

From the Northbrook Economic Development Committee

Property Taxes in Northbrook

Over the past year, the Economic Development Committee (EDC) has partnered with our member taxing bodies, business groups and residents to demonstrate the tremendous value of being a Northbrook resident.

We are grateful to the Village of Northbrook for providing space within this Newsletter to promote and celebrate how our tax dollars are used to provide world-class public schools, park facilities, library services and other essential emergency and public services. Prior Newsletter articles have emphasized the importance of Northbrook having a diverse tax base. In this article, we are providing an overview of how property taxes are computed in Cook County, and how it varies for residential and commercial properties.

How are my taxes determined?

After each taxing body (e.g. school/park district, municipality) determines how much is needed to provide services for the year, it submits a formal request to the Cook County Clerk. The County Clerk's office then reviews the requests to calculate the maximum permissible funding level and determines the total amount of money to be collected through property taxes. This amount is divided among all of the taxpayers, by creating a tax rate for each \$100 of *equalized assessed property value* (EAV). It is important to note that simply because your assessed valuation goes up by a certain percentage, does not mean your property tax bill will increase by that same percentage.

When it comes to commercial properties, Cook County applies a tax rate that is 2.5 times higher than is applied to residential properties. This different tax rate approach is *not* used in surrounding counties, where there is no difference between commercial and residential tax rates. This difference results in a disincentive for commercial construction in Cook County.

Finally, the Illinois Department of Revenue annually releases an "equalization factor" for Cook County to try to achieve uniform property assessment throughout the state. The 2018 Cook County equalization factor was 2.9109. The chart below illustrates how similarly valued residential and commercial properties (each with a hypothetical \$100,000 market value) would have significantly different EAVs.

Market Value vs. Taxable Value (EAV) Example				
Type	Market Value	Tax	Equalization Factor	EAV
Residential	\$100,000	10%	2.9109	\$29,109
Commercial	\$100,000	25%	2.9109	\$72,773

How is the tax burden divided between homeowners and business owners within the Village?

Because of the differential tax rate used by Cook County, residential property owners pay proportionately less in property taxes than do non-residential property tax payers. The table below illustrates that point, as residential properties comprise approximately 85% of the property value in the Village, but pay about 69% of the total property taxes.

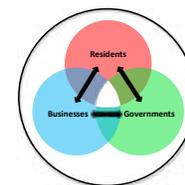
Estimated Market Value vs. Taxable Value (EAV) in Northbrook (2017)			
Type	Est. Market Value	% of Market Value	% of EAV
Residential	\$6.1 B	84.6%	68.7%
Commercial	\$805.3 M	11.2%	22.7%
Other	304.1 M	4.2%	8.6%
Total	\$7.2 B	100%	100%

Market Value X Tax% = Assessed Value
Assessed Value X Equalization Factor = EAV

How has the property in the Village increased in recent years?

The Village of Northbrook continues to see new economic and residential development on an annual basis. Statistics compiled by the Cook County Clerk show that the Village has experienced growth of \$445 million in EAV over the past five tax years. Given how taxes are distributed among all owners, the more new property value that is added within a community, the less each property taxpayer in the Village will pay. As new businesses and houses are built within Northbrook, these properties are added to the tax rolls to provide a new source of funding. This is why the EDC continues to advocate and encourage business, industrial, and residential growth within the Village of Northbrook.

Northbrook's diverse tax base eases the property tax burden on residents, compared to nearby communities. The next Village Newsletter will include another article by the EDC summarizing how a growing and diverse tax base combined with thoughtful land-use planning is a major benefit to the entire community.



Northbrook Economic Development Committee (EDC)
Sustainable Partnerships Built on Common Ground

Northbrook Welcomes New Businesses to the Community

Bloomington's Outlet Store
145 Skokie Blvd

Green Growth Brands
Northbrook Court

Toy Heaven
Northbrook Court

BTR Chicago, Inc.
310 Anthony Trail

Orbis Production LTD
Northbrook Court

