FROM THE ASSESSOR, LARRY WICKETTS…
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"My assessment went down…why didn't my taxes?"
…a question that will be on the lips of many taxpayers when they receive their property tax bills in early May.

For years the mantra of local assessors has been "assessments do not create the tax burden, they only distribute it". But there has always been more than a hint of skepticism on the part of taxpayers. The majority of people still cling to the belief that when assessments begin to fall in response to the real estate market, their tax bills will also go down. Prior to the recent real estate downturn, taxpayers watched as both assessments and taxes went up year after year. It was hard to believe that the two were not connected. But what taxpayers weren't seeing was that the "levies" – the formal requests for tax dollar funding - were also going up year after year. The "levies" are where it all starts. Yet, for the most part, this fundamental part of the tax cycle takes place with little or no public scrutiny. *When local taxing bodies approve their levies, they are creating the tax burden.* Assessments and tax rates are nothing more than the tools used to distribute the tax burden that is created by the levies.

However, this year the picture for taxpayers will be clearer. In 2010 the assessed valuation of Lake County dropped nearly 7% overall. Almost without exception, assessments went down. The real estate decline that started in parts of Lake County in 2007 was finally reflected in declining assessments. Typically assessments lag behind the market by 2+ years, due to the statutory requirement that Assessors use the previous three years of sales to arrive at a January 1st value each year. Therefore current assessments do not equate to current market value. But now, at last, assessments are at least going in the same direction as the market and likely will continue to drop for the next few years. Yet despite this historic drop in value, most tax bills will not go down. Instead most homeowners will actually see increases in their property tax bills.

Why? because spending did not go down. *Taxes will not go down – even though assessments did – because spending did not go down.* Our property taxes are the direct result of local government spending. Taxes pay for our local services, including schools, fire and police protection, libraries, parks, forest preserves, municipalities, townships and county. And, as long as spending increases, taxes will too, regardless of what assessments do.

Each year in the fall taxing bodies make their formal request for tax dollars, based upon their projected revenue needs. This is known as the levy. If the request is for more money – a levy increase – the tax burden also increases and most people see increases in their individual tax bills. *Spending creates the tax burden and increased spending increases the tax burden.*

There are, however, limits – the "Tax Cap" was enacted in 1991 to control levy increases after years of double digit tax increases. This legislation, known as PTELL (Property Tax Extension Limitation Law) restricts levy increases from year to year to the Consumer Price Index (CPI) or 5%, whichever is lower. In 2010 the CPI was 2.7%, so most taxpayers will see increases in their tax bills comparable to that.

Assessments do not create or change the tax burden; they just determine how it's paid. And Assessors do not determine tax bills, do not mail tax bills, do not even see tax bills. Rather Assessors appraise property in accordance with the guidelines set forth by the Illinois Department of Revenue. The resulting assessment has a single purpose – *to distribute the collective tax burden created by units of local government equitably according to property value.* For that reason, Assessors must have a policy of absolute fairness – anything less is unacceptable, because ultimately it is unfair. Uniformity should always take precedence, because if one area or even one property within an area is under assessed, everyone else makes up the difference and pays more than they should.

In general, the only thing that can change your tax bill is a change in spending. Tax bills in this declining real estate market will not go down until taxing bodies all cut spending. This is why the number that should concern us the most is not our assessment, but rather the amount of money that our local taxing bodies want to spend. And our concerns about government spending need to be directed to the individual taxing bodies making those decisions.

The assessor is the pie-slicer not the pie-maker;
the pie makers are the local taxing bodies and your assessment is your slice of that pie.