



INCENTIVE TAXATION: ITS POTENTIAL FOR COOK COUNTY

Last year, Cook County's then-new Assessor established a "Tax Policy Forum" to examine and make recommendations concerning the County's property tax system. The Forum's working groups developed a list of 31 recommendations, each addressing a specific problem involving the tax system.

Although it apparently wasn't considered by the participants, Incentive Taxation offers strong potential for easing many of the problems identified by the working groups. This Research Note reports on the Henry George School's evaluation of Incentive Taxation as a strategy for improving the County's property tax system.

The first version of the analysis was completed early in February, 1999. Later that month, the Assessor, in a formal response to the Tax Policy Forum's recommendations, said

Vacant land in Cook County often serves as a painful reminder of lost opportunities for new economic development. An examination of the classification system not only shows potential obstacles to commercial and industrial development . . . the system also rewards the owners of vacant land.

The current level of assessment used to classify vacant land does not promote development. Increasing this rate, even marginally, will serve as a stimulus to develop vacant land into residential, commercial or industrial uses. Communities that are now home of a disproportionate amount of vacant land would welcome this revitalization in a county that is economically mature and must support the recycling of land.

In addition, a full examination of all incentive classes offered by the County is now underway.

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Purpose of this Research Note

Many interest groups are unhappy with Cook County’s real estate tax. In 1998, Assessor James Houlihan established a “Tax Policy Forum,” which included representatives of such groups, charged with recommending changes in tax policy. The Forum divided into three Working Groups, and published 31 recommendations.¹

Each of the recommendations is intended to ease one or two problems experienced by some interests, but in many cases implementation of one recommendation would exacerbate a problem addressed by another recommendation. Incentive Taxation (IT), which could simultaneously alleviate a number of problems, apparently wasn’t considered by the Working Groups².

The purpose of the present memorandum is to explain what IT is, describe its impacts, and analyze how it could help solve many of the problems treated by the Working Groups’ recommendations.

In summary, IT could be of considerable help in dealing with 11 of the 31 problems, and of some smaller benefit in dealing with an additional seven.

1.0 About Incentive Taxation (IT)

1.1 What Incentive Taxation Is

Any real estate tax can be understood as two taxes, one on the value of land and the other on the value of improvements on the land. In most places, including Cook County, the same tax rate is applied to both land and improvements. Incentive taxation is simply a change in these tax rates, so that the rate on land is increased and the rate on improvements is decreased. For purposes of the present discussion, we will assume that rates are chosen such that incentive taxation is revenue-neutral.³

As a simple example, imagine a taxing jurisdiction that consisted of only two parcels, both assessed at 100% of market value. Both parcels are assumed to have land valued at \$50,000 but Parcel A has an improvement worth only \$25,000, while Parcel B has an improvement worth \$100,000. The tax rate is 9% of value. Table 1 shows how these parcels are taxed under the conventional system.

Table 1: Example under conventional tax system							
	Land			Improvement			Total tax
Parcel	value	tax rate	tax amount	value	tax rate	tax amount	
A	\$ 50,000	9.00%	\$ 4,500	\$ 25,000	9.00%	\$ 2,250	\$ 6,750
B	\$ 50,000	9.00%	\$ 4,500	\$ 100,000	9.00%	\$ 9,000	\$ 13,500
Total	\$100,000	9.00%	\$ 9,000	\$ 125,000	9.00%	\$11,250	\$ 20,250

¹**Executive Summary of the Tax Policy Forum Working Group Reports: A Submission to Cook County Assessor James M. Houlihan** (December 1998)

²On page 19 of the **Work Group Reports**, the suggestion is made that vacant land be assessed at a higher percentage of value, “as an added spur to development.” The suggestion was never evaluated, but set aside due to lack of time and the small proportion of Cook County land which is classified as “vacant.”

³Incentive taxation could completely exclude improvements from the tax base, taxing only land values. It could even be used to replace other taxes, such as those on retail sales transactions. The present memo does not consider such options, however.

In Table 2, we assume that the valuations are unchanged but an incentive tax has been implemented. The tax rate on land has been increased, while that on improvements has been reduced. The rates are calculated such that land is taxed 2½ times as heavily as improvements, and the total tax revenue is the same as under the old system.

Table 2: Example under Incentive Tax system							
Parcel #	Land			Improvement			Total tax
	value	tax rate	tax amount	value	tax rate	tax amount	
A	\$ 50,000	13.50%	\$ 6,750	\$ 25,000	5.40%	\$ 1,350	\$ 6,750
B	\$ 50,000	13.50%	\$ 6,750	\$ 100,000	5.40%	\$ 5,400	\$ 13,500
Total	\$ 100,000	13.50%	\$ 13,500	\$ 125,000	5.40%	\$ 6,750	\$ 20,250

The owner of Parcel A, who has made little use of his land, now has to pay higher taxes. The owner of Parcel B is rewarded for having built and/or maintained the improvements on his land, and now pays less. While this simple example assumes no change in land values, in practice changes in taxes do affect land values.

1.2 Advantages of Incentive Taxation

There are two principal incentives in Incentive Taxation:

- (1) It encourages owners of existing buildings to maintain and improve their properties.
- (2) It encourages owners of underutilized⁴ parcels to build, or to sell to someone who will build.

These incentives are expected to produce several benefits:

- (1) Infill development is encouraged.
- (2) There is less tax incentive to demolish viable older structures.
- (3) Due to (1) and (2), areas which had been experiencing intense development pressure are likely to find those pressures reduced.
- (4) Overall, construction activity tends to increase, raising the supply and improving affordability of housing, office space, and other buildings.
- (5) The improved business and living conditions referenced in (4) result in an overall increase in economic activity, providing jobs and opportunities.

1.3 Experience with Incentive Taxation

In the U. S., the primary modern example of IT is in Pennsylvania, where it has been adopted by 15 cities including Pittsburgh and Harrisburg. A recent analysis of Pennsylvania data showed that incentive taxation is

⁴Although the definition of “underutilized” is not always precise, underutilized parcels are generally those in which improvement value represents a relatively small proportion of land value, compared to otherwise similar parcels.

associated with increased development activity⁵. These results are, of course, unique to the time and place studied, comprising cities that had mostly been in decline and where additional development was considered a good thing. Similar conditions exist in some, but not all, parts of Cook County.

Politically, IT in Pennsylvania cities seems to be generally accepted. There is sometimes opposition from owners of idle land⁶.

Results in earlier years, and outside the U. S., have been generally favorable, although there is only a modest amount of published research.⁷

1.4 How Cook County Could Implement Incentive Taxation

The most straightforward way would be for the County Board to use its authority to classify real property⁸, establishing two classes: Land and Improvements. Land could be assessed at 50% of market value, and improvements at 20%. (The State Department of Revenue would calculate an equalization factor such that the overall average for all properties would be 33%.)⁹. Other options are discussed under 3.2, below.

2.0 Review of the Recommendations.

Table 3, on the following pages, reviews the 31 Tax Policy Forum recommendations, treating each as a proposed solution to a perceived problem. The table is in the same sequence as the recommendations, but the first column lists the problem(s) which each recommendation addresses. In some cases the same problem is addressed by multiple recommendations. The second column lists the actual Tax Policy Forum recommendations. The third column evaluates the potential of Incentive Taxation to alleviate the problem, rating it as no impact, minor help, considerable help, or (in one instance) negative impact. The fourth column contains some additional comments.

⁵Plassman, Florenz; **THE IMPACT OF TWO-RATE TAXES ON CONSTRUCTION IN PENNSYLVANIA**; Dissertation submitted to the Faculty of the Virginia Polytechnic Institute and State University in partial fulfillment of the requirements for the degree of DOCTOR OF PHILOSOPHY in Economics; Blacksburg, VA, 1997

⁶In Allentown, for example, IT was adopted by referendum in 1996, and an attempt to overturn it the following year failed. See *Allentown: LVT Wins! LVT Wins!* **Georgist Journal** No. 87, Summer, 1997.

⁷Andelson, R. V. (Ed.); **Land Value Taxation Around the World: Second Edition**; New York; Robert Schalkenbach Foundation, 1997. Pages 8-10 provide an overview. Pages 99-122 report on U. S. experiences outside Pennsylvania.

⁸**Constitution of the State of Illinois**, Article IX, Section 4(b).

⁹The Constitution authorizes another approach, economically equivalent, which would assess all property at the same percentage of value, but apply a tax rate to improvements that was 40% of the rate on land. By avoiding the differential assessment ratios, this can make the tax system easier to understand.

TABLE 3: ANALYSIS OF TPF RECOMMENDATIONS

Problem Addressed	TPF Recommendation	Can IT Help Solve the Problem?	Other Comments
“Market value” currently printed on tax bills often unrealistic.	1A: Reflect accurate full market values on tax bills	No impact.	
Reassessment notice doesn’t explain the tax impact nor how to appeal.	1B: Revise the reassessment notice to incorporate information on how the tax is computed, its impact and how to appeal	No impact.	Sure, the tax bill can be confusing and ought to be improved, but compare it to calculating and paying income taxes!
Tax bill is hard to understand.	1C: Redesign the tax bill to make it easier to understand. . . .	No impact; however, under IT, a simple map of land value in the area would be a helpful explanation.	
By the time taxpayer sees the cost of public actions, it’s too late to influence them.	1D: Implement use of a TAB notice	No impact.	
Classification and the State’s 33% standard make assessment concepts difficult to understand.	1E: Adopt a full-market value system so that a property’s value is accurately depicted on property tax bills.	Yes, minor help. IT need only involve two easily-understood classes	
By the time taxpayer sees the cost of public actions, it’s too late to influence them.	1F: Adopt a uniform fiscal calendar for property-tax-supported governments	No impact.	
Delays in calculating the second property tax installment cause cash-flow problems for governments.	1G: Streamline and compress the assessment cycle to improve efficiency and reduce delays in tax billing and collection.	Yes, minor help. Since land is easier to assess than improvements, increasing its relative importance might help speed assessments.	A tax on land only, with no tax on improvements, would definitely be cheaper and easier to administer than a tax that includes improvements.

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The “green sheet” (report of real estate transaction) is obsolete and needs to be reconfigured.	1H: Revise the “green sheet” transaction form.	No impact.	The reconfiguration should take into account incentive tax data needs.
People are shocked when they see their second installment bill.	1I: . . .Use prior year’s Equalized Assessed Valuation when computing tax levy.	Yes, minor help. Simpler assessments could be faster, allowing first installment to contain final information.	
Some major property owners would like their taxes to be lower.	1J: Use the three main approaches to computing property values in sales-ratio studies.	Negative impact. IT is a market-value approach, since replacement cost makes no sense for land and income for underused land is small. This might displease owners who fail to maintain or improve their properties, then plead for lower assessments.	Why should productive taxpayers subsidize those who do not use or do not properly manage their real estate?
Many tax rate objections are based on technicalities.	1K: Statutorily limit actions that are subject to tax rate protests.	No impact.	
Because class action relief is not available to taxpayers, owners of high-value property can shift tax burden to owners of low-value property, and local governments can impose and collect illegal taxes.	1L: Statutorily permit class action relief for a defined list of tax objections.	No impact.	

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For some low-income people, property taxes (or 25% of rent) is a serious burden.	2A: Provide property tax relief to low-income taxpayers through expansion of the “circuit-breaker” program to all ages	Yes, minor help. Generally, IT reduces property taxes on low-cost owner-occupied housing. For renters, increased land tax does not result in increased rent.	Rarely do low-income persons own valuable land; that’s why they benefit from incentive tax. Also see A. Lyons’ comment p.12 of Work Group Reports: Problems of poverty are solved by raising incomes, not by lowering property taxes.
Where land value increases rapidly, low-income people may suddenly be unable to pay rising property taxes.	2B: Extend the Homeowners Assistance Program (low-interest loans to pay property taxes) to other gentrifying areas.	No impact.	Homeowners Assistance Program would be an efficient way to ease the burden on those whose taxes increase under IT.
Current system taxes class 3 apartments much higher than houses, small apartment bldgs., or condos of equal value.	2C: Expand rental housing construction by lowering Class 3 (apartment) assessment levels.	Yes, considerable help. IT drastically lowers assessment levels on new construction. Cheaper site purchase makes up for any increase in the land portion of the tax.	Higher land taxes reduce the cost of purchasing vacant land. ¹⁰
Class nine taxes low-cost apartments at the same percentage of value as class 2, but is difficult to obtain.	2D: Allow existing properties to apply for Class 9 (affordable housing) status and eliminate time limits to encourage creation and maintenance of affordable housing.	Yes, considerable help. If all improvements are taxed at the lowest legal rate (four-tenths of the rate on land), then all apartments are taxed like houses.	

¹⁰See, for example, Harry Gunnison Brown, **The Economics of Taxation**; New York, Henry Holt & Co., 1924; pp. 238-239.

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Low-income people have difficulty getting housing they can afford.	2E: Encourage development of affordable housing with a new exemption proportionate to the percentage of low-income residents in new or substantially renovated housing.	Yes, considerable help. By increasing housing supply and reducing taxes on apartments, IT improves housing affordability.	Implementing the TPF recommendation would be an interesting administrative challenge. IT, by contrast, is easy to administer.
Rents cause financial strain on many tenants.	2F: Include renters as beneficiaries of any proposal to relieve property taxes.	Yes, considerable help. IT is likely to reduce rents by increasing rental housing supply.	Many renters would not itemize their deductions even if they could count part of their rent as property tax.
Under current practice, tax credits should be considered part of the value of the building, which increases taxes on the building.	2G: Clarify assessment practices for the Low-Income Housing Tax Credit-funded properties.	Yes, minor help. To the extent that IT makes the building value less important in determining taxes, this problem is eased.	The recommendation could be implemented with or without incentive taxation.
It may be inefficient for each jurisdiction to issue its own tax anticipation notes.	2I: Create a tax anticipation loan program. . . .	No impact.	
Property taxes discourage improvements.	3A: Amend the classification ordinance to narrow the spread of assessment levels and to improve business competitiveness.	Yes, considerable help. Incentive tax is less discouraging to improvements than the current property tax.	This TPF recommendation recognizes that the Assessor undervalues class 2 property, and proposes that he similarly undervalue other classes.
Use of a single countywide multiplier causes some classes or areas to be systematically over or undervalued.	3B: Apply multipliers within property classes and/or geographic areas	Yes, minor help. Land is easier to assess than improvements. Also, incentive tax needs only two classes, instead of 11.	

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The <u>effective</u> assessment level on industrial properties is much more than 36%; this may make Cook County uncompetitive as an industrial site.	3C: Lower assessment level on industrial properties from 36% to 33.3%, comparable to other counties in Illinois.	Yes, considerable help. Under IT, all industrial improvements are assessed at the lowest rate.	Haider says property taxes are rarely a deciding factor in business location decisions. ¹¹
Many older multistory industrial buildings are under-utilized and need renovation, which is discouraged by high taxes on improvements.	3D: Create a class 6d “Dinosaur Class” with lower assessment levels to encourage reuse of outdated industrial properties.	Yes, considerable help. Lowest rate automatically applies to all improvements, including dinosaur buildings.	The current classification system encourages conversion from industrial to condominiums.
Considerable disparity in tax base among different jurisdictions, leads to inadequate funding in some cases and unwise land use decisions.	4A: Replace local property tax for schools, and perhaps other functions, with state income tax or other revenues.	Yes, minor help. Land value is less directly sensitive to development decisions than improvement value, therefore IT would somewhat reduce jurisdictions’ incentive to chase ratables. There would be additional benefit from IT if areas having poor tax base also have low improvement/land value ratio, but this isn’t known.	This problem can be solved without tapping non-property revenues ¹² . See also Recommendation 4D, below.
Taxes on nonresidential property taxes are high in Cook County relative to nearby counties.	4B: Reduce commercial, industrial, multi-family property taxes, replacing revenues with taxes on sales or income.	Yes, considerable help. All improvements would be taxed at the lowest rate.	Unlike other taxes, increased taxes on land do not affect businesses who are tenants. ¹³

¹¹Work Group Reports of the Tax Policy Forum, p. 11

¹²Presentation by Larry Christmas, Elmer Johnson, and John Lukehart to the Economic Growth and Neighborhood Stability Working Group, July 21, 1998. Included in **Appendix to the Work Group Reports of the Tax Policy Forum**; that document lacks page numbers

¹³See Arthur Lyons, “Business Impact on Classification Changes” in **Work Group Reports of the Tax Policy Forum**, p.26-27. Also see **Incentive Taxation**, November, 1998. There is a temporary exception in the case of a lease where the property tax is passed-through to the tenant; these affect tenants only during the remaining life of the lease in effect when the change to IT takes place.

TABLE 3: ANALYSIS OF TPF RECOMMENDATIONS

Problem Addressed	TPF Recommendation	Can IT Help Solve the Problem?	Other Comments
Income tax hits low-income people as well as others; also same as for recommendations 4A and 4B above.	4C: Increase “progressivity” of state income tax, to fund education and reduce property taxes.	Yes, considerable help. Low-income people don’t own the kind of valuable, underutilized land which would bear increased taxes under IT.	The property tax is already a progressive tax. ¹⁴
Considerable disparity in tax base among different jurisdictions, leads to inadequate funding in some cases and unwise land use decisions.(Same as for recommendation 4A above.)	4D: Establish a statewide or regional pool of revenue and a structure for fair distribution to resource-poor districts.	Yes, minor help. Land value is less directly sensitive to development decisions than improvement value, therefore IT would somewhat reduce jurisdictions’ incentive to chase ratables. There would be additional benefit from IT if areas having poor tax base also have low improvement/land value ratio, but this isn’t known.	IT is fully compatible with this recommendation.
Considerable disparity in tax base among different jurisdictions, leads to inadequate funding in some cases and unwise land use decisions.(Same as for recommendation 4A above.)	4E: Create a guaranteed tax yield to resource-poor school districts.	Yes, minor help. Land value is less directly sensitive to development decisions than improvement value, therefore IT would somewhat reduce jurisdictions’ incentive to chase ratables. There would be additional benefit from IT if areas having poor tax base also have low improvement/land value ratio, but this isn’t known.	The source of state revenue to fund this recommendation isn’t addressed.
Some people doubt that the various exemptions and incentives are the best way of achieving the objectives claimed for them.	4F: Evaluate effectiveness of all incentive classes as well as homeowners and senior citizen exemptions, and consider other methods of encouraging development.	Yes, considerable help. IT will encourage development, and therefore eliminate or reduce the case for incentive classes. However, homeowner exemptions or circuit breakers may still be desirable with IT.	Obviously, the “other methods of encouraging development” which are evaluated should include incentive taxation.

¹⁴See Mason Gaffney, **The Property Tax is a Progressive Tax**, NTA Annual Conference on Taxation, 1971 (Reprinted 1998 by the Robert Schalkenbach Foundation)

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Some people doubt that TIF's are the best way of encouraging development, and suspect they may be intended primarily to benefit landowners and developers.	4G: Support continued negotiation and implementation of reforms to Tax Increment Financing legislation.	Yes, considerable help. IT can accomplish many of the same objectives as TIF's, with much less complexity and less opportunity for controversy.	

3.0 Next Steps to Explore the Potential of Incentive Taxation

3.1 Identify and research the issues which IT would raise.

Like any change, a move toward incentive taxation will cause some disruptions. A proper analysis of the extent of such difficulties, and evaluation of ways of alleviating them, requires access to detailed and current parcel-level assessment data, not available to HGS at present. The following list of subjects which require examination may not be exhaustive.

3.1.1 Impact on homeowners. In most places, most homeowners pay less tax when an incentive shift is made. However, because of Cook County's existing classification system, the change illustrated in Table 2 above would tend to substantially increase the tax bills of many voter-occupied properties.

3.1.2 Impact on taxing jurisdictions. Since the ratio of land value/improvement value varies across jurisdictions, a move to incentive taxation will increase tax bases in some areas; decrease them in others.

3.1.3 Technical issue of separately assessing land & improvements. Since Cook County's Assessor already values land and improvements separately, is there any reason to think that this cannot continue to be done reliably?

3.1.4 Potential for "Overdevelopment." If incentive taxation increases development activity in areas where development is desired, what is to prevent it from doing so in areas where development is not desired?

3.2 Define Some Options

While the theory behind Incentive Taxation is clear and readily understood, there are a number of different ways in which Cook County could implement it.

Given the availability of classification, the simplest form of incentive taxation for Cook County would be as illustrated in Table 2: Two classes of property, with one class, land, taxed or assessed at 2.5 times the percentage of value as the other class, improvements. This is option “1” in the chart below. Following are some other options which might be worth consideration. In each case but the last, we assume “Class A” will bear taxes at 2.5 times the percentage of value imposed on “Class B.”

Option	Class A (high rate)	Class B (low rate)	Exemptions	Notes
1	Land	Improvements	None	A “prototype” incentive tax, to serve as a starting point.
2	Land	Improvements	large exemption ¹⁵ for each residential unit	Need to test different exemption sizes
3	Nonresidential land	Residential land	all improvements exempt	A way to continue to favor homeowners
4	Nonresidential land	Residential land and all improvements	None	[as above]
5	Assess land at the percentages of the existing classification system, based on its use.		all improvements exempt	[as above]

3.3 Model the Options

Although six simulations were conducted by the University of Illinois Institute of Government and Public Affairs for the Tax Policy Forum¹⁶, none tested any form of incentive taxation. It would be appropriate to simulate incentive tax options also, in several tests analogous to those previously done.

Some additional tests are also needed. To properly evaluate a tax policy option, we need to know how different types of homeowners and businesses are affected. This can be readily done by correlating public property tax data with data available from other public sources. For example:

How are homeowners in different types of small areas — affluent/poor/mixed, urban/suburban — affected?

Which types of businesses, in what types of locations, appear most likely to be advantaged/disadvantaged by the policy?

Which types of land uses, in what types of locations, appear most likely to be advantaged/disadvantaged by the policy?

The impacts on different types of taxing districts also need to be evaluated.

¹⁵The alternative of a circuit breaker rather than a blanket exemption is less costly and better-targeted, and might also be evaluated. However, given political realities and the difficulties of modeling, the exemption seems to be the most promising approach.

¹⁶Institute of Government and Public Affairs, University of Illinois; **Tax Policy Forum: Results of Modeling**. December, 1998.

3.4 Assess Development Impacts

Development impacts are important, and should be assessed both by spreadsheet-type modeling and a broader analysis. One reason for this is that, as pointed out in the TPF report¹⁷, tax changes affect property values, so a simple analysis based on pre-existing assessments wouldn't be complete. More generally, the effects of a shift in assessment or taxation policy are likely to be complex, involving feedback and interaction with regional and national economies; some intelligence should be applied to trying to anticipate these impacts. Some examples of the impacts:

- Incentive Taxation should reduce the cost of purchasing vacant land for public open space purposes. The likely effects on plans for open space acquisition should be considered.
- Incentive taxation is likely to result in somewhat higher total population and employment in the County. The amount of this difference, and its sources (i.e., in the absence of Incentive Taxation, where, if anywhere, would the growth have occurred?) should be examined.
- Incentive taxation should both encourage development and guide it toward areas where valuable land had been effectively held off the market. This should reduce development pressures on remaining agricultural land, as well as in currently congested areas. The experience of other places where aspects of IT have been used should be evaluated in this regard.

3.5 Review Technical Assessment Issues

It may be that the Cook County Assessor's current assessments of land and improvements are good enough that they would require no modification under IT. However, they should be reviewed and, if necessary, assistance obtained from jurisdictions in Pennsylvania or elsewhere who are successfully assessing under IT.

3.6 HGS Role

The Henry George School can assist in an advisory role with the analyses above. Given access to the necessary data, HGS could arrange for and/or conduct much of the work, but findings of a reputable academic organization are likely to be more credible.

4.0 Some Preliminary Information

Most of the kinds of analysis suggested above require access to a reasonably current disaggregate file of parcels, including assessed value of land and improvements, location, class, and exemptions. This kind of data has not been available to the School. However, a 1996 summary tabulation¹⁸, showing land and improvement valuation by major and minor class, by township, yielded some interesting information.

In general, for class 2 (small residential) properties, townships with high improvement/land value ratios have low average parcel value. This indicates that, overall, a shift toward an incentive tax is likely to favor non-affluent homeowners over affluent ones.

Countywide, residential classes have the highest ratio of improvement value to land value. This means that overall, a shift toward an incentive tax which retains the existing classification system, such as option

¹⁷ Arthur Lyons; *Business Impact on Classification Changes*, p 26-27 of **Work Group Reports of the Tax Policy Forum**.

¹⁸ **1996 Board of Appeals Property Class Report**, undated, no publisher or author cited, obtained under FOIA from Cook County Assessor.

5 above, is likely to shift tax burden from residential to nonresidential property.

Areas where “overdevelopment” has become a major issue seem to have higher improvement/land value ratios than the rest of the County. In Oak Park and Lakeview Townships, for example, the ratios are 3.98 and 3.08, respectively, compared to the countywide average of 2.58. This implies that incentive taxation might actually reduce undesired development pressures.

It’s important to note the limitations of the above findings: They are based on aggregate data and haven’t been verified with analysis at the parcel level. There also has been no review of the accuracy with which the Assessor decomposes values into land and improvements.

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