

Glossary Of Commonly Used Terms

Ad Valorem: According to Value. An Ad Valorem tax is a tax levied according to the value of the property.

Appraisal: A supportable estimate of value (in real estate) of property.

Arms-Length Transaction: A transaction between unrelated parties.

Assessed Value: The fair market value multiplied by the assessment level for a class of property.

Assessment: As applied to property taxes, the official act of discovering, listing and valuing property for ad valorem tax purposes.

Assessment Level: The percentage of value at which property is assessed.

Assessment Review: The review of an assessment placed on a property. The first place to appeal an assessment is at the Assessor's Office; the second level of appeal is the Board of Review (BOR); the third avenue for appeal is the Property Tax Appeal Board; the fourth is to file an objection in Circuit Court (only if filed at BOR).

Classification: The process of dividing property into various classifications for purposes of taxing them at varying levels of assessment.

Equalized Assessed Valuation (EAV): The assessed valuation multiplied by the equalization factor

Equalization Factor (Multiplier): A factor determined by the Illinois Department of Revenue each year to ensure an equal assessment among all 102 counties in the state. State statute requires that the aggregate value of assessments within each county must be equalized at 33 1/3% of the estimated fair market value of real property in the county.

Exemption: Release from liability for a portion of property taxes.

Extension: The calculation of the tax rate by the County Clerk based on the local municipality's tax levy.

Fair Market Value (FMV): The most probable price of a property placed by the Cook County Assessor on each parcel of real estate for assessment purposes.

Legal Description: a statement that serves to identify the location and boundaries of a parcel of land.

Mass Appraisal: Process of valuing a large group of similar properties by employing a common reference for data, allowing for statistical testing.

Median: The middle number in a list of ranked numbers arranged in ascending or descending order. In the state of Illinois (excluding Cook County), the median level of assessment is 33.33% or 1/3 of Fair Market Value.

Neighborhood: An area that has a direct influence on value, i.e. groups of similar land uses with similar desirability.

Property Tax: The local tax on the value of real property, land, buildings and homes.

Real Estate: Property which includes land and all the structures affixed to the land, including various gas, coal, oil, mineral and other rights.

Sales Comparison: An appraisal method wherein the appraiser searches the market for selling prices of similar properties, and then, through the use of comparison and adjustments, estimates the value of the subject property.

Tax: A mandatory payment to the government in order to fund government services.

Tax Base: The total body of tax revenues.

Taxing Body: Units of governments that collect taxes to fund government services (the City of Chicago, Chicago Board of Education, Chicago Park District, County of Cook, and local school districts.)

Tax Incentives: Incentives include exemptions, deferrals, abatements or tax credits. Incentives were established to stimulate a specific type of new growth for certain types of properties (i.e. affordable housing) or growth in areas of economic need.

Tax Levy: The amount in real estate taxes requested by each taxing body.

Tax Rate: The tax levy divided by the total equalized assessed valuation. This figure is compiled by the Cook County Clerk and applied to the equalized assessed valuation to determine the amount paid in property taxes.