



BREMEN HIGH SCHOOL DISTRICT 228

15233 Pulaski Road ~ Midlothian, IL 60445

Phone: 708/389-1175 ~ Fax: 708/389-2552

Web: www.bhsd228.com

Bremen High School 708/371-3600
Tinley Park High School 708/532-1900

Hillcrest High School 708/799-7000
Oak Forest High School 708/687-0500

2015 Property Taxes Frequently Asked Questions

In an effort to proactively address individuals' questions about their 2015 Property Tax Bill, Bremen High School District 228 is providing the list of Frequently Asked Questions below.

Summary

Illinois property taxes are an important source of revenue for public (K-12) schools, libraries, fire protection districts, city and county government. As in most states in the United States, property taxes are the backbone of funding of local government and schools. Unfortunately, in a period of a down economy, specifically when other revenue sources, such as from the State, are being cut and/or eliminated, the local taxing district's need for additional revenue has been heightened.

Bremen High School District 228's property taxes are subject to the Property Tax Extension Limit Law (PTELL), more commonly referred to as tax caps. This law limits any increase in the taxing district's total property tax levy to the Consumer Price Index (CPI) or (5 percent); whichever is lower. The limit for the tax extensions by year, in accordance with PTELL has been as follows:

2011 extension was (2.7 percent), 2014 extension is (1.7 percent),
2012 extension was (1.5 percent), **2015 extension is (1.5 percent)**
2013 extension is (3 percent),

The PTELL was enacted by the State of Illinois as a means of tempering the rapid rise of property taxes primarily in and around Cook County. This was during a period of rapidly inflating property values that accelerated increases in property tax bills. Thus, in years whereby the community was experiencing significant growth and experiencing increases in their property values, the local taxing district's ability to collect revenues was limited and subject to PTELL.



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Below is a list of the Frequently Asked Questions:

1. Why did my property taxes increase?

There are several reasons why property taxes may increase year over year. An increase in property taxes within your particular taxing district may increase due to the following:

- a) A decrease in the taxing district's overall equalized assessed value can increase the tax rate. See #3 - "How is the taxing district's tax rate calculated?"
- b) An increase in taxes levied by the local government & school district in accordance with the Property Tax Extension Limitation Law. See #5 - "What is the Property Tax Extension Limitation Law?"
- c) An increase in the assessed value of your property.
- d) A decrease in assessed value that is lower/smaller than the overall decrease in assessed value for the taxing body. See #2 - "If the assessed value of my home decreased, why did my taxes increase?"
- e) Public voting for bond issues such as new construction of schools, jails, etc.

In addition to the above, we have included additional frequently asked questions and answers to help you better understand your property tax bill and the guiding principles surrounding the taxing process.

2. If the assessed value of my home decreased, why did my taxes increase?

The Township Assessor adjusts the Fair Cash Value of all properties from time to time. Unfortunately, the resulting lowered Assessed Value will not necessarily lower your property tax bill. The Fair Cash Value is only used to determine your property's portion of the total county tax. Lowering the Fair Cash Values of all properties equally will not change your portion of the total tax needed to operate local government and the school district. In the past year, many newer neighborhoods that were built in the last decade had significantly higher assessed values than their current Fair Cash Values. As such, these values were reduced this past year, creating a "shift" in the tax burden. Thus, although your property's assessed value may have decreased; there may have been many homes that had a higher decrease in assessed value resulting in a shifting of the tax burden. For an illustration of the above, see the charts below.

3. How is the taxing district's tax rate calculated?

Levies are made in dollar amounts. To raise the money requested in levies, county clerks must calculate a tax rate for each fund for which the taxing district levied. The tax rate is a number that, when multiplied by the tax base, will produce the levy amount. A tax rate is calculated using the following formula:

$$\text{Tax rate} = \text{Tax levy} \div \text{tax base}$$



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Note: A district's tax base is the total equalized assessed value, minus certain homestead exemptions, plus the value of any state-assessed property.

4. What is the effect of the tax base on the tax rate?

The greater the tax base, the lower the rate needed to raise a given levy. An increased base, which may be due to an increased equalization factor, new property, removal of exemptions, or tax incentive programs that have expired, could result in a lower tax rate. A decreased base, which may be due to property demolition or decreasing property values, could result in an increased tax rate.

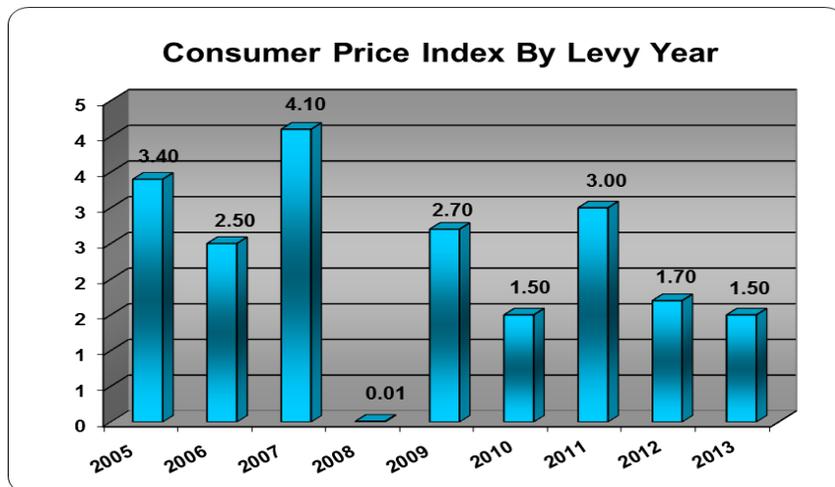
For a general guide to the Illinois local property tax system, see:

<http://www.revenue.state.il.us/publications/localgovernment/ptax1004.pdf>

5. What is the Property Tax Extension Limitation Law?

The Property Tax Extension Limitation Law, commonly referred to as "TAX CAP" or "PTELL" limits the increase in property tax extensions to 5% or the Consumer Price Index (CPI), whichever is less, not counting new construction or bond interest obligations.

As an illustrative example, using the property tax information from Bremen High School District 228, the district collected approximately \$43 million in operating taxes in 2009. The Consumer Price Index (CPI) used for determining the 2009 levy was .1 percent. This means the district could only receive \$43,043,000 plus whatever taxes are generated from new properties coming on the tax rolls for the 2010 property taxes. For informational purposes, please see the chart below for a historical illustration of CPI.





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6. What is a levy?

The amount of money a school district and/or local government (taxing district) certifies to be raised from property tax.

7. What is an extension?

The process in which the County Clerk calculates the tax rate needed to raise the revenue (Levy) allowable by law and certified by each taxing body in the county. The total extension is the product of the taxing body's equalized assessed valuation (EAV) multiplied by its calculated tax rate and is equal to the total property tax billings on the district's behalf.

In most counties in Illinois, tax levy amounts are based on home values or EAV and the Consumer Price Index (CPI). The EAV is calculated by averaging the home value over the past three years and then dividing by three (3). EAV usually amounts to approximately 1/3 or 33% of the home's value.

Example: Home value of \$200,000 = (approximately) \$66,000 EAV

8. How does the district/local government determine its levy?

The law allows the taxing districts to make a prediction to ask for (levy) more taxes than they expect to collect, because at the time of the levy, the new property EAV is unknown. In early April, taxing bodies receive notification of the actual amount they will receive (extension) from the County Clerk.

9. Are there any exemptions that would reduce my tax bill?

Yes. Exemptions reduce the Equalized Assessed Value (EAV) by a specific amount; the actual tax savings depends on the tax rate for the specific property.

- The **General Homestead Exemption** reduces the EAV of an owner-occupied dwelling by \$6,000.
- The **Homestead Improvement Exemption** reduces the EAV of an owner-occupied dwelling with qualifying addition by up to \$25,000; this exemption is applied by your township assessor.
- The **Senior Citizen Homestead Exemption** reduces the EAV of a senior-owned-and-occupied dwelling by \$5,000.
- The **Senior Citizen Assessment Freeze Exemption** freezes the EAV of senior-owned-and-occupied dwelling at a base year, causing the assessment not to increase; this is restricted to households with qualifying incomes of \$55,000 or less.



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- The **Disabled Veterans Exemption** reduces the EAV of a home owned by a qualifying veteran, the veteran's spouse or unmarried surviving spouse by up to \$70,000. You must apply for this exemption through the Illinois Department of Veterans' Affairs.

If after reviewing the questions below, further questions exist, please feel free to contact:

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Bremen High School District 228
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