



MEMORANDUM

To: James Thompson, Cook County Director of Property Assessment and Tax Policy

From: CMAP staff

Date: September 18, 2025

Subject: Property tax burdens and the implications of Cook County Property Tax Classification

Property taxes are a stable, immobile source of revenue to fund public services and infrastructure, and they account for local governments' largest own-source revenues in Illinois. But the details matter. Decisions about the structure and composition of property taxes can reshape real estate markets and set the rules of play for business investment, jobs, homeownership, and much more. Over time, regional economies — including northeastern Illinois — can calcify around these decisions and distortions. This is particularly true in parts of suburban Cook County where investment and revitalization depend on local tax rates and where tax rates depend on property tax classification.

Cook County's classification system — which taxes a greater proportion of businesses' property value than residential properties — has long shaped its local tax policy and set the county apart from its surrounding collar counties. This approach results in an unequal distribution of tax liability across property types. In 2023, while commercial and industrial properties in Cook County accounted for approximately 18 percent of total fair market value, they composed over 33 percent of the property tax base available to generate local revenues.¹ As a result, classification accounts for 40-70 percent of businesses' tax burden in much of the county. Efforts to reform property taxes and bring down tax rates to encourage economic development will need to contend with the structural effects of classification.

When the county imposes a higher level of assessment on commercial and industrial properties, business taxpayers will pay a higher *effective* tax rate — that is, a higher tax bill as a share of their fair market value rather than the assessed value — relative to residential taxpayers. This unequal tax burden may pose challenges to economic growth. Research across U.S. localities shows that when business properties face disproportionate tax bills, increased rents and reduced market values tend to shift real

¹ Fair market value (FMV) is the equivalent of the Cook County Assessor's estimate of taxable value. It is also called the "Market Value for Assessment Purposes" and can be calculated as a property's Assessed Value divided by the Level of Assessment.

estate development to lower-tax areas over time.² In Cook County specifically, high effective tax rates on business properties have been linked to lower employment levels.³

The effects of the classification system are countywide but vary in impact. Business properties throughout Cook County face higher effective tax rates than those in surrounding counties, whether located in affluent areas with strong tax bases or in communities experiencing disinvestment. However, these effects are most consequential in places where low residential values provide little revenue opportunities, many of which are concentrated in the south suburbs. Longstanding economic challenges and weaker residential tax bases in these areas hamper reinvestment, making the classification system a structural factor in what communities can do to restore local economic growth and adequately fund public services.

With support from the office of Cook County President Toni Preckwinkle, CMAP analyzed effective tax rates across the seven-county region of northeastern Illinois to characterize how current property tax structures impact tax burdens and economic development. The following sections build on prior CMAP analysis to describe the effects of classification in Cook County as of tax year 2023. This analysis underscores the need to reconsider the system as part of a wider strategy to drive sustained and equitable growth in Cook County through the property tax.

Property tax classification in Cook County

Cook County's classification system assesses commercial and industrial business properties at a higher share of their market value (25 percent) than other properties (generally 10 percent for residential and 20 percent for non-profits). It first emerged in the early twentieth century as an informal response to the administrative complexities of taxing both personal and real property in a rapidly growing county. Illinois lawmakers have since codified the system in the state constitution and county ordinance.⁴ What began as a practical solution has become a structurally embedded feature of the property tax.

Today, Cook County is the only county in Illinois that uses this approach.⁵ All other Illinois counties uniformly assess their business and residential properties at one-third of market value.⁶ In large portions of Cook County, this differentiated approach affects the makeup of the local tax base and results in higher tax bills for businesses relative to either residential properties or similarly valued properties in

² "Property Tax Classification Systems and Their Impact" (Connecticut General Assembly Office of Legislative Research), <https://www.cga.ct.gov/2003/rpt/2003-R-0926.htm>. "Tax Classification: Passing the Buck" (Worcester Regional Research Bureau), <https://www.wrrb.org/reports/2016/11/tax-classification-passing-the-buck/>.

³ "The Impact of Property Taxes and property tax Classification on Business Activity" (Lincoln Institute of Land Policy), <https://www.lincolninst.edu/publications/working-papers/impact-property-taxes-property-tax-classification-business-activity/>

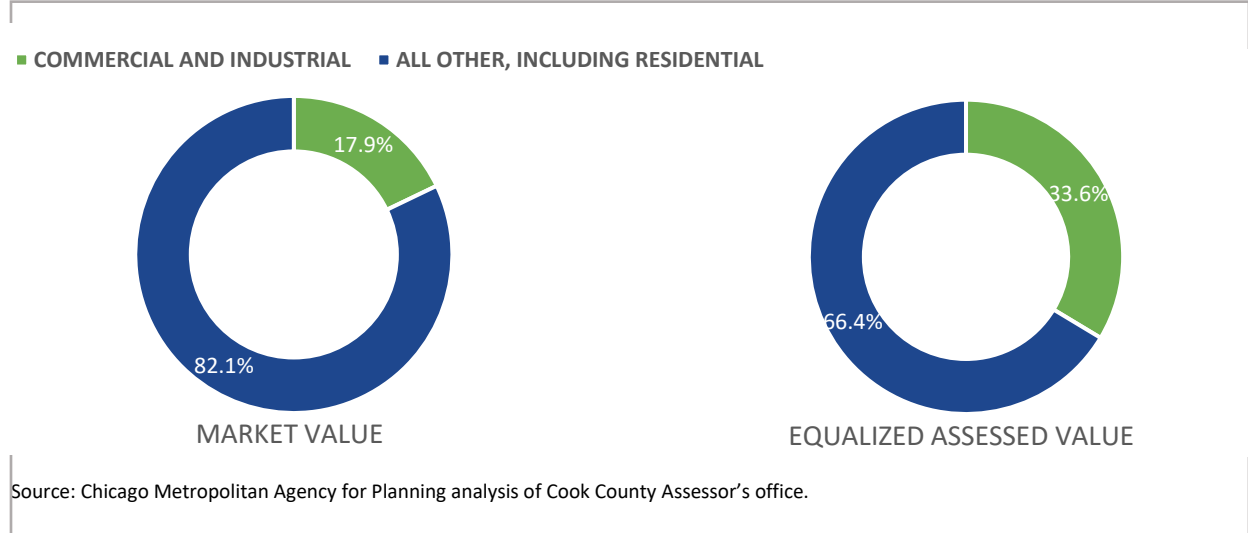
⁴ Illinois State Constitution, Article IX; Cook County Code of Ordinances, Chapter 74, Article II, Division 2

⁵ In 2023, 24 states and the District of Columbia had statewide classification on real property for tax purposes. Twelve (including Illinois) include a local option for certain jurisdictions to classify property but primarily for classes of personal property. Neither Indiana nor Wisconsin classifies real property for taxation and instead assess all property at an equal 100 percent of value, although Wisconsin has some provisions for undeveloped land and agricultural forests. ("Significant Features of the Property Tax" (Lincoln Institute of Land Policy and George Washington Institute of Public Policy), <https://www.lincolninst.edu/data/significant-features-property-tax/access-database/property-tax-classification/>.)

⁶ With over 200,000 residents each, DuPage, Lake, and Will counties now also qualify to use classification but have never adopted this approach. "Community Data Snapshots" (Chicago Metropolitan Agency for Planning), <https://datahub.cmap.illinois.gov/datasets/CMAPGIS::community-data-snapshots-2025/explore?layer=2>

nearby, lower-tax jurisdictions. The chart below shows the tax burden on business taxpayers relative to the share of total market value of business properties. In 2023, while commercial and industrial properties in Cook County accounted for 17.9 percent of overall market value, they contributed nearly twice the share (33.6 percent) of the property tax base — that is, after parcels are assessed for taxation.⁷ This disparity has persisted for at least a decade, per prior CMAP analysis in 2014.⁸

Market and equalized assessed values by property type in Cook County, 2023



Effective property tax rates

Effective tax rates provide a meaningful way to compare property tax burdens in different jurisdictions. While *nominal* tax rates that property owners see on their tax bills are calculated as the tax levy divided by the equalized assessed value⁹ (EAV) and then applied uniformly, *effective* tax rates estimate a property’s tax bill as a percentage of its full market value. This allows for a more accurate comparison across different property classes and jurisdictions.

The following maps illustrate effective, composite property tax rates for commercial, industrial, and residential property in northeastern Illinois for tax year 2023.¹⁰

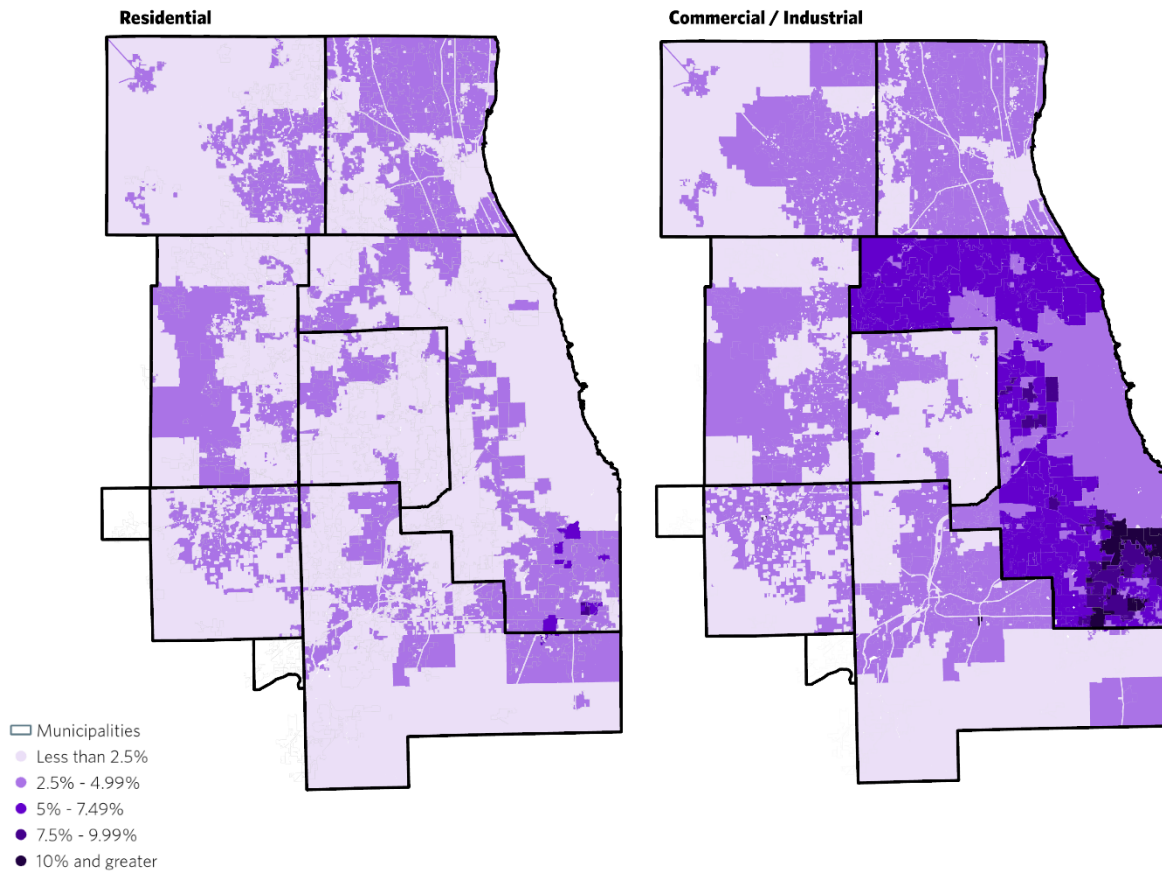
⁷ Equalized Assessed Value reflects the assessment level associated with each property classification, including incentive classes. Assessment levels are in accordance with Cook County Assessor’s Office Definitions for the Classifications of Real Property, https://prodassets.cookcountyassessoril.gov/s3fs-public/form_documents/Class_codes_definitions_12.16.24.pdf

⁸ “Property Tax Burden in the Chicago Region” (Chicago Metropolitan Agency for Planning), https://cmap.illinois.gov/wp-content/uploads/PU-0013_PROPERTY_TAX_BURDEN.pdf

⁹ In Illinois, counties are required to “equalize” property tax assessments so that the median level of assessment is at 33 ⅓ percent of fair market value. If the average sales price in the overall market is either higher or lower than three times assessed values, the prior assessed values will be increased or decreased by a factor that corrects this. Counties calculate the equalized assessed value (EAV) by determining a properties fair market value, multiplying by the level of assessment, and then multiplying the assessed value by the equalization factor, which is set by the Illinois Department of Revenue (IDOR). For a business property with a market value of \$1,000,000, the Cook County Assessor would multiply \$1,000,000 by 25 percent for an assessed value of \$250,000, then multiply by 3.0355 (the 2024 factor set by IDOR), for an EAV of \$758,875.

¹⁰ Composite rates are a sum of the rates levied by each overlapping local taxing district, such as counties, townships, municipalities, school districts, and special districts. Generally, school districts encompass the largest portion of the overall rate.

Effective composite property tax rates in northeastern Illinois, tax year 2023



Source: Chicago Metropolitan Agency for Planning analysis of County Assessor and County Clerk offices of Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will counties.

Nearly all of the region's homes see effective rates below five percent, as do business taxpayers in the collar counties. However, in large swaths of suburban Cook County, commercial and industrial rates are above five percent and frequently more than double or even triple those in the collar counties. Many of the areas with the highest effective tax rates — above 10 percent — are concentrated in south suburban Cook, where localities have long faced challenges in spurring new commercial and industrial development.

The tax burden shift from residential to business properties is a core feature of the classification system and helps to keep residential tax rates more in line with regional averages. But this can be a tactic with diminishing returns. In areas experiencing disinvestment and weak market demand, classification hinders public goals for infill development and reinvestment that would grow the tax base and bring down tax differentials over time.¹¹

¹¹ ON TO 2050 Comprehensive Regional Plan (Chicago Metropolitan Agency for Planning), https://cmap.illinois.gov/wp-content/uploads/dlm_uploads/ON-TO-2050-Comprehensive-Regional-Plan-FINAL.pdf

In the collar counties, where all property types are assessed evenly, the gap between effective tax rates is relatively small and closing. Since CMAP’s 2012 analysis of effective rates, many of these counties have seen average commercial and industrial tax rates move closer to residential rates. For example, in DuPage County, the average residential tax rate in tax year 2012 was 2.22 percent, compared to 2.81 percent for commercial and industrial property. As of 2023, residential rates increased slightly to 2.25 percent, while commercial and industrial rates are nearly identical at 2.18 percent. Lake County similarly demonstrates a narrowing gap, with residential rates increasing slightly and business rates decreasing slightly over the same period.¹² This narrowing over time suggests a more balanced burden between business and residential properties.

In contrast, Cook County’s disproportionate burden on commercial and industrial properties has remained largely unchanged between 2012 and 2023, reinforcing the persistent impact of classification. On average, effective tax rates for business properties (typically 5.8-6.9 percent) have hovered around four percentage points higher than those on residential properties (2.4 – 2.7 percent) — roughly consistent with a level of assessment that is 2.5 times higher for business properties.¹³

Community-level impacts of classification

On average, about half of the total commercial and industrial tax burden is a result of the shift from residential properties created by classification. Effective rates on businesses depend primarily on two factors: the share of business property in a community’s tax base and the relative value of its residential properties. While this basic dynamic is consistent across the county, the consequences vary widely. The table below simplifies how this plays out in different types of communities.

In bedroom communities where commercial and industrial property account for a smaller proportion of the tax base, business taxpayers face a greater tax burden shift attributable to classification. This occurs because with fewer business properties in town to share the cost of local services and infrastructure, tax rates (for all taxpayers) rise to cover the tab in Cook County’s zero-sum property tax system, but classification disproportionately increases the tax burden on businesses — even in places with relatively high property values and a strong tax base.

Examples of how land use patterns and property values affect the property tax burden shifts attributable to property classification in Cook County

	High residential values	Low residential values
Bedroom community Low commercial and industrial share	<i>Lower</i> effective rates, with <i>stronger</i> classification shifts	<i>Higher</i> effective rates, with <i>stronger</i> classification effects
Job center High commercial and industrial share	<i>Lower</i> effective rates, with <i>weaker</i> classification effects	<i>Higher</i> effective rates, with <i>weaker</i> classification effects

¹² CMAP analysis of 2012 and 2023 effective tax rates in Cook County and collar counties.

¹³ CMAP analysis of 2012 and 2023 effective tax rates in Cook County and collar counties.

Conversely, in job centers with larger commercial and industrial property shares, effective tax rates are shaped more by property values and the tax levies sought by local governments than by the classification system. In these areas, business properties already bear a substantial portion of the tax burden, which reduces the additional impact of higher assessment levels.

Looking across specific communities helps to show this pattern in practice. The following table presents select Cook County communities ranked by their *proportion of commercial/industrial property tax rate attributable to classification*. This measure compares an area’s effective tax rate today with a hypothetical alternative. First, it estimates what businesses would pay if all property types were assessed uniformly at one-third of their market value. It then captures the difference from the actual effective tax rate on business taxpayers, isolating the portion of the business rate that results from classification and controlling for other local factors.

Proportion of local effective tax rates attributable to property classification and other factors in select Cook County communities, tax year 2023

Municipality/ Chicago Community Area	Average share of commercial/ industrial effective tax rate attributable to classification	Commercial/ industrial share of market value	Median home value	Median household income
Alsip	44.54%	38.35%	\$219,990	\$67,557
Bridgeview	47.44%	34.40%	\$239,990	\$65,153
Schaumburg	48.89%	27.78%	\$255,420	\$94,690
Crestwood	49.03%	26.69%	\$140,000	\$68,686
County median (Lansing)	49.53%	13.57%	\$140,000	\$71,805
Calumet Park	50.49%	15.33%	\$120,000	\$57,389
Morton Grove	52.03%	13.21%	\$319,990	\$106,078
Chicago Ridge	52.05%	22.57%	\$190,000	\$69,389
Merrionette Park	53.28%	25.23%	\$169,990	\$53,623
Harwood Heights	55.43%	13.53%	\$310,000	\$79,651
Orland Park	56.10%	12.00%	\$339,990	\$98,979
Palos Heights	56.72%	9.37%	\$319,990	\$107,974
Orland Hills	56.76%	10.40%	\$270,705	\$118,281
Winnetka	57.75%	1.64%	\$1,049,115	\$250,001
Palos Park	57.97%	5.07%	\$406,340	\$126,263
Glencoe	58.39%	1.56%	\$963,330	\$250,001

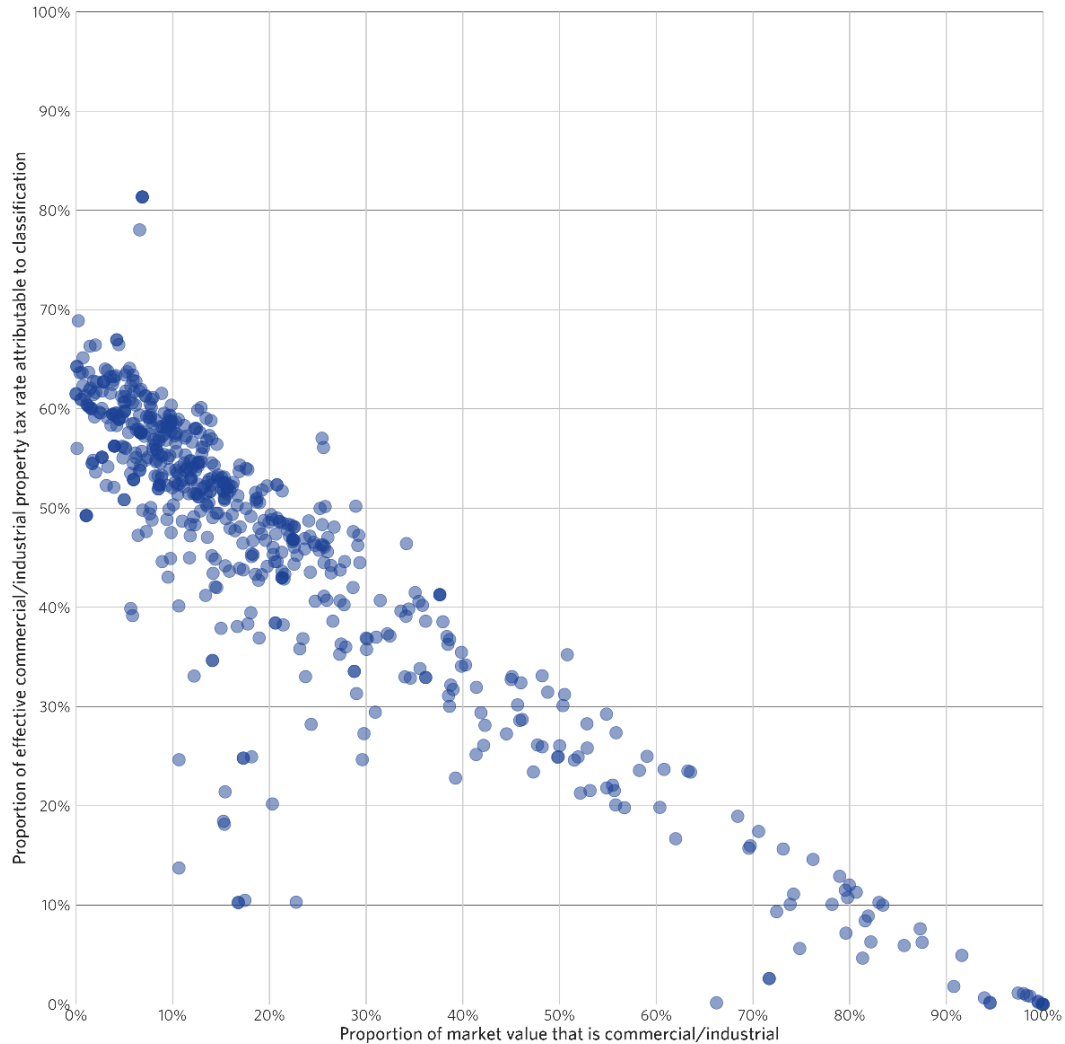
The patterns described above recur in different Cook County communities.¹⁴ For example:

- **North Shore communities with low business property shares:** Municipalities like Winnetka and Glencoe have very low proportions of business property (under 1.7 percent of fair market value) and high home values. Because classification shifts the tax burdens more heavily when business properties are scarce relative to residential property, these communities face some of the higher shares of effective tax rates attributable to classification (above 57 percent). Notably, this represents larger increases in otherwise low tax rates, unlike other parts of Cook County. These communities have some of the highest median home values in the country, which strengthens their residential tax base and bolsters local revenues.
- **Suburban communities with strong commercial bases:** Some mid-sized, middle-income suburban areas have notable commercial markets that support their property tax bases and therefore see tax rates that are less affected by classification. These include Bridgeview (which benefits from large distribution centers and SeatGeek stadium, a soccer-specific venue) and Alsip (which has significant food processing and metal products facilities).
- **Median communities by commercial share and attribution:** Communities like Lansing and Calumet Park fall near the county median for business property market share (about 13-15 percent). They also face effects from classification near the middle of the spectrum (around 50 percent). While low median home values have less capacity to support local needs, a more balanced mix of property types limits the tax burden shift to businesses. Unlike North Shore areas, this represents a moderate increase in already high tax rates and while not the greatest apparent effect from classification, still an impediment to economic development.
- **Communities at elevated risk of disinvestment:** Municipalities like Merrionette Park and Chicago Ridge face a combination of relatively high shares of effective tax rates attributable to classification (52-63 percent) and lower median household values. While some of these areas see moderate commercial shares, lower-value homes indicate that these communities already rely on business properties to sustain revenues and may see greater tax burden shifts to businesses if commercial and industrial values weaken.

The following chart illustrates specifically how communities' market value characteristics influence the effect of classification on tax rates. The y-axis displays the **proportion of commercial/industrial property tax rate attributable to classification**, illustrating the relationship between this measure and the share of market value from businesses in each taxing district.

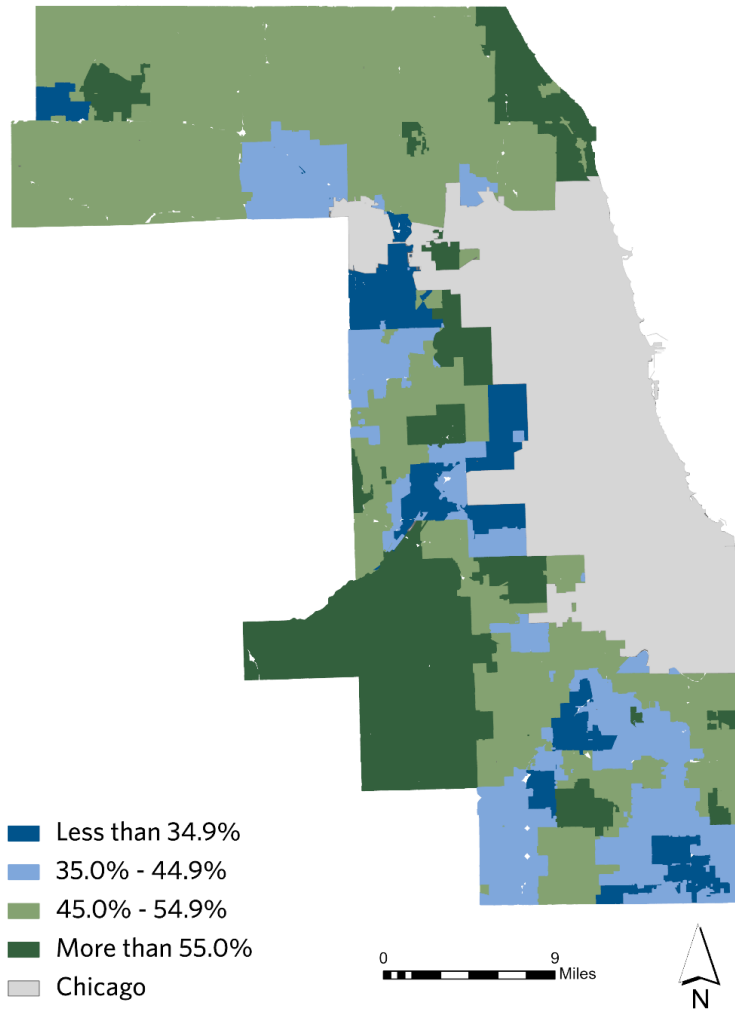
¹⁴ CMAP estimated effective tax rates for municipalities and Chicago Community Areas by assigning each parcel an effective tax rate based on its tax code and then averaging of all commercial and industrial parcels in a municipality of Chicago Community Area.

Concentration of commercial/industrial property compared to impact of classification on tax rates by taxing district, tax year 2023



The following map spatially depicts the same measure across suburban Cook County. Higher effective tax rates driven by classification are not limited to one geography and are concentrated in areas across the county. In most communities outside of Chicago, this share ranges from 45 – 63 percent. Industrial areas near O’Hare International Airport, along Interstate 55 and the Chicago Sanitary and Ship Canal, and in parts of the south suburbs see comparatively smaller shifts due to classification, given the high concentration of valuable manufacturing and distribution facilities. Chicago is excluded from the map because its tax base contains a much larger concentration of business property, including large commercial buildings in the Loop and legacy industrial corridors. This makes the effects of classification less pronounced in Chicago and not directly comparable to the tax patterns in Cook’s suburban communities.

Proportion of property tax rate attributable to classification, commercial and industrial property, suburban Cook County, 2023



The unequal burden of classification’s effects

Higher effective tax rates alone do not necessarily indicate the greatest challenge to community prosperity. Despite the broad reach of classification, there is a distinction between where effective tax rates are highest and where the consequences of high rates are most severe. In affluent communities, strong home values and market demand bolster public service funding even if commercial activity slows or declines slightly. The loss of some business investment may not threaten fiscal stability.

In contrast, classification has significant implications for communities with lower home values and weaker commercial tax bases, especially in the south suburbs and other areas in need of revitalization. In these communities, residential property alone cannot generate enough revenue to support public funding needs. Many have experienced long-term disinvestment, where population loss and declines in commercial and industrial activity undermine municipal revenues, contribute to higher composite tax

rates, and shift the burden to residents who are unwilling or unable to relocate like seniors and low-income households.¹⁵

To offset this disadvantage, more than 90 municipalities in Cook County — particularly those in the south suburbs¹⁶ — use incentive classifications to temporarily reduce the level of assessments on certain business properties in line with assessments on residential homes.¹⁷ Communities award incentives to certain commercial and industrial properties in a bid to attract investment, support development, expand the tax base, and ultimately lower rates for all taxpayers. Use of these incentives has grown rapidly,¹⁸ as local governments balance the goals of investing in smart, long-term redevelopment while curbing burdens on taxpayers today. The widespread use of these incentives suggests that high effective tax rates — driven in part by classification — are a barrier to equitable development. What should be a tool for targeted redevelopment has become a frequent stopgap that can only partially and unevenly relieve business tax burdens while the structural problem remains.

Tax burden data make this pattern clear. Cook County has more communities where low household incomes coincide with high property tax burden than anywhere else in the region. The following maps depict a spatial relationship between median residential tax burden and median household income in owner-occupied households across the region and in Cook County respectively. Drawing from one way to capture the difficulties of disinvestment, the maps also show such areas often overlap with communities facing persistent economic disconnection and long-term disinvestment.¹⁹ Although clustered in the south and west sides of Chicago and nearby suburbs, disinvestment appears in pockets throughout the region. In Chicago, a larger commercial and industrial tax base helps buffer some neighborhoods, but parts of the city still struggle with high vacancies and underinvestment in community services.

These trends and the extensive use of incentives together illustrate a dynamic that underscores the need for comprehensive reform of Cook County’s property tax structure. Without it, piecemeal responses will fail to address deep inequities, leaving the communities with the fewest resources to face the most significant challenges to investment and economic growth.

¹⁵ <https://cmap.illinois.gov/regional-plan/goals/recommendation/disinvested-areas/>

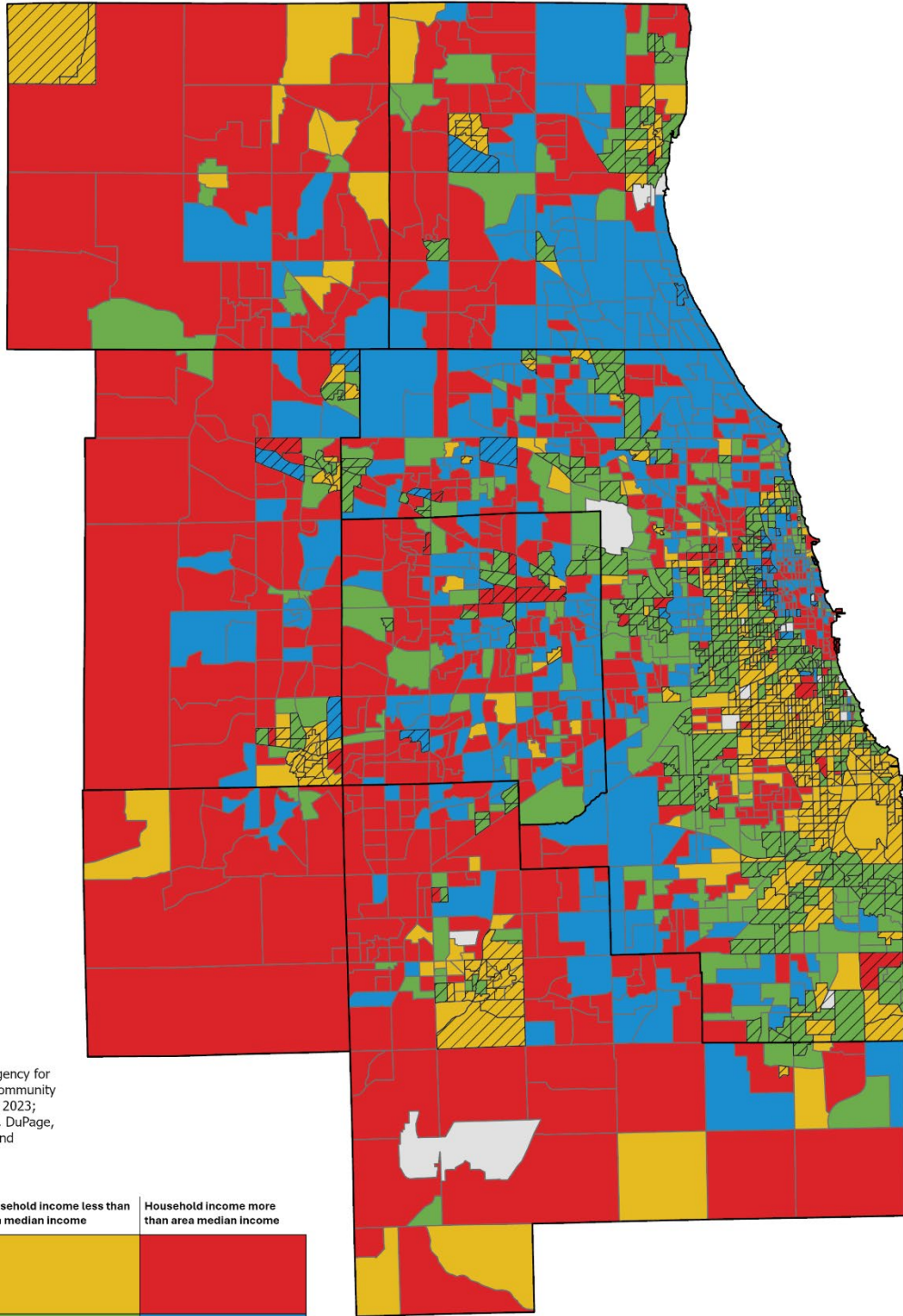
¹⁶ The south suburbs’ proximity to adjacent counties in Illinois and Indiana, which do not use a classification system and often have lower business property tax rates, also drives disproportionate use of incentives in these areas.

¹⁷ Incentive classes reduce the level of assessment on eligible commercial and industrial properties (25 percent) to the same percentage of market value as residential property — typically 10 percent for 10 years with a two-year phaseout or the option of renewal.

¹⁸ In tax year 2023, 11.3 percent of total fair market value in commercial and industrial properties in Cook County possessed an incentive classification, nearly double levels in 2011 (5.8 percent).

¹⁹ Economically disconnected areas are CMAP-identified census tracts with a concentration of low incomes that have a greater than regional average concentration of minority or limited English proficiency populations. CMAP identifies where these areas are clustered and prioritizes EDAs for technical assistance and other planning efforts to advance ON TO 2050’s commitment to inclusive growth. In its CARES Act Equitable Distribution Model, Cook County used EDAs as an input to prioritize COVID relief funding.

Median residential property tax burden compared to median household income, northeastern Illinois, 2023

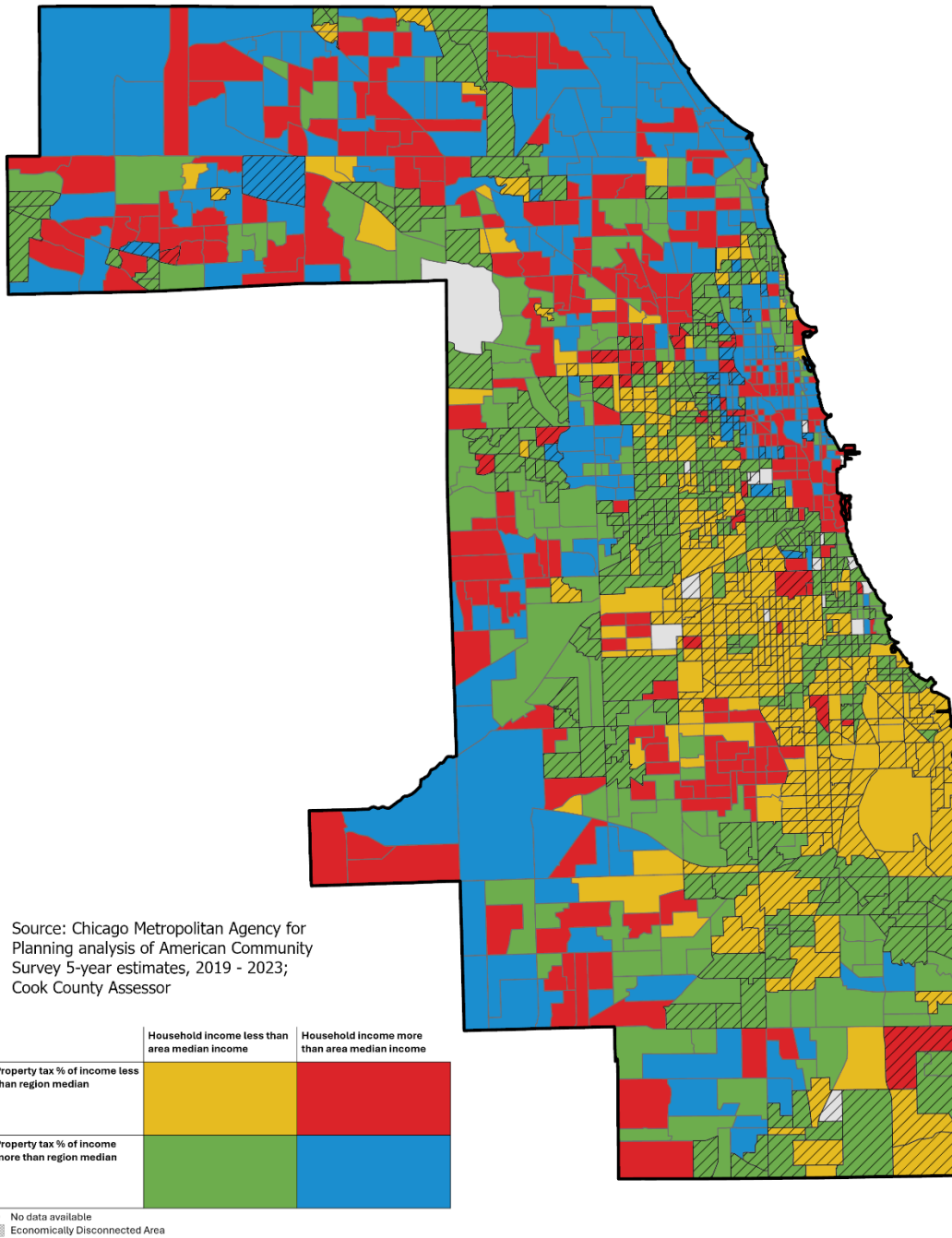


Source: Chicago Metropolitan Agency for Planning analysis of American Community Survey 5-year estimates, 2019 - 2023; County Assessor offices of Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will counties

	Household income less than area median income	Household income more than area median income
Property tax % of income less than region median		
Property tax % of income more than region median		

- No data available
 ■ Economically Disconnected Area

Median residential property tax burden compared to median household income, Cook County, 2023



Note: Property tax burden is estimated by filtering for residential property parcels, calculating each parcel’s market value, and multiplying the market value by the corresponding effective residential tax rate, representing the implied property tax bill. These individual burdens were then averaged at the census tract level. The average residential tax burden per tract was compared to the tract’s median household income to analyze spatial patterns of tax burden relative to income.

Phasing out classification as part of a long-term strategy

Over many decades, Cook County’s property tax classification system — together with wider economic and social shifts — has contributed to persistent tax burden shifts from homeowners to businesses. While an important factor in offsetting residential tax bills, this disparity hampers investment. Moving gradually toward a uniform assessment system in which all properties are assessed equally would mitigate current market distortions and lower effective tax rates for business properties countywide. While the benefits of this reform may be modest in more affluent communities with large residential tax bases, they could be transformative in areas with limited capacity to absorb high tax rates and the greatest potential to gain from new investment.

Phasing out classification over a long period of time — together with other reforms and aid to local governments — would make these areas more attractive to businesses, help to stabilize municipal finances, and ultimately ease the tax burden on residents who need relief most. While this transition may initially increase the tax burden on residential property owners, it would create a more balanced and competitive environment for redevelopment and promote tax base growth. The classification system is a systemic factor in Cook County’s equitable growth. Tackling the effects structurally should be a central pillar in larger reform strategies to meet the fiscal and economic development needs of its different and diverse communities.