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LETTER TO THE EDITOR

## Do the Math

Author: Michael J. Elliott ■ Date: May 26, 2006 ■ Appeared in Section 1 ■

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Dear editor:

There were many errors in Ben Joravsky's article on the defeat of the 7 percent assessment cap extension [The Works, May 12], both in terms of how property taxes are calculated in Cook County and the impact of the temporary 7 percent assessment cap.

As a property tax attorney, I know all too well that the way property taxes are calculated in Cook County is complicated, but you do a disservice to your readers by presenting misinformation. To set the record straight:

It is not true that "the tax rate stays roughly the same year after year." In fact, tax rates have fallen dramatically, because tax caps limit the amount of real estate taxes that can be charged to property owners (the tax "take"). As assessments rise, tax rates fall. It's a mathematical fact. As a result, the Chicago general tax rate dropped 33 percent from 1993 (9.435 percent tax rate) to 2004 (6.28 percent tax rate).

It is not the case, as Joravsky implies, that taxing bodies receive a windfall of increased tax revenue as property tax assessments go up. In fact, the total tax "take" cannot go up by more than the increase in consumer price index, which was about 3 percent last year.

Finally, Joravsky uses a hypothetical example to claim that a property that doubles in value would pay double the taxes. That is simply not the case.

First, except in extreme and unusual cases, assessments are not doubling. The average assessment increase experienced by Chicago home owners the last time Chicago was reassessed (2003) was 34 percent. And I doubt the average Chicago assessment will

increase by more than 34 percent this assessment period or in the future. The real estate bubble appears not to be growing at a record pace. It may even burst.

Second, tax caps act as a circuit breaker, offsetting the increase in the assessment. As a result, the average Chicago home receiving a 34 percent assessment increase (as was the case in 2003) would have experienced a 17 percent tax bill increase without the 7 percent assessment cap.

Joravsky expressed skepticism about why African-American legislators in Chicago would vote against this law's extension. The answer is simple: the 7 percent assessment cap has many unintended consequences, one of which is to shift higher taxes to those who can least afford to pay them, namely home owners in poorer areas whose taxes went up to subsidize huge tax cuts given to wealthy taxpayers in areas with rapidly appreciating home values. A University of Illinois study highlights these inequities--calculating that 52 percent of Chicago home owners actually paid higher taxes under the 7 percent measure than they would have without it. A copy of the study is available at [www.revenue.state.il.us/cookcounty\\_study.htm](http://www.revenue.state.il.us/cookcounty_study.htm).

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Des Plaines



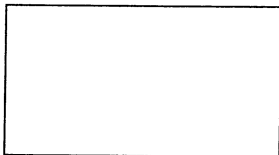
Ben Joravsky replies:

One of the main points of my article is that rising assessments have enabled politicians to pretend they're holding the line on property taxes even as property taxes go up. So, yes, the tax rate has declined since 1993. But we're still paying more in actual property taxes. This is what has allowed the tax rate on property in Chicago to remain relatively stable over the last few years: it was 7.692 percent in 2001 and 2002, 6.43 percent in 2003, and 6.28 percent in 2004.

I never implied that taxing bodies receive a windfall in property taxes. My point was that because the city depends on the property tax to pay its bills, any movement by the legislature to fiddle with the property tax formula makes Mayor Daley and city budget officials nervous. That may be why Daley stayed out of the recent debate in Springfield, even though he promised property tax activists that he would join their fight to extend the so-called tax cap.

As for Elliott's assertion that assessments are only doubling in "extreme and unusual cases," I wish that it were so. The county's assessment on my north-side house more than doubled in the last assessment, as did the assessments on most of my neighbors' houses. As a result my tax payment went from \$1,728.29 in March 2004 to \$4,033.04 in November 2004, an increase of 133 percent. My neighbors were hit with similar increases. It was the heavy tax hike in neighborhoods like mine, as well as increased taxes on commercial property, that enabled politicians to give everyone else a little break.

The irony of the African-American legislators voting the way they did is that properties in their districts were largely protected by the property tax exemption. I suspect their votes on May 3 had more to do with statehouse politics than property tax law.



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