

What is the Equalization Factor/Township Multiplier

The Equalization Factor/Township Multiplier is another proportion of the assessment process that can be very difficult to understand and explain. The basic principles and terminology are discussed below. There are actions Assessors make that will affect what the factor will be. The main purpose of the equalization process is to equitably distribute the real estate tax burden.

Assessment Ratio

Illinois statutes require that the assessed value of property equal 33-1/3% percent of its market value (except for Cook County). For example if a home sells for \$300,000 the assessed value should be \$99,990 ($\$300,000 \times 0.3333$)

Assessment / Sale Ratio Studies

A statistical process called an assessment/sales ratio study is used to determine the ratio of assessed values to their property sale prices. For each property that has sold its assessed value is divided by the purchase price to determine a ratio. The ratios for an area are tabulated to determine the overall level of assessment. The areas can be a neighborhood, Township or County.

Level of Assessment

The assessment/sales ratio study shows whether or not assessments within a given area actually average 33 1/3% percent of market value. If the level of assessment is either higher or lower than 33 1/3 percent an equalization factor or multiplier is applied to all property to bring the level of assessment up or down to 33 1/3% percent.

Three year Assessment / Sale Ratio Studies

Illinois statutes require that three years of sales be analyzed to determine the level of assessment. For the current Tax Year 2010, sales from 2007, 2008 and 2009 are utilized. The three year study provides a smoothing effect to the changes in assessment compared to the fluctuations in the market.

Illinois Department of Revenue

The Illinois Department of Revenue prepares the assessment/sales ratio studies used to determine the level of assessment for each Township and County in the state. From these studies an equalization factor or multiplier is determined to bring the level of assessment up or down to 33 1/3% percent.

Township Assessors

Assessors try to maintain a uniform level of assessment within their jurisdiction. This is achieved by completing assessment/sales ratio studies for each neighborhood in the Township. Areas are reassessed on a regular basis so that market values and level of assessment are as accurate and uniform as possible. The changes made to a given area

impact the level of assessment township-wide and can impact the Equalization Factor/Township Multiplier.

Who can equalize

Equalization factors/township multipliers may be applied by the Township Assessor, Chief County Assessment Official, Board of Review, and the Department of Revenue. A Township Assessor equalizes areas, neighborhoods, within the Township. The Chief County Assessment Official and the Board of Review equalize the Townships within the County. The Department of Revenue equalizes the Counties within the State.

Equalizing the Tax Burden

Varying level of assessments can impact the taxes that are paid as illustrated below:

	Under Assessed	Over Assessed	33-1/3%
Market Value	300,000	300,000	300,000
Level of Assessment	30.00%	36.00%	33.33%
Assessed Value	90,000	108,000	99,990
Tax rate	8.00%	8.00%	8.00%
Taxes	\$7,200	\$8,640	\$7,999

Where to find the data

The Lake County web details the assessment ratios by year and the overall level of assessment for each Township. The tentative and final equalization factors are also listed. The web site is:

<http://www.lakecountyil.gov/Assessor/AssessmentInformation/EqualizationFactors.htm>

Summary

The Equalization Factor/Township Multiplier is a factor multiplied to all properties to increase or decrease values to the state mandated 33-1/3% of value. The Illinois Department of Revenue uses a 3 year sales ratio study to determine level of assessment. Assessment levels must be uniform to ensure equal distribution of the tax burden among taxpayers