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BOMA/CHICAGO WRITTEN COMMENTS
Illinois Department of Revenue Property Tax System Study
December 1, 2025

The Building Owners and Managers Association of Chicago (BOMA/Chicago) appreciates the opportunity to submit comments to the Illinois Department of Revenue as part of its statewide review of the Illinois Property Tax System, conducted pursuant to Public Act 103-1002. We commend the Department for undertaking this comprehensive evaluation. Because this submission was prepared prior to the release of the Department's study, some of our observations may overlap with its findings, or we may have framed certain issues differently had the report been available for review.

BOMA/Chicago represents approximately 240 commercial office, institutional, and public buildings in Chicago, along with 200 companies that provide essential goods and services. Our members encompass roughly 80% of all rentable office space in Chicago and over 98% of Class A office space. Collectively, these buildings house 18,000 businesses, employ more than 500,000 office workers, and support over 64,000 jobs, most of which are union.

BOMA/Chicago buildings collectively contribute $1.5 billion in property taxes, supporting the services and infrastructure that keep Chicago strong. With such a significant role in the property tax system, our members bring valuable experience and perspective to this discussion.

In the following comments, we focus on and provide recommendations related to four interconnected issues central to the property tax system:

- Address levy growth, spending levels, and the heavy reliance on property taxes to fund schools;
- Reform Cook County's classification system;
- Implement transparent and consistent assessment practices; and
- Improve the role of appeals in ensuring accurate valuations.

ADDRESS LEVY GROWTH, SPENDING LEVELS AND THE HEAVY RELIANCE ON PROPERTY TAXES TO FUND SCHOOLS

Chicago families and businesses are carrying some of the highest property tax burdens in the nation. To achieve meaningful, long-term property tax relief, Illinois will need to move beyond short-term fixes to address structural issues that include levy growth, unchecked spending, and the overreliance on property taxes to fund schools. Relief programs don't solve the problem if taxes are already higher than residents and businesses can afford. Real relief will only come from fixing the pressures driving those taxes in the first place.

State legislation that adds new financial obligations to local governments already strained by excessive pension liability only makes matters worse. Case in point: Senate Bill 1937 would expand Tier II pension benefits, significantly increasing local levies. While only a narrow adjustment is needed to comply with Safe Harbor Act requirements for higher-salaried earners, some advocacy groups seek broader Tier II changes to mirror Tier I benefits – despite fiscal challenges already driving levies and property tax bills higher. The proposal carries an estimated $80 billion cost to taxpayers over 30 years and fails to address the true drivers of property tax pressure – levy growth and spending levels – further worsening Illinois's structural problems.

On a local level, Chicago's spending has ballooned. Over the past decade, annual appropriations have jumped 87 percent. In 2016, the City's budget was just over $10 billion. In 2025, it nearly doubled to close to $19 billion.[i] Of the $470 million increase in Chicago's residential property taxes this year, $370 million is from levy growth.[ii] This rapid growth in spending underscores why property tax relief remains so elusive.

And because schools depend so heavily on local levies for funding, our property tax system forces local taxpayers to shoulder costs that should be shared more broadly. More than half of the average Chicago homeowner's property tax bill goes directly to the Chicago Public Schools (CPS) system, and those payments have grown by over 60% since 2009.[iii] Shifting education funding to the state would ease the strain on property owners, create a fairer system across Illinois, and ensure that every student has access to quality education regardless of where they live.

Recommendations:

Remove State Authority Over City Pension System: *Chicago pays the bill for the City of Chicago's pension system and should be responsible for restructuring and fixing that system as needed – not the State of Illinois that currently sets pension benefits and payments. At the very least, the City of Chicago should be included in those discussions.*

Address Levies and Cut Spending: *Cities and towns should take a hard look at how fast their levies and spending are growing and find ways to cut costs and increase efficiencies. Identifying and addressing these root causes should take priority over other quick fixes like circuit breaker programs, exemptions, or incentives, which don't solve the real problem.*

Shift Education Funding Responsibility to State: *Relying on property taxes for education funding creates inequities in funding across the state and has contributed to excessive property tax increases. Education should be funded by the state, not through property taxes.*

REFORM COOK COUNTY'S CLASSIFICATION SYSTEM

Unlike the other 101 counties in Illinois that assess all property at an equal rate of 33 ⅓ percent of market value, Cook County inflates commercial assessments to 2.5 times the residential rate.[iv] Commercial properties are assessed at 25 percent and residential properties are assessed at 10 percent. Once the equalizer is applied, commercial property tax bills can be up to 3 times the amount of residential property bills *for buildings of equal market value*. As a result, Chicago ranks right alongside Detroit as having the highest commercial property taxes in the nation.[v]

These high commercial property taxes discourage investment and development, leaving Chicago's skyline with fewer construction cranes and signaling a slowdown in growth. Even hometown developers are pursuing projects in other cities where the business climate is more favorable, due to the reluctance of investors across the globe to invest capital in Chicago. Without new development and investment, the city's tax base has stagnated, and property owners and renters shoulder ever higher tax burdens.

This year provided a clear illustration of how important our commercial real estate sector is to residential taxes. In the last reassessment, downtown commercial properties lost $1.5 billion in market value.[vi] Downtown's decline and rising home values contributed to homeowners absorbing $470 million of a $530 million increase in property tax levies, with some South and West Side communities seeing bills jump more than 30%. Without reform to classification, the City's commercial property tax burden will continue to be a major obstacle to downtown's competitiveness and recovery, translating into disproportionate burdens on residents and businesses alike.

By contrast, policies that actively encourage business growth and development, including a fairer classification system, would spur investment across Chicago's neighborhoods, expand the tax base, drive new economic activity and job creation, and ease the property tax burden on all taxpayers.

Recommendations:

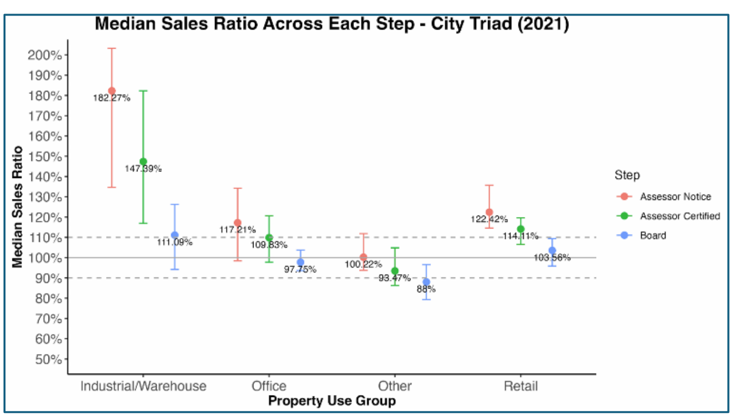
Assess All Properties Equally: *Instead of assessing commercial properties at 25 percent and residential properties at 10 percent, Cook County should eliminate this unique classification system and assess all properties equally at 33 1/3 percent like all other Illinois counties.*

Adjust Classification System Periodically: *An alternative to making all assessments equal would be to analyze and adjust the classification system periodically based on market conditions to minimize the gap between commercial and residential assessment rates.*

IMPLEMENT TRANSPARENT AND CONSISTENT ASSESSMENT PRACTICES

Cook County's property tax system raises serious concerns about fairness and transparency. Recent studies show that the Cook County Assessor has over-assessed commercial properties and under-assessed residential properties, shifting burdens in ways that undermine trust. At the same time, limited access to valuation data makes it harder for taxpayers to verify assessments or hold the system accountable.

A report sanctioned by the Cook County Board President in December 2024, *Analysis of Commercial Valuation Practice in the Cook County Property Tax System*,[vii] identified that Cook County Assessor Kaegi over-valued office and other commercial properties in Chicago during the 2021 reassessment. Downtown office properties were initially over-assessed by nearly 20 percent by the Cook County Assessor and were only adjusted to reflect accurate market value – closer to 100 percent – through appeals to the Cook County Board of Review. Appeals to the Cook County Board of Review greatly improved assessment accuracy.



Median Sales Ratio Across Each Step – City Triad (2021);
Analysis of Commercial Valuation Practice in the Cook County Property Tax System. (December 2024)

A separate study conducted by the University of Chicago Mansueto Institute for Urban Innovation[viii] documented chronic underassessment of residential properties. The median residential assessment ratio for residential properties declined from 8.8 percent under the former Cook County Assessor Berrios to 8.6 percent under Cook County Assessor Kaegi's first term and to 8.2 percent under Kaegi's second term (in Cook County, residential properties are assessed at 10 percent). In other words, residential properties are increasingly underassessed on average, shifting an even greater property tax burden onto commercial properties. These disparities undermine fairness and fuel mistrust in the system.

A lack of clarity from the Cook County Assessor's Office in commercial building valuations further obscures assessment accuracy. Despite recent transparency efforts to provide certain data online, unnecessary hurdles prevent commercial property owners from easily accessing key valuation information including vacancy rates and capitalization rates to determine valuation accuracy and need to appeal. Our members often must file FOIA requests or pursue costly appeals just to verify assessments – steps that may not be necessary if key data were accessible online. National appraisal standards also call for full transparency, underscoring the urgent need for reform.

<u>Recommendations:</u>

Modernize Recordkeeping: *Modernize outdated recordkeeping at County Assessor Offices by replacing references to physical property "record cards" with electronic assessment records available online and via email.*

Create Greater Transparency: *Require the following data to be shared online and/or via email:*

- *Historical assessed values*
- *Transaction/sales data*
- *Location data, such as which school districts the property is in, and distances to amenities like the nearest L station or the lakefront*
- *Characteristics of homes and condos in Cook County*
- *Valuation model*
- *Valuation reports for reassessed townships*
- *Reassessment trends by neighborhood and city*

Additional data should also be accessible related to commercial valuations:

- *Worksheet documentation on internal Assessor appeals*
- *Cap rate methodology, including rents, vacancy rates, expense ratios, etc. (and where this data is derived)*
- *Valuation models by property type (income approach, metrics used, adjusted rent, vacancy collection, expense ratio)*
- *Sales approach methodology, including the sales data used*
- *Anonymized database*

Publish Sales Ratio Study: *As recommended by the International Association of Assessing Officers (IAAO), the Assessor's Office should publish a sales ratio study after each reassessment to compare assessments to sales prices for each class. The report should be accessible to the public indicating all classes that are under- or over-assessed.*

IMPROVE THE ROLE OF APPEALS IN ENSURING ACCURATE VALUATIONS

It is important to correct the widely spread mischaracterization that commercial property appeals are responsible for residential property tax increases. Commercial assessments are income-based, meaning occupancy and net income determine value. When market realities reduce occupancy and income, lower assessments are not only appropriate but necessary to ensure accuracy. This point is reinforced by the above-referenced *Analysis of Commercial Valuation Practice in the Cook County Property Tax System* report, which found that the Cook County Assessor's Office overvalued Chicago commercial properties during the 2021 reassessment.

The challenges facing Chicago's office market underscore the need for accurate assessments. With just under 60 percent of workers returning to the office post-pandemic,[ix] vacancy in the Central Loop is nearing 30 percent,[x] with dozens of downtown buildings in financial distress[xi] and most transactions over the last several years selling at steep discounts of 50 to 90 percent.[xii] [xiii] In fact, a sale of a trio of downtown office buildings in December 2024 lost $500 million in combined value.[xiv] These are not isolated cases but part of a broader market trend that has eroded values citywide. Lower assessments reflect this economic reality and are necessary to maintain fairness.

Historically, downtown office properties have been a fiscal anchor, contributing a disproportionately higher amount to the property tax base. Strong downtown values benefit every neighborhood in the city, sustaining schools, transit, parks, libraries, and more. However, when downtown offices falter, the ripple effects are felt citywide. The classification system magnifies those effects by inflating commercial assessments relative to residential properties.

Beyond the broader role of commercial appeals, there are operational issues that make the appeals system harder to navigate and less transparent. The Cook County Assessor's Office and the Board of Review still operate on separate database platforms that don't communicate with each other. This creates inefficiencies and a lack of transparency when appeals are filed, while limiting the ability to share information across offices. It also leaves the public and outside experts without access to consistent data, reducing opportunities for independent review, analysis, and recommendations for improvement.

There are also concerns about consistency in valuations. In some cases, the Cook County Assessor's Office has altered Board of Review commercial valuations during a triennial cycle, which forces taxpayers to file additional appeals. On top of that, the lack of regular sales ratio studies by property class makes it difficult to measure whether assessments are accurate or fair. Together, these operational gaps add unnecessary complexity to the appeals process and erode confidence in the system.

Recommendations:

Share Data Between Offices*: Update database systems at the Offices of the Assessor and Board of Review Offices to ensure data, methodologies, and calculations can be shared between offices. Data should also be shared with taxpayers to demonstrate how data is used and assessments are applied.*

Triennial Valuations in Interim Years: *When values are available from the Board of Review, the Assessor should honor the long-time practice of maintaining the assessed valuation established by the Board of Review in the triad year for the full three years. Triennial valuations should not be altered in interim years absent physical changes to the property (e.g. demolition or new construction) or discovery of a genuine mistake in the original valuation.*

Provide Taxpayer Access to Tax Data: *Allow taxpayer access to all aspects of tax data and inputs to allow outside auditors and others to review and analyze data to model changes.*

Publish Sales Ratio Study: *As recommended by the International Association of Assessing Officers (IAAO), the Assessor's Office should publish a sales ratio study after each reassessment to compare assessments to sales prices for each class. The report should be accessible to the public indicating all classes that are under- or over-assessed.*

CONCLUSION

BOMA/Chicago is committed to fair and transparent property taxes for all property owners. Achieving that fairness requires a comprehensive approach: reforming Cook County's classification system to eliminate its distortions, advancing transparent, consistent assessment practices, and protecting the role of appeals to ensure assessments reflect actual market value. At the same time, Illinois must confront broader structural drivers to achieve long-term relief: levy growth, spending levels, and the heavy reliance on property taxes to fund schools. We urge policymakers to pursue recommendations provided that would strengthen the city's tax base without placing the blame on sectors already under pressure. By addressing these interconnected issues, Illinois can build a stronger, more resilient future where the property tax system is fair, transparent, and accountable for both residents and businesses.

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