Message from Assessor Bagnall

Happy New Year Niles Township Taxpayers

1. The Cook County Board of Review has closed all six satellite offices. This means that the Board of Review office at Old Orchard is closed. Cook County budget cuts forced the Board of Review to close these offices. Please keep in mind that the Board of Review has every interest in making sure that taxpayers have no loss of service because of the forced closings. My office will work closely with the Board of Review to make sure that Niles Township taxpayers do not experience negative consequences from the closing of the Old Orchard satellite office. We can handle this at the Township level so there is nothing for taxpayers to be concerned about other than don't drive over to Old Orchard expecting to see the Board of Review. Taxpayers may come to my office instead. We can count on The Board of Review to support Niles Township in providing property tax services.

2. As of January 30, 2018, appeals of Niles Township 2017 assessed values will have concluded at the County level. Taxpayers may file a PTAB appeal provided that they filed the prerequisite Board of Review appeal. PTAB appeals can be more technically demanding in terms of strict adherence to rules and supporting evidence than are appeals to the Cook County Assessor and the Cook County Board of Review. Taxpayers may stop by my office for PTAB advice and assistance once they receive their Board of Review decisions.

3. The new income tax bill. In the frenzied hysteria to get something, anything, passed, Congress ignored the downside of some issues. I predict that we are going to see some tinkering and patchwork in the months to come. The $10,000 combined limit deductibility of property tax/state income tax is going to impact house values because the market factors property tax deductibility, just like the market factors interest rates, into the value of the house.

That new $24,000 standard deduction might not adequately compensate for the short comings. For example, Ms. Homeowner has a $15,800 property tax bill and pays $4,100 in Illinois income tax. Under the prior law she had $19,900 in property tax/income tax deduction and she had four personal exemptions: her; her husband; and two children. Her gross income was therefore reduced by $36,100 ($19,900 + $16,200).

Take the $24,000 Standard Deduction & Don't Itemize:

Under the new law Ms. Homeowner is told that the new $24,000 standard deduction will make up for the fact that her previous combined property tax/income tax deduction of $19,900 is now capped at $10,000. But wait a minute. Per the new law she will lose her four personal exemptions, at $4,050 each. In other words, $24,000 is not $24,000. Ms. Homeowner's new standard deduction is, to her, in reality, ***a negative gross income adjustment of $12,100***. She gains $24,000 but she loses $36,100.

Or, Take the $10,000 Deduction and Itemize:

Ms. Homeowner can take that new standard deduction of $24,000, which has a net effective value to her of ***negative $12,100***, not $24,000, or, she can take her capped property tax/state income tax deduction of $10,000 and gain $10,000 but lose $36,100 for a ***negative gross income adjustment of $26,100***. She has just lost $26,100 in itemized deductions.

Impact on House Value

And, the market does not view Ms. Homeowner's property tax deduction as needing to be adjusted by only $5,800, as if the property tax alone was capped at $10,000. The market will recognize that the $10,000 cap includes the owners' state income tax. So in this example the new $10,000 standard deduction is first reduced by the owners' $4,100 income tax, leaving $5,900 available to apply to property tax.

Our owner has a $15,800 property tax bill. The market will know that she has $5,900 remaining ($10,000 minus $4,100) of the new standard deduction available to allocate to property tax. The market will know that she can effectively deduct only $5,900 of her $15,800 property tax, ***a negative $9,900*** adjustment compared to her previous year property tax deduction of $15,800, without even taking the lost personal exemptions into account.

Regardless of how you do the math some homeowners are going to come up short under the new law. The market will factor downward adjusted property tax deductions into house values. If we are lucky it might be subtle - but it will be there.

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