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Supervisor of Assessments



## UNDERSTANDING YOUR TAX BILL

Land		5,718
Building	+	28,071
Added Assessment	+	0
Improvement Exemption	-	0
Total Assessed Value	=	33,789
Twp. Multiplier	x	1.0000
County Multiplier	x	1.0000
Equalized Value		33,789
Farm Land		29,731
Farm Building	+	14,753
Homestead Exemption	-	6,000
Sr. Citizen Exemption	-	0
Sr. Citizen Freeze Exemption	-	0
Enterprise Zone Exemption	-	0
Open Space Exemption	-	0
Net Equalized Value	=	72,273
Tax Rate	x	5.8367
Tax Before Exemptions	=	4,568.56
Reduction due to Exemption	=	350.20
Tax After Exemptions	=	4,218.36
Other Tax		270.00
Total Tax Due		4,488.36

Your property tax bill is determined by two things — a property's equalized assessed value (its share of the total tax base) and the applicable tax rates, which depend on the level of spending of local taxing districts.

The assessed value is determined by local township assessors, who determine the market value of your home. This value is based on many factors, including your property characteristics, current sales of like homes in your area, and a sales ratio study that takes the three previous years' sales into account. Generally, your assessment is determined by taking one-third of your market value and subtracting any exemptions to which you may be entitled.

Tax rates are set by local government bodies that levy dollars. The amount of dollars levied by a taxing district depends on its budget.

Pay attention to the column on your tax bill, which shows exactly how your tax bill is calculated. It's important to check to ensure you received all of the exemptions to which you are entitled.

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 Will County Supervisor of Assessments

### TERMS YOU SHOULD KNOW...

**Equalization Factor:** the factor that must be applied to local assessments to bring about the percentage of increase or decrease that will result in an equalized assessed value equal to one-third of the market value of taxable property in a jurisdiction.

**Equalized Assessed Value:** the assessed value multiplied by the state-certified equalization factor. Tax bills are calculated by multiplying the equalized assessed value minus any exemptions by the tax rate.

**Exemption:** a reduction in the assessed value of a property. Will County offers many exemptions, including a general homestead exemptions and exemptions for senior citizens, veterans, and disabled persons.

**Levy:** the amount of money a taxing body certifies to be raised from the property tax.

**Market Value:** the most probable sale price of a property in a competitive and open market, assuming that the buyer and seller are acting prudently and knowledgeably, allowing sufficient time for the sale, and assuming that the transaction is not affected by undue pressures.

**Tax Code:** a number used by the county clerk that refers to a specific combination of taxing bodies.

**Tax Rate:** the amount of tax due stated in terms of a percentage of the tax base within a certain tax code.

**Taxing Body/Taxing District:** a local governmental unit that levies a property tax. Taxing districts include school districts, park districts, fire protection districts, and municipalities, among others.

**Total Assessed Value (Tax Base):** the sum of all real property within a taxing district.

## CALCULATING YOUR ASSESSMENT

By law, your local township assessor uses valid sales in your area from the previous three years to determine your **home's market value**. The assessor then divides the market value by 3 to determine your total assessed value. If the supervisor of assessments applies an **equalization factor**, your total assessed value is then multiplied by that factor. Lastly, any **exemptions** for which are qualified are subtracted from that number to give you your **equalized assessed value**.

$$(\text{Your home's market value} \div 3) \times \text{Equalization Factor} - \text{Exemptions} = \text{Equalized Assessed Value}$$

## CALCULATING YOUR TAX BILL

To determine your tax bill, the **equalized assessed value** of your property is multiplied by the **tax rate** for the tax code area in which your property lies. This yields the actual amount of tax dollars you owe.

For example, if your home had a net equalized assessed value of \$50,000 and the tax rate was .06704, the tax bill would be calculated as follows:

$$\text{Equalized Assessed Value} \times \text{Tax Rate} = \text{Tax Bill}$$

$$\$50,000 \times .06704 = \$3,352$$

## CALCULATING THE TAX RATE

Taxing districts set the tax rate. These entities consist of school districts, park districts, fire & police protection districts, municipalities, and other entities that **levy** dollars according to how much money they need to operate.



Because different parts of the county are under the jurisdiction of numerous combinations of taxing districts, the county clerk divides the county into tax code areas.

Each property in each tax code area is under the jurisdiction of the same combination of taxing districts and, therefore, has the same combination of tax rates.

Tax rates are calculated by taking the total amount of money taxing districts in an area need to operate and dividing that number by the total assessed value (**tax base**) of all properties within a tax code area.

$$\text{Levy} \div \text{Tax Base} = \text{Tax Rate}$$

**\*\*The tax rate is the most important factor in determining your tax bill, as these rates depend on local government spending.**

## How Local Government Spending Affects Your Tax Bill

Because local government spending plays the most significant role in whether or not your taxes increase or decrease, it's important to understand how tax rates fluctuate according to tax levies. Even if assessed values go down, the tax rate will often increase to cover taxing districts' increasing budgets.

The following **hypothetical** example shows how a tax bill could increase and decrease over a five-year period depending on local government spending.

Levy Year	2014	2015	2016	2017	2018
Levy (\$ taxing districts budget to operate)	\$5,000,000	\$6,200,000	\$6,400,000	\$6,000,000	\$4,500,000
Total Assessed Values of Area (tax base)	\$100,000,000	\$95,000,000	\$90,000,000	\$98,000,000	\$130,000,000
Property's Equalized Assessed Value	\$66,000	\$60,000	\$58,000	\$65,000	\$76,000
Tax Rate	.05000 (5%)	.06526 (6.526%)	.07111 (7.111%)	.06122 (6.122%)	.03462 (3.462%)
Tax Bill	\$3,300.00	\$3,915.60	\$4,124.38	\$3,979.30	\$2,631.12

From 2015 to 2017, the tax bill steadily increases although the property's equalized assessed value decreases. This is because the levy (money taxing districts budget to operate) increases, which causes the tax rate to go up. However, in the fourth year, even though property values in the area begin to increase dramatically, the tax bill begins to decrease. That's because the levy has started to decrease, making tax rates go back down. By 2018, even though the equalized assessed value of the subject property has increased by \$10,000 since 2015, the tax bill has decreased by over \$600 because the levy has decreased, which made the tax rate decrease as well.