



TO: Wheeling home- and business-owners

FROM: Michael Mondschain, Director of Finance

DATE: June 26, 2013

SUBJECT: 2012 Cook County property tax bills

In the last few days, the Cook County Clerk's office released information about the Tax Year 2012 second installment tax bills, and that has led to questions about the increase in the Village's tax rate as compared to the previous tax year. Many taxpayers were surprised and concerned when they learned that the Village's tax rate increased by 13.35% (i.e. from 1.004 to 1.138) and have asked us why that occurred. The purpose of this memo is to explain the reasons behind the increase and how that impacts individual taxpayers in Wheeling.

While increases or decreases in the tax rate from year to year often garner much attention from the media and the public, percentage changes in the rate have very little to do with how much more or less individual taxpayers will pay in property taxes. It's important to note that tax rates change from year to year regardless of whether a specific taxing district (like the Village of Wheeling) increases or decreases the amount of taxes it collects, because tax rates fluctuate with changes in the Equalized Assessed Value (EAV) of all property within the community.

For evidence of that, one only needs to look at what happened last year, in Tax Year 2011. Despite the fact that the Village did not increase its tax levy (i.e. the amount of money it requests and ultimately collects) in 2011, the Village's tax rate went up 12.56% (i.e. from .892 to 1.004) as compared to the prior year. Despite the increase in the tax rate, the amount of money the Village collected from its taxpayers did not change.

So why do tax rates increase when the Village hasn't increased the amount of taxes it intends to collect? The answer is that tax rates are derived from a simple mathematical formula that results in a rate increase when there is corresponding decrease in a taxing district's EAV and the district's tax levy stays the same or increases slightly. Whether a tax rate increase translates to higher or lower taxes for individual taxpayers depends less on the percentage change in the tax rate than it does on 1) the change in the EAV of their home or business relative to all other homes and businesses, 2) the taxes levied by each taxing district, and 3) whether a taxpayer qualifies for one of more property tax exemptions. These factors, in aggregate, are much more important determinants of whether an individual's tax bill goes up or down than the percentage change in the tax rate from one year to the next.

In summary, in December of 2012, the Village increased its tax levy by 3.75% (after not increasing the levy in 2011) to generate the funds needed to pay for the core services (e.g. police, fire, public works,

etc.) our community has come to expect and rely on. While the tax levy increased 3.75%, the Village's tax rate jumped by 13.35%, an attention-getting number that is not a good indicator of whether or not individual tax bills will go up or down.

Residents or businesses with specific questions about the Village of Wheeling's 2012 tax levy can contact Michael Mondschain, the Village's Director of Finance, at 847-499-9020 for more information.

Questions or concerns about the taxes levied by other taxing districts (e.g. Cook County, School District 21, School District 214, Wheeling Park District, etc.) should be directed specifically to those taxing districts.