

## Cook County (Chicago) Property Tax Alert

### 2009 Property Tax Recalibration Provides Unique Opportunities For Property Tax Savings

When the Cook County Board of Review last year passed Cook County Assessor Jim Houlihan's bill authorizing a change in property tax assessment ratios, Chicago's commercial property owners might have been pleasantly surprised to see that the bill contained a reduction in the assessment ratio used to calculate Cook County commercial property assessments.

Effective with the 2009 assessment, the ratio has been reduced from 38% in 2008 to 25% in 2009 on commercial properties, and from 36% in 2008 to 25% in 2009 for industrial properties. However, as 2009 assessments are being issued, it appears that the assessments of commercial and industrial properties are actually staying the same – and NOT being reduced as one would expect with a lower assessment ratio. At first glance, the appearance of both a ratio reduction and no increase in property assessment value represents good news to property owners, however, in the long term, the reality is that the new ratio will significantly increase the market value of the property.

For example, using the old 38% ratio, a commercial property that in 2008 had an assessment value of \$1,000,000 would have had a market value of \$2,631,579. With the reduced assessment ratio of 25% in 2009, one would expect this property's assessment to be reduced to \$657,895 ( $\$2,631,579 \times 25\%$ ). However, in 2009, we are seeing assessments actually stay the same. Given the 2009 ratio of 25%, that same property would now have a \$4,000,000 market value.

a). Using 2008 Cook County ratio

*\$1,000,000 assessment notice*  
*38% commercial assessment ratio*  
*= \$2,631,580 market value*

b). Using 2009 Cook County ratio

*\$1,000,000 assessment notice*  
*25% commercial assessment ratio*  
*= \$4,000,000 market value*

Aside from the long lasting threat that artificially high market values might have on future property taxes, another question immediately comes to mind: How can the fair market value of a property have increased by 52% in one year? Such an increase in value would be difficult to justify in a period of strong market growth, but considering the economic challenges the nation and the county has faced over the last year, the increase is almost impossible to fathom.

**Therefore, taking actual market conditions into account, the ratio reduction provides owners of commercial and industrial property with a unique and powerful opportunity to reduce their property's 2009 real estate taxes ... and to receive the benefits of those tax reductions in 2009.**

Paradigm Tax Group's team of Chicago-based property tax consultants excel at using current, local data to calculate real fair market values on commercial and industrial properties located in Cook County. Using the above example, if we assume that the Assessor's 2008 market value of \$2,631,580 was fair and correct, and that the property's income and expenses mirror that of the general local economy,



then it would also be fair to assume that the property's value has not increased over the past year, and in fact may have even decreased. So based on 2008's market value and today's lower ratio, the assessed value of the same property should now be \$657,895 – a 34% reduction amounting to \$342,105. At the current Cook County tax rate (which may soon be increased by as much as 40% as a result of the lower assessment ratios), the owner's actual property tax bill savings would be \$46,274 - more than enough to offset the proposed tax rate increase that will likely take place over the next few weeks.

*\$2,631,580 market value*  
*25% assessment ratio*  
*\$657,895 assessment notice*

***\$342,105 assessed value reduction***  
*13.5263% sample Cook County equalized tax rate*  
***\$46,274 tax bill reduction***

By using relevant local market data and leveraging long-term assessor relationships, Paradigm's Chicago staff, led by licensed Illinois attorney Gil Licudine, negotiate directly with the Assessor's office. Since we appeal directly with the Assessor's Office, no law firm or expensive legal fees are required and settlements usually result in only a few months. Better yet, value reductions can carry forward to future years and property owners receive the lower tax benefits without paying ongoing legal appeal fees.

To discuss the impact of the new ratio on your Cook County properties, or for more information on Paradigm Tax Group, please contact Gil Licudine at [glicudine@paradigmatx.com](mailto:glicudine@paradigmatx.com) or call 312-252-0323.

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