

THE QUESTION

The Advisory Referendum question that will appear on the April 9, 2013 Consolidated Election ballot is as follows:

“Shall the Village of Midlothian, Cook County, Illinois limit any increase in the Total Tax Levy to the amount levied for the previous year plus the lesser of 5% or the increase in the Consumer Price Index (Urban) for the previous calendar year for 2012 and subsequent years?

_____ YES _____ NO”.

The question simply asks the voter whether the Village of Midlothian shall be limited to increasing its total tax levy in the same way as set forth in the Property Tax Extension Limitation Law (“PTELL”), otherwise known as the Tax Cap Law. The amount a homeowner is taxed is dependent on a number of factors, the most important of which are the equalized assessed value of the property and the tax levy of each taxing district which can levy on a particular piece of property. This is not to be confused with the tax rate, which is determined by dividing the total tax levy by the EAV. If the EAV of a particular property goes up and the tax levy remains the same, the tax rate will go down. By the same token, if the tax levy remains the same and the EAV goes down, the tax rate will go up. In either case, the amount of taxes paid will be approximately the same.

This advisory referendum question asks the voter whether he or she wants to limit the Village’s ability to increase its tax levy. The tax levy is the basis upon which the Village levies taxes on homeowners. If the Village did not issue a tax levy, there would be no taxes paid by the homeowner to the Village. On the other hand, if the Village doubled its tax levy, the amount of taxes owed by the homeowner to the Village would likewise double. If the Village is limited to increasing its tax levy in the same way that PTELL limits the increase in the tax rate, the Village would be prevented from raising its tax levy in an amount greater than 5% or the increase in the Consumer Price Index (Urban), whichever is less.

The Equalized Assessed Valuation is determined, in part by the County, and in part by the Illinois Department of Revenue. The Cook County Assessor assesses each parcel. The assessed value is then multiplied by the Equalization Factor, which is determined by the Illinois Department of Revenue, to determine the Equalized Assessed Value (EAV). The EAV is supposed to be one-third the fair market value of a parcel. The Village’s total tax levy is divided by the Village-wide EAV to determine the Village’s tax rate. Each property’s EAV is multiplied by the Village tax rate to determine the Village portion of a particular property’s tax bill.

Example: *In year 1, the EAV is 35,157 for John’s property. The total tax levy for the Village is \$3 million Village-wide. The Village’s tax rate is 1.309. The Village tax for this parcel is \$460.21 (35,157 x 0.01309).*

On one hand: *In Year 2, the Village-wide EAV decreases by 15%. Assuming the same 15% decrease in EAV to John’s property, his EAV would decrease from 35,157 to 29,883. If the*

*Village levies the same \$3 million Village-wide in Year 2, the rate will increase by 15% (to 1.505), **BUT** the amount of Village taxes for this parcel will remain about the same. In John's case, the Village tax for this parcel would be \$449.74 (29,883 x 0.01505).*

*On the Other Hand: In Year 2, the Village-wide EAV increases by 15%. Assuming the same 15% increase in EAV to John's property, his EAV would increase from 35,157 to 40,431. If the Village levies the same \$3 million Village-wide in Year 2, the rate will decrease by 15% (to 1.113), **BUT** the amount of Village taxes for this parcel will remain about the same. In John's case, the Village tax for this parcel would be \$449.99 (40,431 x 0.01113).*