

## The 7% Solution (Continued)

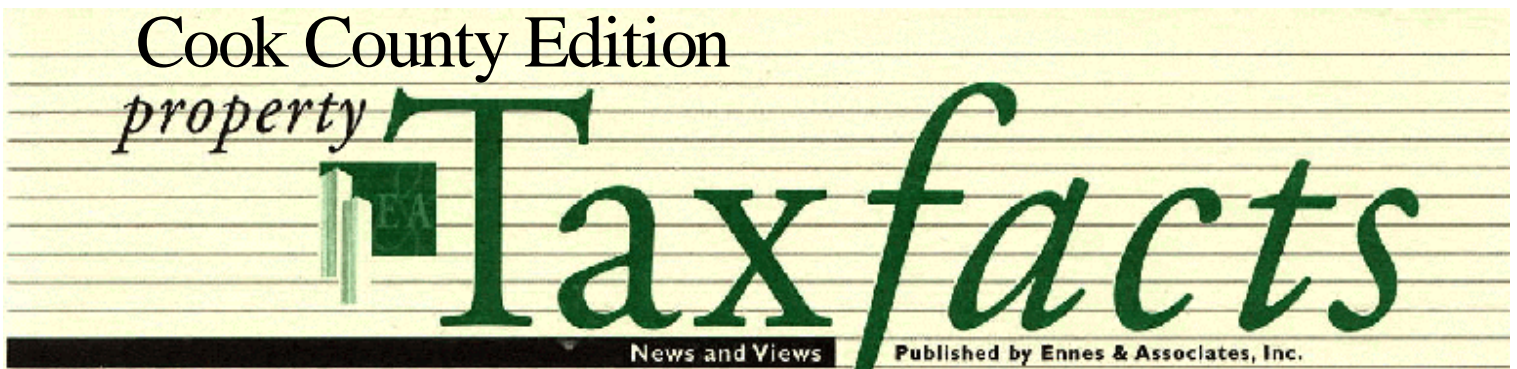
There are a few points homeowners should take note of with regards to the new **Expanded Homeowner Exemption**. These are:

- ✓ The 7% cap will be applied to you home's Adjusted EAV each year of the triennial. So, using our example in 2004 the 2003 Adjusted EAV of \$58,587 will be multiplied by 7% to arrive at the exemption amount.
- ✓ The sale of a home will "break" the cycle and the assessment will return to the full taxable value before the 7% cap. The home's full taxable value will be applied the year following the sale. The new owner will still be eligible to receive the General Homeowner Exemption.
- ✓ The cap **does not limit** the amount by which taxes may increase. The overall tax bill could be more than 7% higher than the previous year's bill. However, taxes will generally be lower with the assessment cap in place than without it.
- ✓ Although the legislation applied statewide, every county has the option of adopting the assessment cap. There has been no official word on which counties have decided to apply the cap to residential assessments. However, it is widely speculated that DuPage and Kane counties will decline.
- ✓ Buyer Beware, homebuyers need to be sure their tax pro-ration is done correctly and whether or not they should anticipate a tax increase when buying a capped property.



For more information on the 7% assessment cap or other tax related issues, don't hesitate to call Karen L. Dabek at (847) 577-6500.

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## Do You Need Our Help?

Have you received your assessment notice? Surprised at the increase? Questioning what that will do to your tax bill? Is all of this giving you a headache? You need to give us a call.

Ennes & Associates can help assure that you pay only your fair and equitable portion of the property tax burden. Our appeal success rate in Cook and Collar Counties tops 90%. Let us look at your property today.

In case you already are using our services but have a friend who isn't we've attached a referral certificate for you to use. Then, if your friend uses our services you will get a free review of your residential assessment and tax bill.

Don't hesitate. You only have a short period from the time the notice is issued to take action. If you wait you might not only miss out on the optimum tax savings you might just have to keep that proposed assessment until your next reassessment!



# The 7% Solution

*You might feel the need to call Sherlock Holmes in to unravel the mystery of your property tax bill this year. Legislation passed in July and signed into law by Governor Rod Blagojevich takes a bit of explaining to understand. We will attempt to make it clear in this article...If you still have questions, feel free to give us a call.*

Senate Bill 2112 caps assessment increases on residential property at **7% per year** and expands current exemptions for homeowners statewide. The legislation, developed by Cook County Assessor Jim Houlihan, is aimed at providing relief to homeowners who have experienced skyrocketing property values and subsequent tax increases by capping those increases and spreading them over the three years of the triennial reassessment period.

The assessment cap will be applied in the form of an **Expanded Homeowner Exemption** reflected on second installment tax bills. Homeowners in Chicago will see this exemption on their 2003 bill due out later this year. North and south suburban homeowners will see it after they are reassessed in 2004 and 2005 respectively.

All Cook County homeowners including single-family homes, condominiums, cooperatives, and apartment buildings up to and including six units are eligible for the assessment cap. To qualify the home must be owner occupied and used as a principal place of residence. If a homeowner received the **General** Homeowner Exemption in one of the last two years they will **automatically** receive the **Expanded** Homeowner Exemption.

Generally, the higher your assessment increase the more likely you will benefit from the new legislation. The expanded exemption uses the 2002 Assessed Value to arrive at a base value upon which future increases are based. For example:

2002 Market Value	\$150,000
Residential Assessment Level	<u>X .16%</u>
2002 Assessed Value (AV)	\$ 24,000
2002 Equalizer	<u>X2.4689</u>
2002 Taxable Value (EAV)	\$ 59,254

General Homeowner Exemption -\$4,500

2002 Base Homestead Value	\$ 54,754
EAV Increase with 7%/Year Cap	<u>X 1.07</u>

2003 EAV with Expanded Exemption \$ 58,587\*\*\* This EAV is actually \$18,533 less than the actual EAV in 2003 and becomes the new base going forward

Now using that 2003 EAV with the expanded exemption your tax bill will look like this:

2003 Market Value	\$200,000
Residential Assessment Level	<u>X .16%</u>
2003 Assessed Value (AV)	\$ 32,000
2003 Projected Equalizer	<u>X2.41</u>
2003 Taxable Value (EAV) w/o Exemption	\$ 77,120

Expanded Homeowner Exemption -\$18,533  
2003 Adjusted EAV \$ 58,587  
Projected City Tax Rate X6.307%  
Tax Amount with Expanded Exemption \$3,695\*\*\* This is \$677 less than the actual tax without the expanded exemption



The bill contains several other provisions: Effective tax year 2003 and reflected on 2004 tax bills the Expanded Homeowner Exemption will be between a minimum of \$5,000 to a maximum of \$20,000. Also a sunset review is provided for after three years. Effective tax year 2004 and reflected on the 2005 tax bills: the Senior Exemption increases from \$2,500 to \$3,000; maximum household income eligibility for the senior assessment fees increases from \$40,000 to \$45,000 and the Homestead improvement exemption increases from \$45,000 to \$75,000. There are a few other points homeowners should take note of. Please check the list on the front page.