined by the Illinois Department of Revenue’s sales ratio studies for the 3 most recent years preceding the assessment year.**

**(35 ILCS 1-55)** The Assessor’s “fair cash” value is not necessarily the current market value but rather a median value based upon sales from the previous three years. Both the county and the state use the same methodology to monitor and adjust township and county assessments, so that values throughout the county and state are uniform; a process called equalization. During equalization a uniform percentage increase or decrease is applied to all assessments in the target area - neighborhood, township or county - to bring assessment levels, on average, to a uniform level. At any point in the assessment process, if the overall level of assessment is not 33.33%, an equalization factor may be applied. The Township Assessor can equalize *within* the township, the Chief County Assessment Officer and Board of Review can equalize *between townships* and the Illinois Department of Revenue equalizes *between counties*. Equalization ensures that the correct overall level of assessment is maintained and that, from neighborhood to neighborhood, township to township and county to county, everyone pays “their fair share” based upon the value of their property.

**This year, after equalization by the Township Assessors and the Chief County Assessment Officer,** Lake County’s tentative state equalization factor was 1.0 – in other words, no factor. However, the assessment cycle was not complete. The Lake County Board of Review, the official government entity before which property owners may file an appeal contesting their assessed value, had not finished their work. Even though Assessors are required by law to use sales data from the three years prior to the assessment date to compute individual assessments, the Lake County Board of Review is able to consider current data, if applicable. Their method of determining “fair cash” value is different. According to the 2010 Board rules “it is preferable to select the best three comparables which have closed as close to the lien date, January 1, 2010, as possible” in a market value argument. In the current declining market, this method of looking at the most recent sales to determine “fair cash” value was generally beneficial to those property owners who took advantage of the appeal process. The result, when changes at the Board of Review level were complete, was a drop in the County’s total assessed value significant enough to trigger a state equalization factor. The overall County median level of assessment fell below 33.33%, as mandated in the Property Tax Code and so, the Illinois Department of Revenue is required to equalize Lake County’s assessments to maintain assessment equity across county lines and within taxing districts that lie in more than one county.

**And this is why, for the first time since 1992, we will find a “State Equalization” factor other than 1.0 on our property tax bills this May.** Because Lake County’s overall level of assessment was not at 33.33%, a state equalization factor of 1.0199 will appear on your tax bill, increasing your assessment. This will affect tax rates, but will have no affect on most tax bills, since all assessments will increase in unison. However, since the purpose of state equalization is to ensure assessment equity between counties, there will be some affect on those areas with taxing bodies whose boundaries cross county lines. If assessment jurisdictions are not at the same level of market value, some taxpayers have an unfair tax advantage over others, and...

**The singular purpose of Assessments is to ensure a fair distribution of the property tax burden among all property owners.**