



# How State Laws Failed to Stop Decades of Skyrocketing Property Taxes

*A Case for Reform*

*Cook County Treasurer Maria Pappas*

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# Introduction

Local government leaders in Cook County have raised property taxes during the past 30 years at twice the rate of inflation and at a rate that outpaced the growth in wages, meaning a larger share of people’s income is going toward paying their tax bills.

The local governments sought about \$19.2 billion in property taxes in 2024, a nearly 182% increase from the \$6.8 billion they had asked for 30 years earlier in 1995. Inflation during that same time rose by less than 91%,<sup>1</sup> while average wages grew by about 161%.<sup>2</sup>

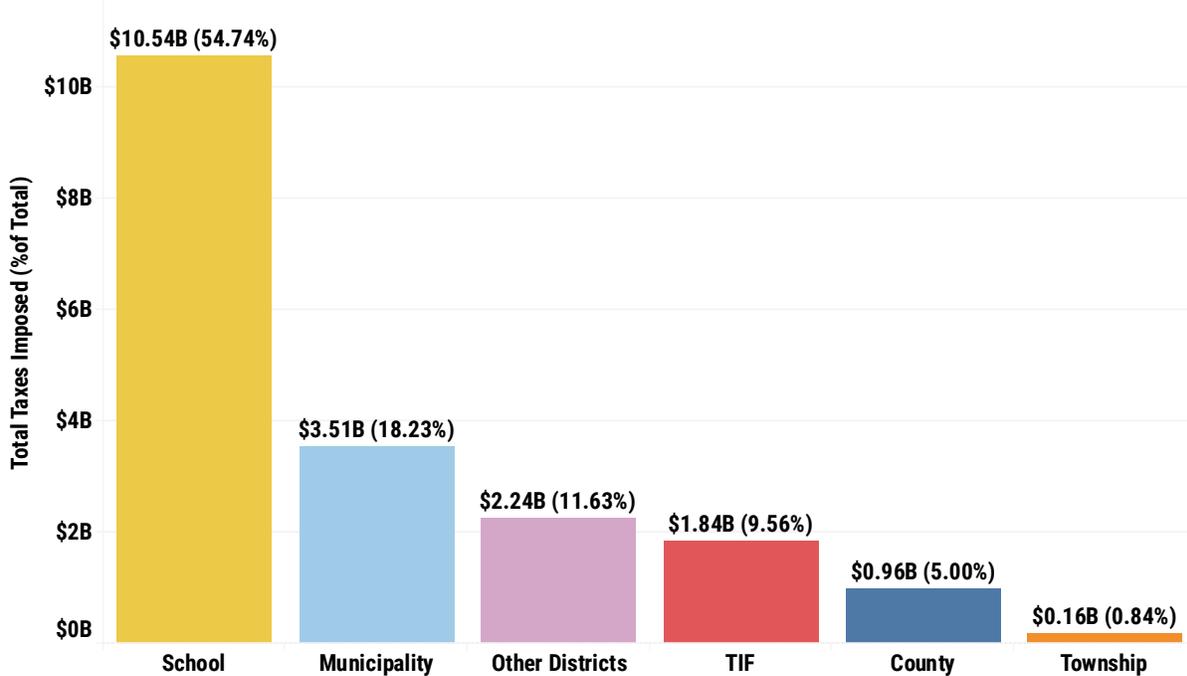
Hundreds of Cook County governments — cities, villages, schools, townships, park districts and, to a lesser extent, other taxing agencies — have routinely increased property taxes to pay for their operations, often with little public scrutiny.

The thirst for property tax dollars comes as Illinois gives a lower percentage of money to schools than any other state<sup>3</sup> and as it has cut the percentage of income taxes it shares with cities, villages and towns.<sup>4</sup> At the same time, the state has forced municipalities to significantly increase their police and fire pension fund contributions to make up for years of underfunding.<sup>5</sup>

Politicians and other government officials have quietly used special taxing districts to raise money and exploited loopholes to work around state laws designed to rein in their taxing and spending.

School districts, which accounted for nearly 55% of the county’s property taxes in 2024,<sup>6</sup> hiked taxes by 189.4% during the past 30 years to pay for teachers’ salaries, textbooks, transportation, building maintenance, construction and other operating costs.

Figure 1: Total Taxes Imposed by District Type in Tax Year 2024



<sup>1</sup> The inflation rate is the increase in the Consumer Price Index, which measures the cost of goods and services, for the Chicago-Naperville-Elgin area as calculated by the U.S. Bureau of Labor Statistics. [↗](#)

<sup>2</sup> Quarterly Census of Employment Wages, Cook County, Ill., U.S. Bureau of Labor Statistics [↗](#)

<sup>3</sup> Interview with Ralph Martire, executive director of the Center for Tax and Budget Accountability, April 2024

<sup>4</sup> “Illinois suburbs want more money from the state: The Local Government Distributive Fund may sound dry, but local leaders say it plays a crucial role in keeping their cities, towns and villages afloat,” by Meha Ahmad Lynnea Domienik, WBEZ Chicago, May 11, 2024 [↗](#)

<sup>5</sup> “Chicago Police and Fire Pension Funding Changes Become Law,” The Civic Federation, June 3, 2016 [↗](#)

<sup>6</sup> For Tax Year 2024, billed in 2025.

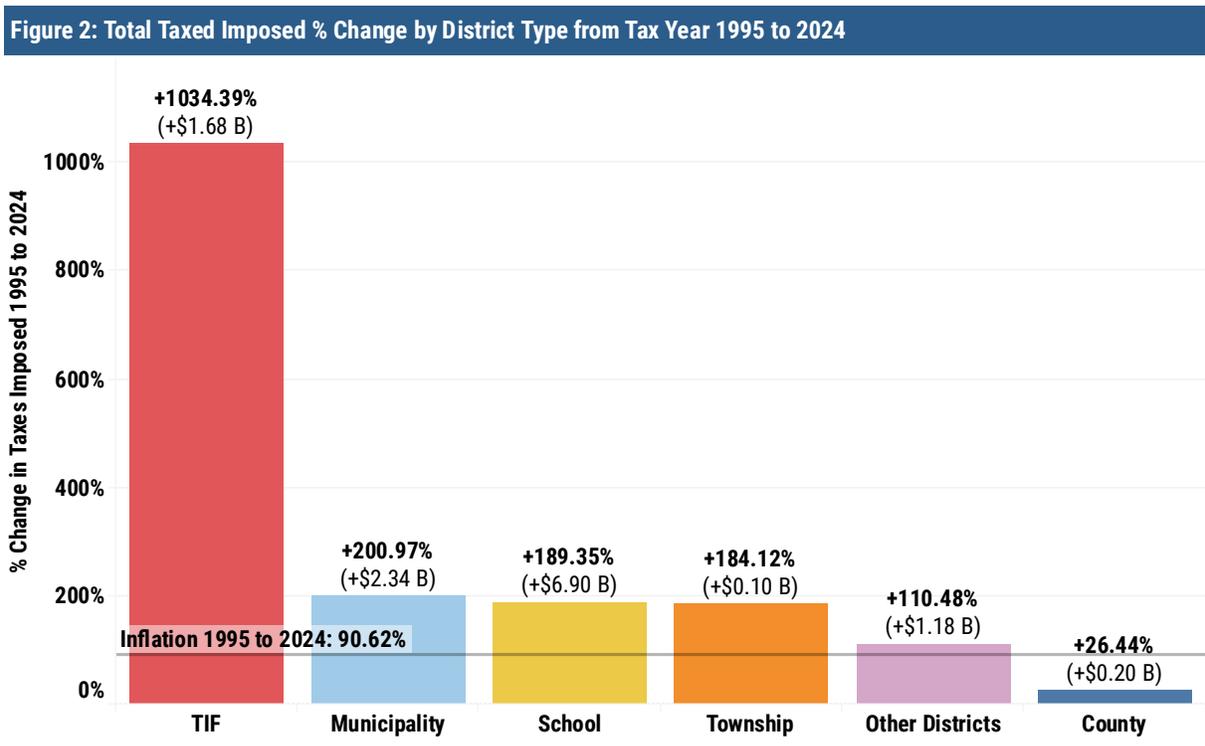
Cities and villages also sought substantially more money from taxpayers. Municipalities, which accounted for about 18% of county taxes, increased the amount of money they sought by 201% to provide services such as police protection, garbage pickup and road maintenance. That does not include revenue from tax increment finance (TIF) districts, special taxing districts set up and controlled by municipalities. Bills for TIF districts soared to nearly \$1.85 billion from \$160 million, a 1,034% increase.

The 400-plus TIF districts in the county accounted for more than 9.5% of all county property taxes in 2024, up from 2.4% in 1995. The county's 30 suburban townships, which account for less than 1% of all property taxes in the county, increased the amount they sought by a combined 184%. Cook County government's property tax levy — about 5% of total taxes — increased by 26%, less than one-third the rate of inflation.<sup>7</sup>

Other governments, which accounted for 11.6% of all taxes billed, increased their taxes by more than 110%. Those governments include sanitary, park, library and fire protection districts, community colleges and the Metropolitan Water Reclamation District.

The Treasurer's Office has previously examined how assessments, appeals, race and income, voter turnout and tax sales impact who pays what and how much under Cook County's sprawling property tax system.<sup>8</sup>

This study focuses on taxes imposed by hundreds of local government agencies and the impact they have had on homeowners' and businesses' pocketbooks. An increasing share of people's income has gone to pay property taxes. Some, unable or unwilling to pay ever-escalating bills, have lost their homes or businesses in tax sale and mortgage foreclosures.



<sup>7</sup> Cook County maintains that its tax levy has been flat since 2001. That's true to the extent that it has not increased its base levy since then, but it has increased its levy to tax newly built properties and capture added assessed value created in tax increment finance districts. So, while the base levy has held steady at \$725.5 million, the overall levy in fiscal 2024 was \$819.9 million. It's also important

to note that the county in 2015 increased its sales tax by 1 percentage point, which now brings in more than \$650 million annually.

<sup>8</sup> The Pappas Studies, 2010-2025 [🔗](#)

# Top Drivers of Property Taxes

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## Public Schools Rely on the Property Tax

The county's 153 school districts account for the bulk of property taxes imposed on Cook County's homes and businesses, with their taxes topping \$10.5 billion in 2024. Schools cumulatively hiked property taxes at nearly double the rate of inflation during the 30-year period analyzed — despite state laws designed to limit annual school budget increases to the rate of inflation or less.

## An Explosion of Tax Increment Finance Districts

Another key source of revenue for governments is tax increment financing districts, which divert a portion of property tax revenues to pay for development costs. TIF district taxes in Chicago and the suburbs swelled to more than \$1.8 billion from \$160 million, a whopping 1,034% increase. The number of TIF districts ballooned to 418 from 154, while the number of properties in those districts grew to 281,880 from 18,314.<sup>9</sup>

- Chicago TIF district taxes jumped to nearly \$1.4 billion from less than \$44 million, a 2,975% increase. The number of Chicago TIF districts jumped to 108 from 30, with the number of properties in those districts growing to 242,080 from 3,413.
- Suburban TIF district taxes rose to \$490.3 million from \$118.4 million, or 314%. The number of suburban TIF districts grew to 310 from 124, and the number of properties in those districts grew to 39,800 from 14,901.

## Public Pension Funding Mandates

While total annual property taxes for all of Cook County nearly tripled, the percentage increase was significantly higher in Chicago than in the suburbs. City taxes saw a particularly steep jump in the last ten years, as the city and Chicago Public Schools grappled with rising pension payments mandated by the state to prevent insolvencies.

- Taxes imposed by Chicago Public Schools, City Hall and all other local governments within the city rose to nearly \$8.9 billion in 2024 from about \$2.9 billion in 1995, a 211% jump.
- Overall taxes in 132 suburbs, including schools, municipalities, park districts and other agencies, rose to \$10.3 billion from less than \$4 billion, a 160% increase.

## State Revenue Sharing Cuts

The total amount of taxes imposed by the county's 135<sup>10</sup> municipal governments, including Chicago, grew to \$3.5 billion from \$1.2 billion, an increase of 201%, as the state cut the percentage of revenue shared with cities, villages and towns.

- Chicago raised property taxes to nearly \$2 billion from \$650.7 million, a 202.4% increase.
- Suburban municipalities raised their property taxes to \$1.5 billion from \$516.1 million, a 199% increase.

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<sup>9</sup> Cook County Treasurer's Office records.

<sup>10</sup> While 135 municipalities are fully or partially within the county, two municipalities — Elmhurst and Oak Brook — have only tax-exempt properties in the tiny slivers of their villages that extend

into Cook County, and cannot levy any property taxes within the county. For municipalities that are in multiple counties and have substantial real estate in Cook County, only the portions within Cook County were analyzed.

## **Cook County Holds the Line, Townships Don't**

Cook County, which has a policy of avoiding property tax increases and instead hiked the sales tax to cover increased costs, bucked the 30-year trend. Townships did not, but they still have low taxes in comparison to other governments.

- Cook County government, which accounted for 5% of all taxes billed, increased property taxes to \$963.9 million from \$762.3 million, or 26%. Adjusting for inflation, Cook County property taxes decreased by nearly 34%.
- Cook County's 30 townships raised property taxes to \$161 million from \$56.7 million, an increase of 184%. But townships account for less than 1% of the total property tax burden in the county.

## **Other Governments' Mixed Record**

The total amount of property taxes billed by all other government agencies in Cook County rose to \$2.24 billion from nearly \$1.1 billion, an increase of 110%.

- Notably, the percentage property tax increase for the second largest of those agencies — the Chicago Park District — fell below the inflation rate, rising to \$326.3 million from \$221.8 million, or 47%.

# Loopholes Allow Taxes to Soar Countywide

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Despite efforts by the General Assembly to limit government officials' ability to increase property taxes, the overall tax burden on Cook County property owners grew much faster than inflation. That is in large part due to significant and expanding exceptions and loopholes in the state's primary tax limitation law.

Nearly four decades have passed since the state of Illinois — at the urging of the late Gov. Jim Edgar and suburban legislators — attempted to halt runaway property tax growth that in many cases was outstripping homeowners' ability to pay.

Long before the 1970s, the state set maximum tax rates and placed limits on local government borrowing, but those controls did little to keep bills in the Chicago area from soaring during that decade and the next, particularly in counties immediately surrounding Cook.

In those counties, property values spiked during a population boom in the 1970s and 1980s. Many school districts held tax rates steady, with their leaders claiming they were holding the line on taxes. In reality, because property values jumped significantly, the districts had dramatically increased levies to levels well beyond what was essential to pay for their growing student populations.

Legislators in 1981 tried to control tax increases by passing the Truth-in-Taxation Law. The law required agencies to hold a public hearing if they wanted to raise levies by more than 5% in one year. Lawmakers thought the added public scrutiny would stop officials from passing large tax hikes. But few residents attended the hearings and little changed.<sup>11</sup>

Angst over rising property taxes persisted through the 1980s and served as a prime campaign issue for then-gubernatorial candidate Edgar, who was elected in 1990. The next year, legislators passed the Property Tax Extension Limitation Law,<sup>12</sup> or PTELL. The law targeted the booming collar counties and limited annual property tax increases by non-home rule governments to the rate of increase in the Consumer Price Index or 5%, whichever was less.

In 1994, PTELL was expanded by the General Assembly to include Cook County. It was later applied to dozens of other counties via referendum. The law applied to school districts, as well as park and library districts. It had one big caveat: it exempted home rule municipalities,<sup>13</sup> which have additional powers, including the ability to enact higher taxes.

PTELL also contained other notable exceptions.<sup>14</sup>

For example, when a TIF district closes, local governments, including school districts, can add the value of properties previously taxed just for the TIF district to their own tax rolls. That maneuver allows governments to hike property taxes above their normal PTELL limits.

And, when an agency creates a new fund — like CPS did in the mid-2010s, when the General Assembly approved the schools' request to reinstate a levy dedicated to pensions<sup>15</sup> — it increases taxes beyond PTELL limits for at least the first year the tax is imposed. In the case of CPS' pension levy, legislators went a step further by not subjecting the tax to PTELL limits in future years.<sup>16</sup>

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<sup>11</sup> "A Review of the Property Tax Extension Limitation Law," Tax Facts, Taxpayers' Federation of Illinois, May 2009 [🔗](#)

<sup>12</sup> Ibid

<sup>13</sup> Home rule is granted to any city, village or town with at least 25,000 residents or those with smaller populations that adopted home rule through a referendum during elections. In 2025, 94 of 135 municipalities in Cook County had home rule powers.

<sup>14</sup> "Property Tax Limitations in Practice: What the Data Reveals About Property Tax Caps in Cook County," by Chris Berry, Roland Calia, Eric Langowski and Annie McGowan, The Civic Federation, Nov. 12, 2025 [🔗](#)

<sup>15</sup> "Chicago Public Schools Reinstates Teachers Pension Levy," The Civic Federation, Aug. 26, 2016 [🔗](#)

<sup>16</sup> The CPS pension levy is calculated differently than most other levies. Instead of taxing a certain amount and then setting a rate to collect that amount, the pension levy is limited to a top rate of 0.567%. So, when assessed values rise, so too does the levy, no matter how much the assessed values rose. Public Act 99-0521 [🔗](#) and Public Act 100-465 [🔗](#)

Government officials can ask voters to override PTELL limitations through a referendum, where voters are asked to approve tax increases, which they frequently do. Referendums often are put before voters in very low turnout elections, which allow a minority of motivated voters to decide whether taxes are increased.<sup>17</sup>

Also, PTELL does not limit surplus TIF funds that are distributed to schools and local governments. For example, in 2024, nearly \$434 million in city of Chicago TIF surplus dollars were distributed to taxing agencies — above and beyond the amounts each of those agencies received from their regular tax levies.<sup>18</sup>

It also excludes taxes for certain types of bond debt, including bonds that voters approved in a referendum, bonds that were issued before PTELL went into effect and new bond issues that do not lead to an overall increase in a taxing agency's debt level.

Finally, a law that took effect in 2021 allowed non-home rule agencies to boost taxes each year by “recapturing” money that had been refunded the previous year to property owners who successfully appealed their taxes. This so-called recapture law has allowed government officials to bypass PTELL limits and add between \$131 million and \$203.7 million annually to their tax levies.

The upshot: officials in non-home rule districts across the county have been able to work around PTELL and increase property taxes well beyond the rate of inflation.

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<sup>17</sup> “Voter Turnout, Race, Income and the fate of Property Tax Referendums,” Cook County Treasurer Maria Pappas, March 2025



<sup>18</sup> Chicago's recently approved budget for 2026 declares a record-high TIF surplus of more than \$1 billion, which is expected to

deliver nearly \$547 million to CPS, about \$243 million to the city of Chicago and hundreds of millions more dollars to other taxing agencies.

# What Drove the Runaway Tax Increases?

## School Districts Cost the Most

PTELL exceptions have allowed school officials to increase taxes at nearly twice the rate of inflation between 1995 and 2024. For homeowners and businesses, that’s significant because schools account for the bulk of tax bills.

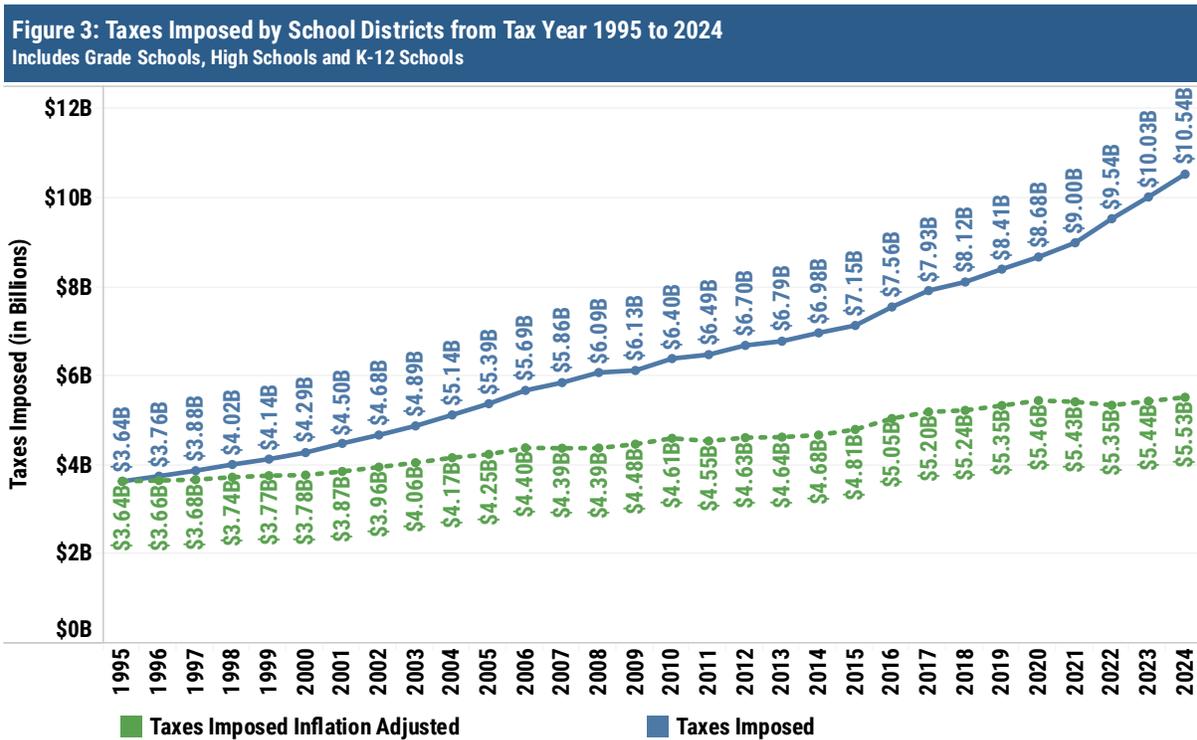
School districts routinely raise taxes as much as legally allowed to secure future funding, even if the current year’s budget would be covered by a smaller increase — or none at all.

School officials lean heavily on property taxes because the state of Illinois provides just 24.5%<sup>19</sup> of K-12 public education costs — the lowest percentage of any state, according to the Center for Budget and Tax Accountability.<sup>20</sup> Although Springfield has ramped up education funding in recent years, public education in Illinois still will not be considered adequately funded until 2034.<sup>21</sup>

In addition, CPS is the only public school district in Illinois required to pay most of its pension costs.<sup>22</sup>

The Chicago Teachers’ Pension Fund, or CTPF, was established by the Illinois General Assembly in 1895,<sup>23</sup> 20 years before the creation of the first statewide teachers’ pension fund.<sup>24</sup> To this day, CTPF remains a distinct entity with its own governing board and funding responsibilities.

Other school districts are part of the Illinois Teachers Retirement System, or TRS. They paid 1.3% of their pension liabilities in 2025, totaling \$84.4 million. The state picked up 97.1%, or \$6.2 billion, with the rest coming from federal funding.<sup>25</sup>



<sup>19</sup> Illinois Report Card 2024-2025 [link](#)

<sup>20</sup> Interview with Ralph Martire, executive director of the Chicago-based Center for Budget and Tax Accountability, April 2024

<sup>21</sup> “Report: Illinois schools won’t be ‘adequately funded’ by 2027,” by Samantha Smylie, Chalkbeat, May 15, 2024 [link](#)

<sup>22</sup> “How Chicago Public Schools’ Pensions Work: An Explainer,” by Daniel Vesecky, The Civic Federation, June 16, 2025 [link](#)

<sup>23</sup> “Mission, Vision, and History,” The Chicago Teachers’ Pension Fund [link](#)

<sup>24</sup> “Evolution of the Teachers’ Retirement System of the State of Illinois Benefit Structure,” Teachers’ Retirement System of the State of Illinois, July 1, 2016 [link](#)

<sup>25</sup> “How Chicago Public Schools’ Pensions Work: An Explainer,” by Daniel Vesecky, The Civic Federation, June 16, 2025 [link](#)

In 2025, CPS was responsible for paying 65% of its pension liabilities totaling \$661.6 million; the state covered the other 35%, paying \$353.9 million.<sup>26</sup> CPS projected that \$558.7 million of its pension contributions would be covered by its special property tax levy dedicated to paying those costs, with the rest covered by its regular operating levy revenue.<sup>27</sup>

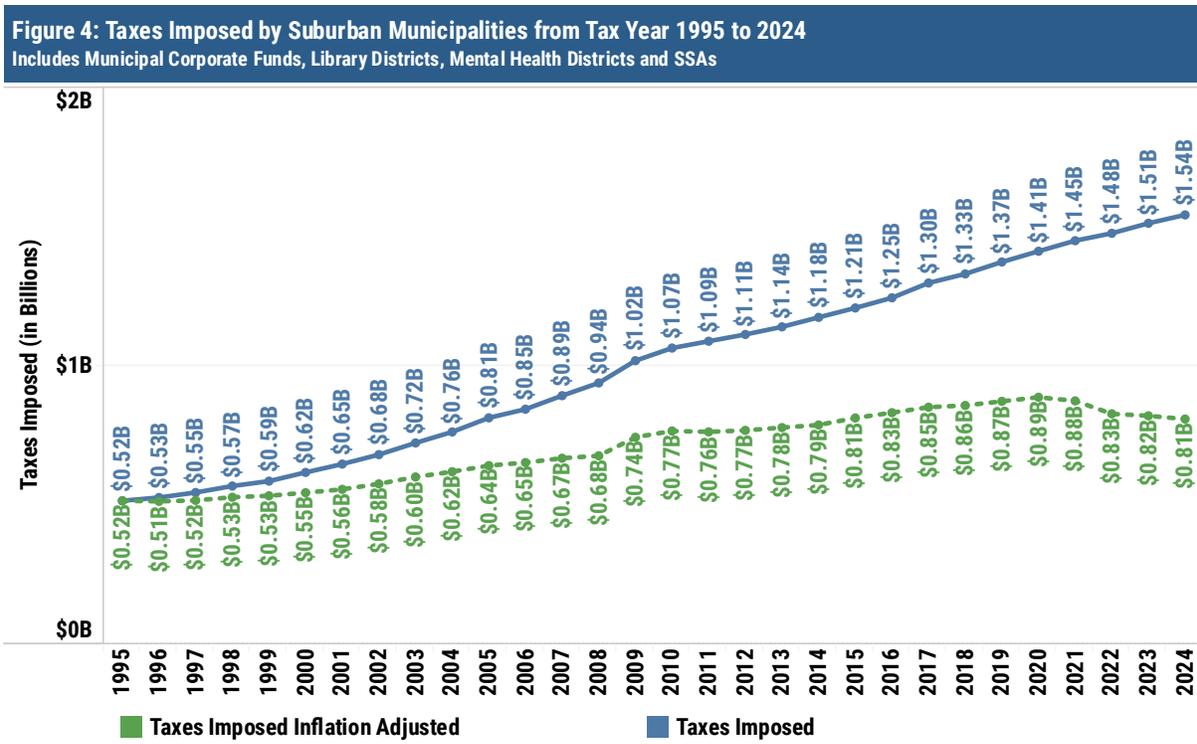
The fact that CPS pays the bulk of its pension costs creates pressure to increase property taxes.<sup>28</sup> CPS' pension costs have grown dramatically in recent years, in part because CTPF has less than half the assets it needs to pay for future pension benefits.<sup>29</sup>

Put simply, city taxpayers pay double, because they help cover the cost of both Chicago's and the state's teacher pension systems. Suburban taxpayers only pay once.

## Municipal Costs Add Up

Of the 135 municipalities<sup>30</sup> partially or wholly within Cook County's boundaries, 94 are home-rule governments and are not bound by PTELL.<sup>31</sup>

Municipalities have faced significant financial pressures during the past couple of decades, including the 2001 recession caused by the popping of the dot-com bubble and the 2007-2009 Great Recession triggered by the collapse of the housing market. Those economic slumps decreased municipal sales tax revenue, as well as the amount of money suburbs receive from their share of state income taxes. The slumps also led to investment losses in public pension funds, in many cases putting them in financial peril.



<sup>26</sup> "Chicago will receive a larger share of state dollars for K-12 schools this year," by Samantha Smylie, Chalkbeat, Aug. 4, 2025 [🔗](#)

<sup>27</sup> "Pensions," Chicago Public Schools, 2025. [🔗](#)

<sup>28</sup> "Confronting CPS' Deficit and Structural Issues," The Civic Federation, July 31, 2025 [🔗](#)

<sup>29</sup> "How Chicago Public Schools' Pensions Work: An Explainer," by Daniel Vesecky, The Civic Federation, June 16, 2025 [🔗](#)

<sup>30</sup> The number of home rule municipalities changes frequently. That happens when a suburb's population grows beyond 25,000 and triggers automatic home rule status, when a less-populated suburb's voters decide via referendum to adopt home rule status or when voters in municipalities that had home rule decide via referendum to eliminate home rule status.

<sup>31</sup> Illinois Municipal League list of home rule municipalities, as of Dec. 17, 2024 [🔗](#) (Cook County government also has home rule powers.)

Those events caused many municipalities to hunt for new taxes, or to increase property tax levies, which hold steady rather than rising or falling with the economy. In Schaumburg, which had no property tax for more than a half century and paid for services largely with outsized sales taxes from Woodfield Mall, village leaders enacted the first property tax in the suburb's history.<sup>32</sup>

The state's decision to slash the percentage of income tax revenue shared with municipalities created further financial hardships for municipalities.

Prior to 2011, Illinois passed on 10% of its income taxes to local governments through the Local Government Distributive Fund. In 2011, Illinois raised its income tax rate to 5% from 3%, raking in billions of dollars in new taxes. Instead of sharing 10% of income tax collections, the state passed on only 6%, erasing additional money cities, villages and towns expected to receive.<sup>33</sup>

Since then, the state has not shared more than 6.5% of its income tax revenue with municipalities, despite lobbying efforts by the Illinois Municipal League.<sup>34</sup> According to the DuPage Mayors and Managers Conference, these cuts cost local governments \$8.3 billion in potential revenue, pressuring cash-strapped local governments to raise property taxes.<sup>35</sup>

As municipalities grappled with diminished state funding, they also faced significant shortfalls in their public pension funds, leaving many at risk of becoming insolvent. To address that issue, the state mandated that all municipal police and fire pension funds contribute enough money each year to bring their funding levels up to 90% by 2040. That date was later pushed back to 2055 for Chicago. The increased funding for suburbs started in 2011 and for Chicago in 2015.<sup>36</sup>

The new mandate prompted Chicago and the suburbs to hike property taxes. In Niles, after cutting services for years to make required police and fire pension contributions, trustees in 2021 approved increasing the village's property tax levy by a whopping 88%, later trimmed to 63%.<sup>37</sup>

Hefty tax increases in other suburbs contributed to the overall rise in property taxes across the county. In total, suburban municipalities increased property taxes by 199% during the past 30 years.

To be clear, each suburb has its own government leaders and policies, leading to different approaches on property taxes. Some suburbs turned to other money sources before increasing property taxes, and several have no TIF districts. To see what has happened with property taxes over time in each suburb, please see [this interactive table](#).

Chicago faced additional financial pressure because its municipal employees' and laborers' pensions were severely underfunded. The suburbs instead relied on the financially sound Illinois Municipal Retirement Fund for their non-police and fire personnel.

In the early and mid-2000s, then-Chicago Mayor Richard M. Daley avoided significant tax hikes, in part by underfunding the city's pension systems. Yet, even with that underfunding, the city faced revenue shortfalls in other areas. In response, Daley sold off city assets, entering a 99-year lease of the Chicago Skyway for \$1.83 billion,<sup>38</sup> a 99-year lease of downtown parking garages for \$563 million<sup>39</sup> and a 75-year lease of the city parking meter system for \$1.15 billion.<sup>40</sup>

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<sup>32</sup> "Schaumburg passes first property tax," by Graydon Megan, Chicago Tribune, Dec. 23, 2009 [🔗](#)

<sup>33</sup> "Illinois should make this budget fix for local government," Chicago Sun-Times, March 27, 2022 [🔗](#)

<sup>34</sup> "LGDF — Local Share of State Income Tax Revenue: A Critical Investment in Illinois Communities," Illinois Municipal League Fact Sheet, Aug. 14, 2024 [🔗](#)

<sup>35</sup> "DuPage Municipal Fact Sheets," DuPage Mayors and Managers Conference, Nov. 2, 2023 [🔗](#)

<sup>36</sup> "Chicago Police and Fire Pension Funding Changes Become Law," The Civic Federation, June 3, 2016 [🔗](#)

<sup>37</sup> "Niles tax increase will not be as high as expected; many will pay \$340 more instead of \$480," Pioneer Press, June 28, 2022 [🔗](#)

<sup>38</sup> "Skyway deal boosts clout-heavy company," by Dan Mihalopoulos and Laurie Cohen, Chicago Tribune, Feb. 25, 2005 [🔗](#)

<sup>39</sup> "City sees windfall in leasing garages," by Gary Washburn, Chicago Tribune, Oct. 14, 2006 [🔗](#)

<sup>40</sup> "Parking meter deal OKd; rates going up," by Dan Mihalopoulos and Hal Dardick, Chicago Tribune, Dec. 5, 2008 [🔗](#)

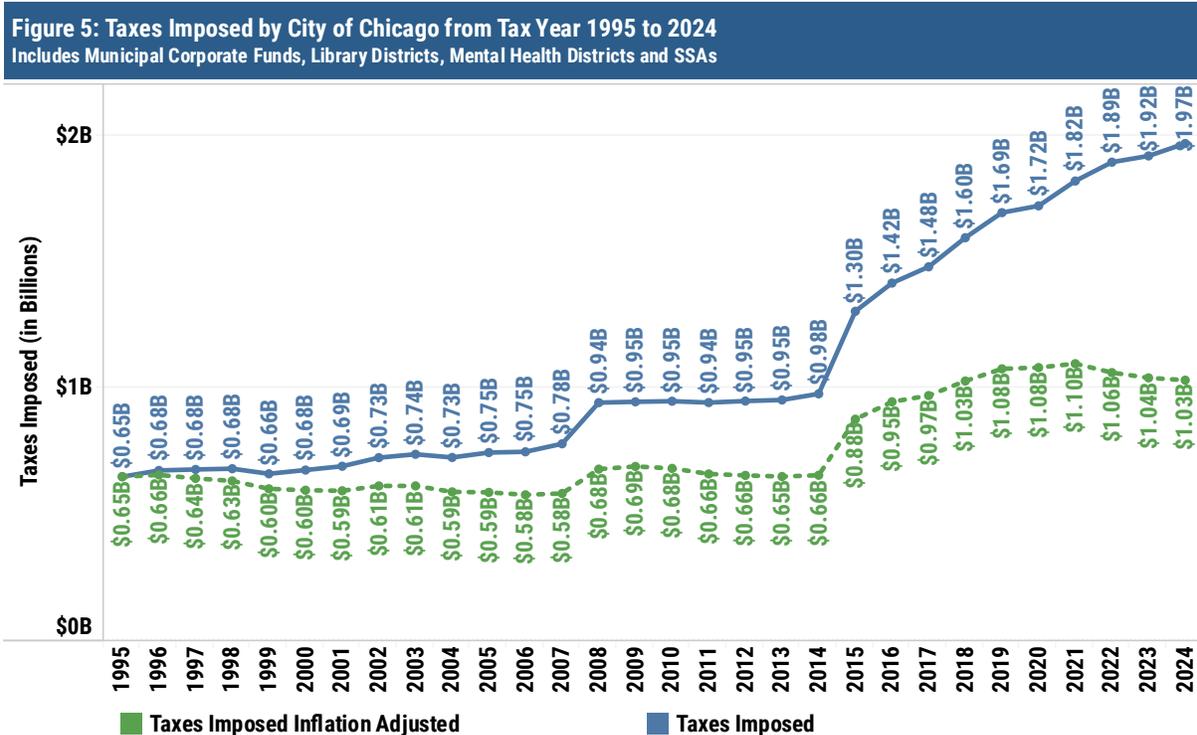
Those deals helped Daley pay for Millennium Park and fill city budget holes, but none of the money they generated was used to bolster the city's four pension funds, which continued to rack up significant debt. The sales also stripped the city of the recurring revenues that came from the toll road, parking garages and parking meters, forcing the city to turn to other revenues, including the property tax, to make up the difference — but the condition of its pension funds continued to worsen.

Then, in 2014, the state forced the city's hand. It required Chicago to reach 90% funding for the municipal fund by 2058 and the laborer's fund by 2055.<sup>41</sup> Later, the laborer's fund also was given until 2058 to reach the 90% target.

Instead of turning to the property tax, former Mayor Rahm Emanuel and the City Council enacted a telephone surcharge to boost contributions to the laborer's fund.<sup>42</sup> One year later, in 2015, the city increased taxes on water and sewer services to boost funding for its municipal pensions system.<sup>43</sup>

Also in 2015 — as the General Assembly sought to require Chicago to reach 90% funding for the city's police and fire funds by 2055<sup>44</sup> — the City Council approved Emanuel's plan to enact a \$588 million property tax increase to be phased in over four years.<sup>45</sup> All but \$45 million of the tax increase was designated for the city's police and fire pensions.

Former mayor Lori Lightfoot, who succeeded Emanuel, increased property taxes by \$93.9 million in 2020<sup>46</sup> and by \$76.5 million in 2021.<sup>47</sup> Largely as a result of those significant increases, city of Chicago property taxes, excluding TIF districts, have increased by 101% since 2014 — compared to just 50% from 1995 to 2014.



<sup>41</sup> "Pension Fund History Series: Part II — The City of Chicago's Four Pension Funds," by Amanda Kass, March 24, 2023 [link](#)

<sup>42</sup> "Chicago City Council OKs Increase to Phone Tax," by Rob Elgas, NBC5 Chicago, July 29, 2014 [link](#)

<sup>43</sup> "Chicago's City Council Passes Big Water Tax Increase," by Mary Ann Ahern, NBC5 Chicago, Sept. 14, 2016 [link](#)

<sup>44</sup> "Chicago Police and Fire Pension Funding Changes Become Law," The Civic Federation, June 3, 2016 [link](#)

<sup>45</sup> "Emanuel, aldermen ask taxpayers 'to take medicine' to cure 'municipal illness,'" by Bill Ruthhart, Hal Dardick and John Byrne, Chicago Tribune, Oct. 28, 2015 [link](#)

<sup>46</sup> "Chicago City Council Approves Lightfoot's Budget, Including Property and Gas Tax Hikes," NBC5 Chicago, Nov. 24, 2020 [link](#)

<sup>47</sup> "Chicago 2022 Budget Approved by City Council, Spending Over \$1 Billion on Social Programs and Economic Recovery," by Justin Laurence, Block Club Chicago, Oct. 27, 2021 [link](#)

## TIF District Taxes Explode

TIF districts, little understood by the public, have become a go-to tax tool for city, village and town officials.

When a municipality creates a TIF district, the value of each property taxed by all local governments in the designated area is frozen for up to 23 years, but the freeze can be extended for additional years with state approval. As property values within the district rise above their frozen levels, the increased value — known as the increment — is taxed by the TIF district at the same rate as all of the other taxing agencies combined.

The new tax dollars diverted to the district are then used to subsidize private development and related infrastructure improvements. The goal is to expand the tax base and create jobs.

Crucially, tax increases within TIF districts are not constrained by PTELL.

That, in part, explains why the biggest percentage increase in taxes during the past 30 years flowed from TIF districts. TIF taxes across the county grew to more than \$1.8 billion from \$162.4 million, a more than eleven-fold increase.

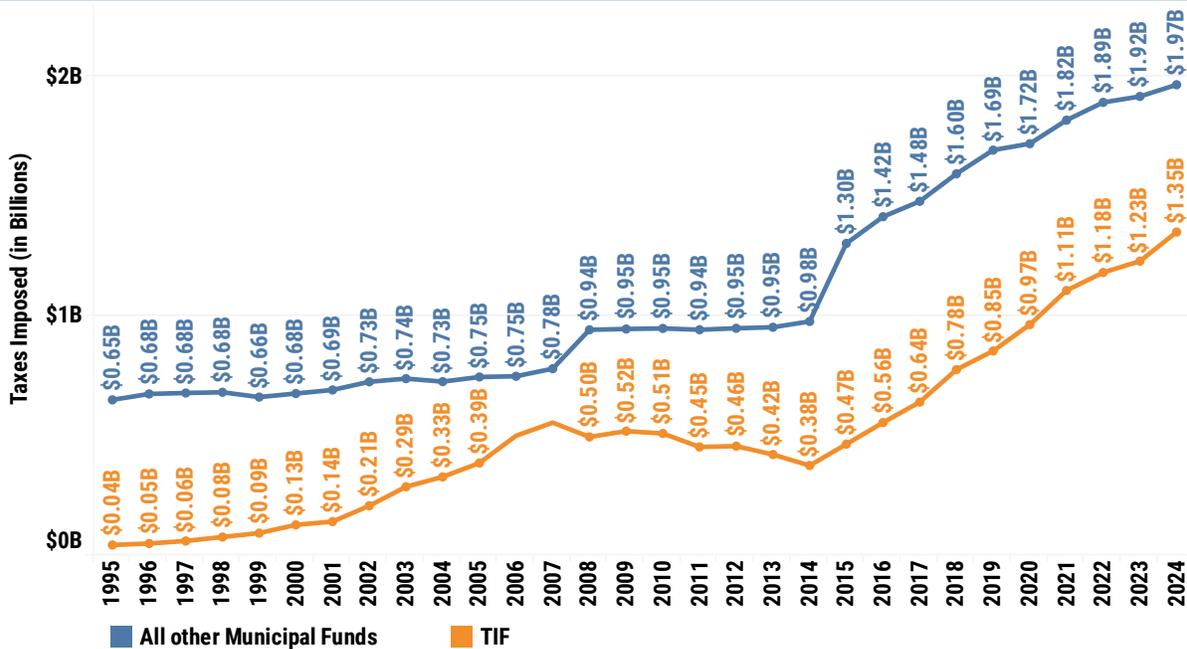
Contributing to that explosive increase was the dramatic growth in the number of TIF districts across the county, particularly in Chicago, where Daley often touted the benefits of TIF projects during his record 22-year tenure.

By the time he left office in 2011, the number of TIF districts had grown more than sevenfold, reaching a peak of 163. In 2024, Chicago’s 108 TIF districts generated \$1.35 billion in revenue — a massive increase from the \$44 million they generated in 1995.<sup>48</sup>

As a result, TIF revenue grew at a far faster pace than the revenue collected from general property taxes.

Emanuel and Lightfoot also took steps that drove up TIF taxes, particularly by creating two transit TIF districts. They were designed to match federal funding for the CTA’s modernization of the Red and Purple commuter rail lines, as well as the extension of the Red Line farther south, but they also boosted funding for other taxing districts, especially CPS.

**Figure 6: Taxes Imposed by City of Chicago, All other Funds vs. TIF, from Tax Year 1995 to 2024**  
Includes Municipal Corporate Funds, Library Districts, Mental Health Districts, TIF Districts and SSAs

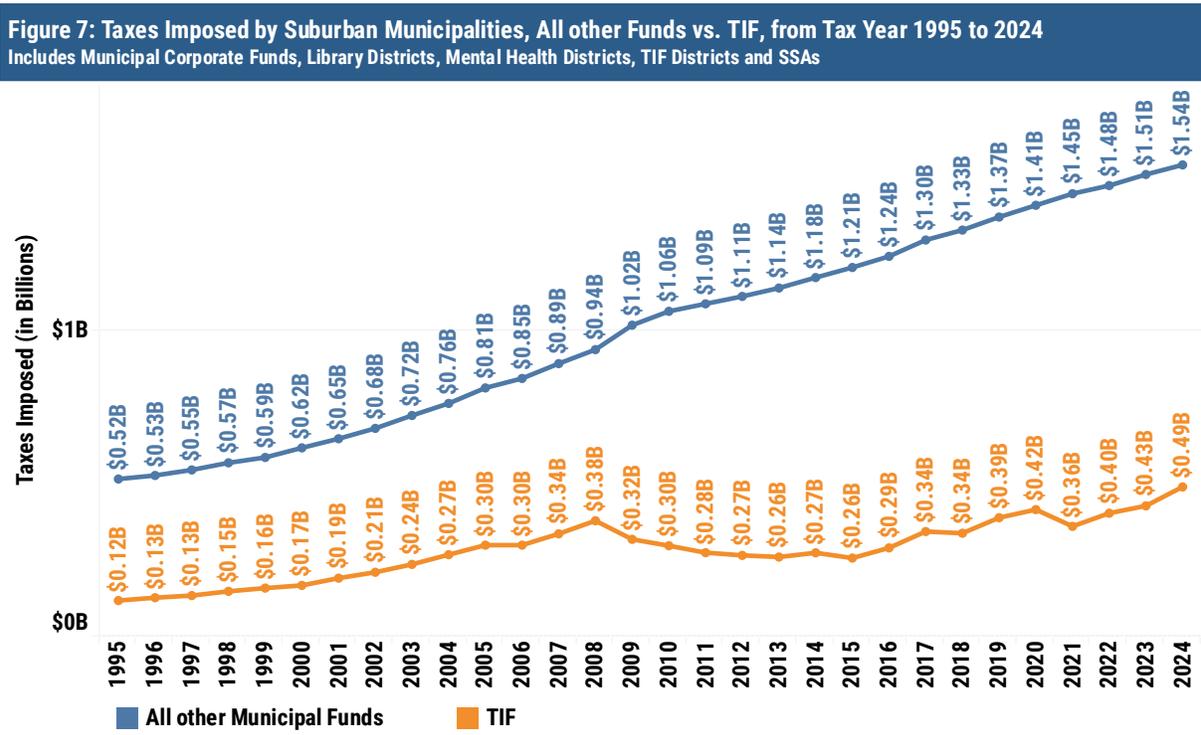


<sup>48</sup> In 2011, Daley’s last year in office, there were a record-high 163 TIF districts in Chicago, according to Cook County Treasurer’s Office

records. Subsequent mayors have reduced that number, but TIF district revenue in the city for tax year 2024 was higher than ever.

In transit TIF districts, money generated by the district is shared with CPS and the city’s other taxing agencies — above and beyond their normal levy that is subject to PTELL.<sup>49</sup> Since 2016, nearly \$878 million in taxes billed were slated to be returned to CPS and other taxing agencies, with CPS expected to get \$746 million of that amount.<sup>50</sup>

In the suburbs,<sup>51</sup> the use of TIF districts was more widespread in 1995 than it was in Chicago. The suburbs had 124 TIF districts compared to the city’s 40. The number of suburban TIF districts grew significantly over 30 years, with 310 as of 2024, and TIF revenue rose to \$490.3 million from \$118.4 million.



Still, growth in suburban TIF dollars as a whole<sup>52</sup> did not compare to the massive increases in the city. TIF revenue in the suburbs grew by 314% during the past 30 years — a small fraction of the nearly 2,975% TIF tax growth in Chicago. And, since the Great Recession, when declining property values wiped out much of the previous growth in suburban TIF districts, suburban TIF taxes have increased by just 29%.<sup>53</sup>

<sup>49</sup> “Sunset the Red-Purple Modernization TIF: Let’s not throw good money after bad,” by Richard Day and Conor Durkin, A City That Works, Jan. 22, 2026 [🔗](#)

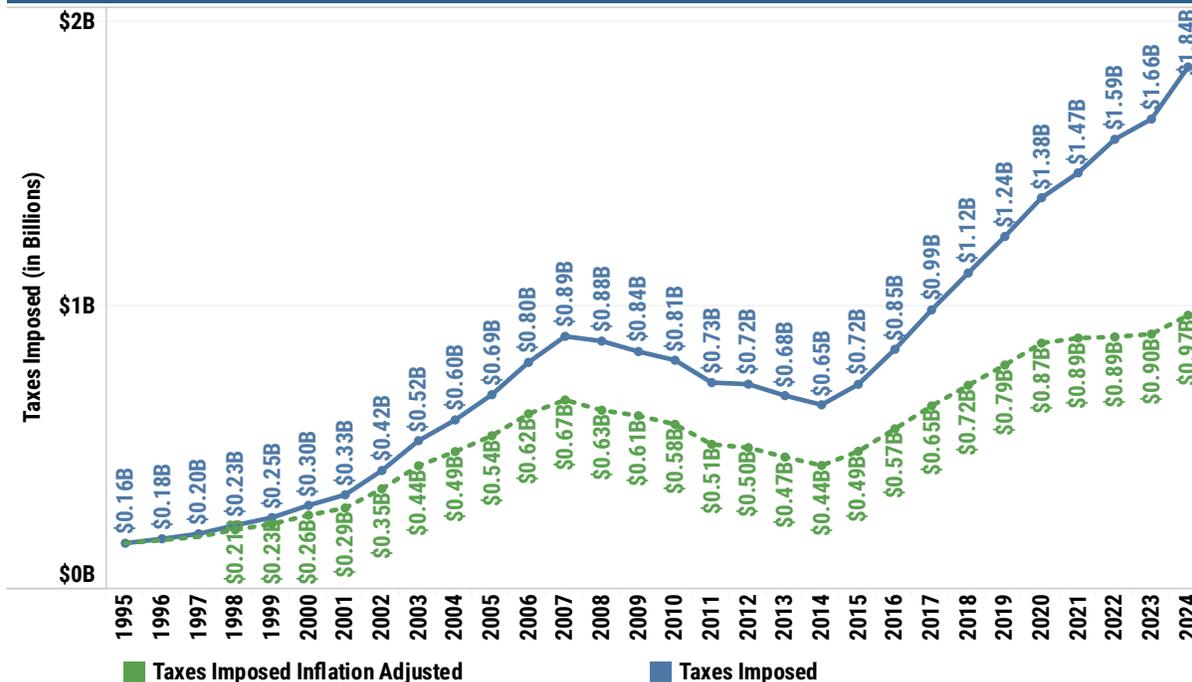
<sup>50</sup> Not all taxes billed are collected. For example, CPS has received about \$732 million, an analysis of CPS Annual Comprehensive Financial Reports found.

<sup>51</sup> The city, excluding Lake Michigan, comprises 229 square miles of Cook County, while the suburbs comprise 729 square miles

<sup>52</sup> In some suburbs, like Schaumburg and Mt. Prospect, TIF taxes grew more than they did in Chicago.

<sup>53</sup> This percentage reflects the increase since 2008. The Great Recession began in December 2007 and ended in June 2009.

Figure 8: Taxes Imposed by TIFs from Tax Year 1995 to 2024

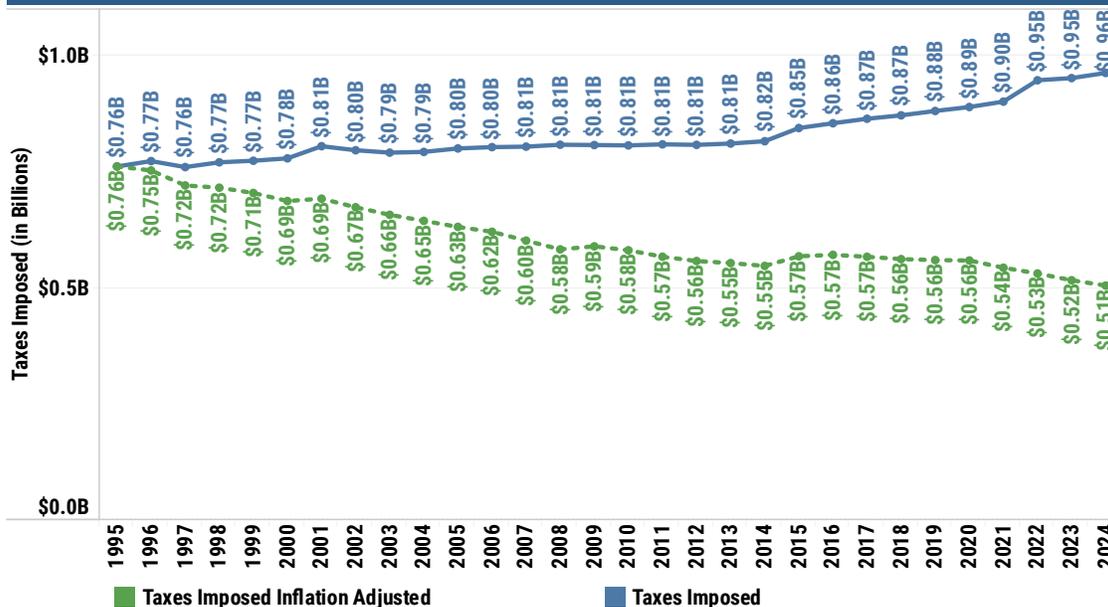


## Cook County Government Looks for Money Elsewhere

Cook County government has bucked the upward spiral of property taxes, with its levy growing by less than 27% — well below the 91% inflation rate. That’s largely because the county in 1994 made it a policy to not increase taxes on existing property owners.

The growth in property taxes since then occurred when the county taxed newly constructed buildings and other facilities and captured the increment from closed TIF districts. Once a TIF district closes, agencies including the county can tax, or capture, the additional assessed value in the district. Those taxes, along with taxes on new construction, are not bound by PTELL limits.<sup>54</sup>

Figure 9: Taxes Imposed by Cook County from Tax Year 1995 to 2024  
Includes Cook County Corporate Funds, Consolidated Elections and Forest Preserves



<sup>54</sup> Although PTELL does allow for taxing new construction, not all property value increases in TIF districts are the result of newly built

structures. Improved public infrastructure, general area vitality and inflation also increase property values.

In late 2015, Cook County Board President Toni Preckwinkle considered two options to increase pension funding and address other county financial challenges: raise property taxes or increase the sales tax. County commissioners rejected a property tax increase and narrowly approved raising the sales tax to 1.75% from 0.75%.<sup>55</sup>

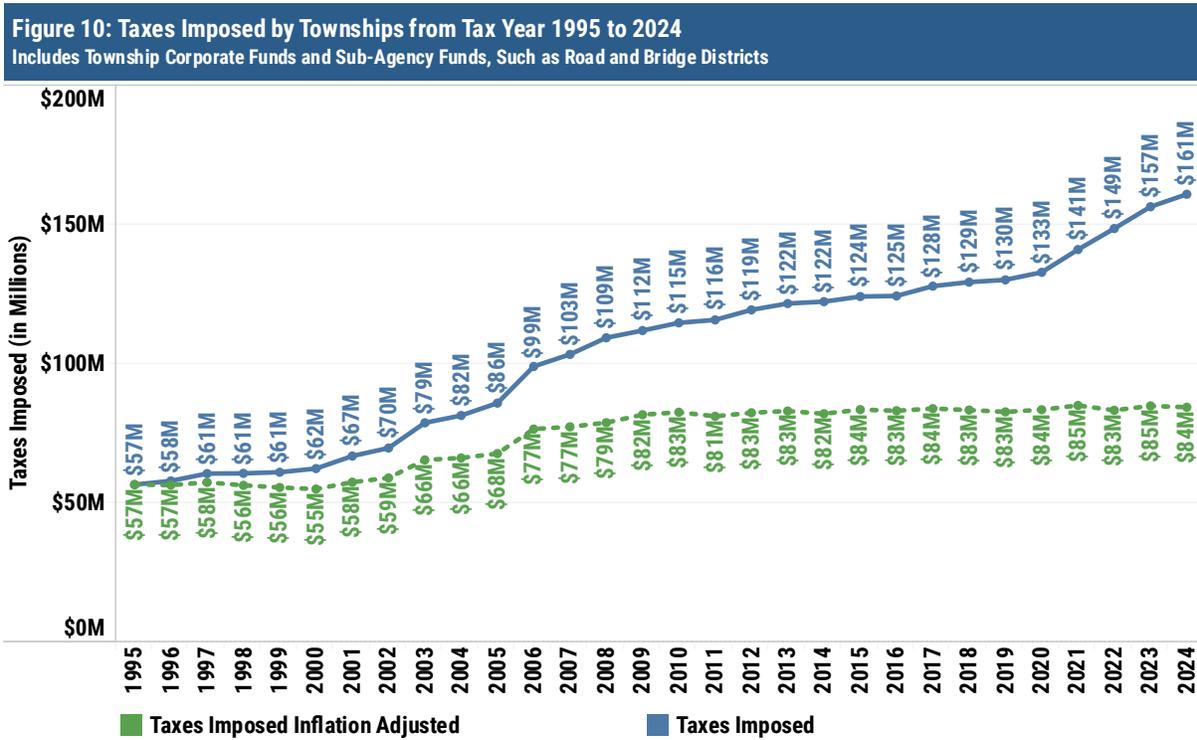
Although the additional 1% in sales tax initially was projected to bring in about \$474 million a year, it now generates far more. In 2024, the county collected more than \$652 million, about four-fifths as much money as the \$816 million in billed property taxes, according to an analysis of county budget documents. The growth in sales tax dollars offset any need for a major property tax hike, causing the county's property taxes to fall in inflation-adjusted dollars.

## Townships, a Small Factor, Nearly Tripled Their Taxes

The county's 24 township governments — which provide services including assistance to low-income residents, and road and bridge maintenance in unincorporated areas — increased their taxes to \$161.1 million from \$56.7 million, or 184%. Townships only account for 0.84% of the county's property taxes.

Still, tax reform advocates and some politicians have long contended that taxes would be lower if county and municipal governments absorbed township duties. The city of Evanston in 2015 took on the duties of its township government after voters agreed to disband it;<sup>56</sup> the consolidation saved nearly \$780,000 in that year alone.<sup>57</sup>

It was easier to consolidate city and township government in Evanston, given that the city and township shared identical boundaries, which is not the case with most township governments. In Cicero, the only municipality in Cook County that has a town form of government,<sup>58</sup> township and municipal services have always been combined.



<sup>55</sup> "Cook County Board votes to raise sales tax," by Hal Dardick, July 15, 2015 [link](#)

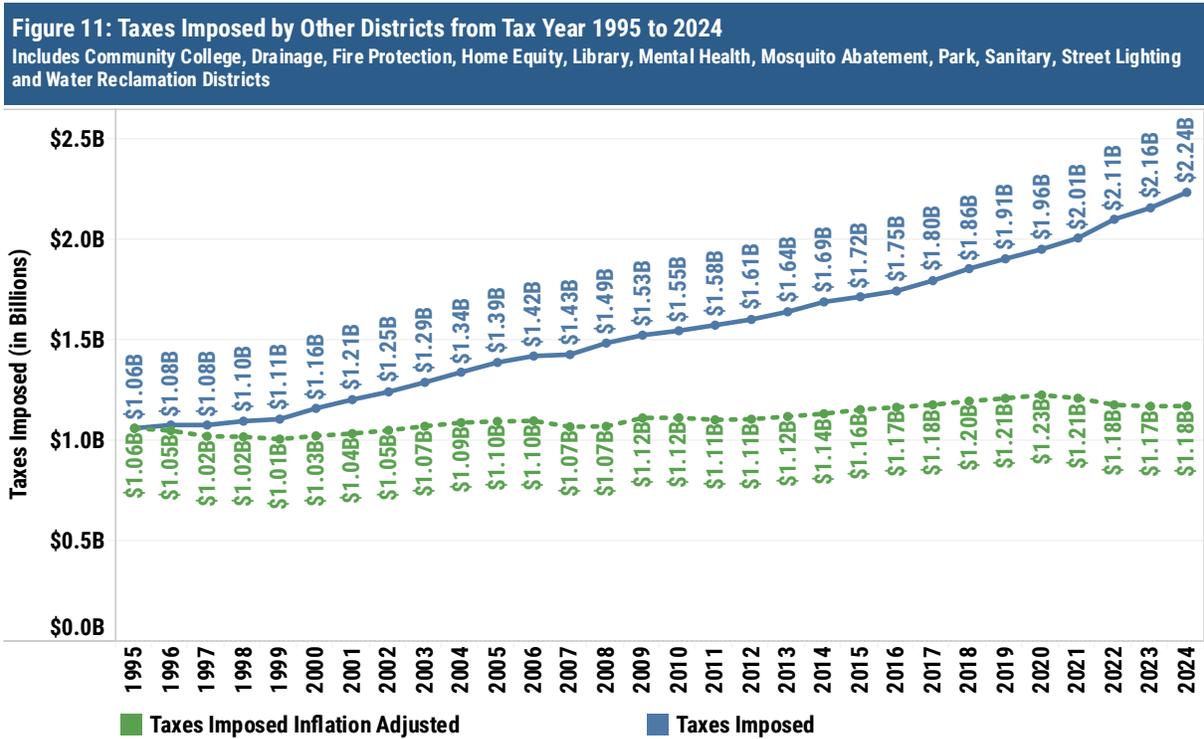
<sup>56</sup> The city of Evanston still levies taxes to deliver services previously provided by the township.

<sup>57</sup> "Evanston Township Dissolution Saves Taxpayers Nearly \$780,000," The Civic Federation, Aug. 18, 2016 [link](#)

<sup>58</sup> "Cicero: An American Town," by John S. Kociolko, Town of Cicero [link](#)

## Other Taxing Agencies Mostly Hold the Line

The amount taxed by all other government agencies in Cook County rose 110.5% during the thirty years studied, with total taxes increasing to \$2.2 billion from \$1.1 billion. That exceeds the inflation rate of 91%, but not by nearly as much as schools, municipalities and TIF districts.



The Chicago Park District, which also collects money from events like Lollapalooza and fees for recreational programs, limited its property tax increases.<sup>59</sup> The Park District billed \$326.3 million in 2024, up from \$221.8 million in 1995, an increase of 47%.

<sup>59</sup> The district expects to collect \$62.9 million in projected gross revenue this year from Soldier Field, the district’s largest nontax revenue source. “No matter where Bears end up, Chicago stakes

claim for \$630 million for Soldier Field overhaul,” by Fran Spielman and Mitchell Armentrout, Chicago Sun-Times, Feb. 24, 2026 [link](#)

**Figure 12: Other Government Agencies**

<b>Agency Type</b>	<b>Agency Count</b>	<b>Extension 1995</b>	<b>Extension 2024</b>
Parks	101	\$380,922,880	\$732,676,563
Sanitary	22	\$343,239,264	\$706,090,413
Community College	11	\$237,637,884	\$497,389,353
Fire Protection	41	\$44,317,690	\$144,673,106
Libraries	56	\$48,863,587	\$140,645,687
Mosquito	4	\$4,524,840	\$10,860,388
Mental Health Dist	6		\$6,133,665
Home Equity	3	\$1,439,719	\$1,366,940
Drainage	3	\$99,607	\$160,586
Sanitary,SSA	2		\$97,748
Street Lighting	2	\$12,328	\$24,615
Libraries,Bond District	3	\$39	\$1,876
Sanitary,Bond District	1		\$278
Water Commission	2	\$0	\$0
Parks,Bond District	6	\$0	\$0
Fire Protection,Bond District	7	\$16,767	\$0
Health Dist	1	\$3,202,819	
<b>Grand Total</b>	<b>271</b>	<b>\$1,064,277,425</b>	<b>\$2,240,121,220</b>

# Reforming the Property Tax System

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Calls to lower the outsized burden that the Illinois property tax system places on businesses and homeowners stretch back decades.<sup>60</sup> None led to substantive changes.

A Tax Reform Commission created in 1982 by then-Gov. James Thompson called for allowing installment tax payments, replacing half of school property taxes with state funding and replacing homestead and senior homeowner exemptions with an income-based, state-funded “circuit breaker” program that would help lower-income homeowners pay their taxes. Illinois now allows for taxes to be billed up to four times per year, but none of the other steps were taken.

In 1997, then-Gov. Jim Edgar recommended raising income and other taxes to bring in additional money to pay for \$900 million in property tax relief and provide an additional \$614 million in school funding. The House passed the bill,<sup>61</sup> but it failed in the Senate.<sup>62</sup>

Ten years later, in 2007, the Property Tax Reform and Relief Task Force made several recommendations, including rebalancing various state taxes to rely less on the property tax, consolidation of government services, establishing a more robust circuit breaker program and TIF reforms.<sup>63</sup> Some TIF reforms were enacted, but none lowered the overall tax burden.

In 2014 and again in 2024, voters approved an advisory referendum that asked if a 3% income tax surcharge should be placed on individual income above \$1 million. The first proposal aimed to use the money for school funding, the second to provide property tax relief. But the General Assembly never placed a constitutional amendment needed to enact the tax on the ballot.<sup>64</sup>

In 2019, Governor JB Pritzker formed the Property Tax Relief Task Force. Although the task force never reached consensus and failed to issue a final report, a draft leaked.<sup>65</sup> Merging taxing agencies, expanding the sales tax to increase the state’s funding for schools, sharing a portion of all TIF revenues with schools and closing PTELL loopholes were among the report’s recommendations. Nothing came of it.<sup>66</sup>

Illinois in 2025 had the highest residential property taxes in the nation,<sup>67</sup> and the city of Chicago has the highest commercial property tax and second-highest industrial property taxes in the nation, according to the Tax Foundation.<sup>68</sup> In Cook County, where residential taxes have increased dramatically,<sup>69</sup> property tax protests are increasingly frequent.<sup>70</sup>

But easing the tax burden will not be easy. Schools rely heavily on property taxes because of inadequate state funding; local governments rely on them to pay down pension debt; the fiscally strapped state currently does not bring in enough revenue to provide alternative funding; PTELL is full of loopholes; and the state’s nation-high number of local governments stymies efficiency.

Nevertheless, there are paths to ease the burden.

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<sup>60</sup> “A History of Property Tax Relief Efforts,” by Mike Klemens, Illinois Municipal League, Sept. 23, 2019 [🔗](#)

<sup>61</sup> “House approved education funding reform,” by Doug Finke, Copley News Service, May 29, 1997

<sup>62</sup> “Senate GOP Passes Own School Plan; Edgar Tax Proposal Dies in Committee,” by Rick Pearson and Courtney Challos, Chicago Tribune, May 31, 1997

<sup>63</sup> “Report to the General Assembly,” Property Tax Reform and Relief Task Force, December 2009 [🔗](#)

<sup>64</sup> “Illinois voters OK advisory referendum seeking higher taxes on income over \$1 million,” by Dave McKinney, Chicago Sun-Times, Nov. 6, 2024 [🔗](#)

<sup>65</sup> Draft Report, Property Tax Relief Task Force, 2019 [🔗](#)

<sup>66</sup> “Republicans criticize proposals for property tax relief in task force’s draft report,” by Dan Petrella and Jamie Munks, Chicago Tribune, Jan. 7, 2020 [🔗](#)

<sup>67</sup> “Property Taxes by State and County, 2025,” by Andrey Yushkov, Tax Foundation, March 4, 2025 [🔗](#)

<sup>68</sup> “Property Tax Report Highlights Large Inequities Created by Assessment Limits,” by Kristina McGeehan, Lincoln Institute of Land Policy and the Minnesota Center for Fiscal Excellence,” July 23, 2024 [🔗](#)

<sup>69</sup> “Tax Year 2024 Tax Bill Analysis and Statistics,” Cook County Treasurer’s Office, November 2025 [🔗](#)

<sup>70</sup> “North Lawndale residents ‘Light the Way to Fairness’ in property tax bonfire protest: A community-led event highlights frustrations over rising taxes,” by Hector Cervantes, Austin Weekly News, Nov. 18, 2025 [🔗](#)

## Potential Solutions

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### Eliminate loopholes in the state's Property Tax Extension Limitation Law

Loopholes that could be eliminated include those that allow CPS to increase taxes beyond PTELL limits to cover pension payments and those that allow local governments to exceed limits when a TIF district is shuttered or a previously tax-exempt parcel is added to the tax rolls.

When PTELL was enacted, it specifically excluded the CPS pension levy from tax limits. As a result, the pension levy often grows faster than inflation. Limiting the pension levy would control its growth.

When TIF districts shut down, agencies like CPS, the city of Chicago and Cook County government<sup>71</sup> routinely capture the increment, meaning they add the growth in assessed value to their own tax rolls. If newly added assessed value from closed TIF districts were not entirely exempt from PTELL,<sup>72</sup> tax rates would go down.

New assessed value that is added to the tax rolls when non-profit properties change hands — like when a government-owned property is sold for private use — also is currently exempt from PTELL, even though that does not necessarily lead to a need for increased services.

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<sup>71</sup> Although Chicago and Cook County are home rule governments not restricted by PTELL, both have placed tax increase limits on themselves.

<sup>72</sup> If newly constructed properties in TIF districts could still be exempted from PTELL limits — while assessed value increases caused by rehabilitation, infrastructure upgrades and inflation is not — that would still lower tax rates.

<sup>73</sup> Cook County Assessor Fritz Kaegi has proposed a type of circuit breaker program that would provide state grants to homeowners

### Enact an income-based circuit breaker program to ease the financial pain for lower-income taxpayers

Under circuit breaker programs in many other states, the government determines a maximum percentage of annual income that homeowners should pay in property taxes. The state then provides income tax credits, which are sometimes refundable, to repay homeowners for any taxes above the maximum percentage-of-income threshold.

A circuit breaker program would not reduce overall taxes, but it would reduce the amount paid by the state's lowest-income homeowners. However, an income-based circuit breaker program could prove costly to the state and likely would require raising additional revenue.<sup>73</sup>

### Consolidate local governments to cut costs and redundancies

Illinois school districts and local governments rely heavily on property taxes to pay for services, but proposals to eliminate or consolidate government agencies to save taxpayers money often meet fierce political pushback as officials fight to hold onto their fiefdoms and taxpayers resist school consolidations.

One target ripe for consolidation is having municipalities or the county absorb township government duties, as Evanston did with the township government that shared its boundaries. Other municipalities with coterminous townships include Berwyn, Oak Park and River Forest.

CPS also could close some of its schools where enrollment has plummeted, especially given that more than half its schools are deemed underutilized and almost 31% operate at less than half their capacity.<sup>74</sup>

whose assessed values spike, provided the owners don't have household income of more than four times the federal poverty level. Cook County Board of Review Commissioner George Cardenas also has advocated for a circuit breaker program. Legislators introduced a bill to implement Kaegi's plan, but it has not gained any traction.

<sup>74</sup> "Chicago Public Schools: Building Underutilization," by Lucas Freitag and Daniel Vesecky, The Civic Federation, March 4, 2025 [🔗](#)

## Reduce state and local government pension obligations to lower the percentage of property tax dollars spent on pension contributions

Former Chicago Mayor Rahm Emanuel in 2014 engineered the passage of a state law that would have cut city worker pension benefits and required workers to contribute more to their retirement. But the Illinois Supreme Court in 2016 unanimously ruled those changes unconstitutional, based on the 1970 state Constitution that says pension benefits “shall not be diminished or impaired.”<sup>75</sup>

The Supreme Court a year earlier did leave open the possibility that benefits could be diminished if the unions were given something in return,<sup>76</sup> but legal scholars have noted that’s a difficult needle to thread.<sup>77</sup>

Another option would be to get unions to bargain, with the understanding that reduced benefits would be better than none in the case of insolvency. That would be a tough sell to the unions, who are bolstered by the high court’s ruling.

Unions have significant political influence in the state capitol, where they are largely aligned with the Democratic supermajorities in both chambers and with Gov. Pritzker, also a Democrat — so much so that in July 2025 the state chose to sweeten pension benefits for Chicago police and firefighters that annually added tens of millions of dollars in annual costs to city taxpayers.<sup>78</sup>

## Increase state funding to local governments to reduce their reliance on property taxes

Restoring the percentage of state income taxes distributed under the Local Government Distributive Fund to 10% would send billions of additional dollars to cities, villages and towns.

To decrease property tax pressure faced by CPS, the state could provide pension funding for Chicago’s school system that matches the level of all other school districts in the state. That would increase annual state funding for CPS by more than \$650 million.

Another idea that has been floated by the CPS board,<sup>79</sup> The Civic Federation,<sup>80</sup> former Illinois Senate President John Cullerton<sup>81</sup> and others is to merge the city and state teachers’ pension systems. The two pension funds in 2025 had comparable funding ratios: TRS reported an actuarial funding ratio of 47.8%<sup>82</sup> — only 0.1% less than CTPF’s reported funding ratio of 47.9%.<sup>83</sup>

Consolidating the two funds would free Chicago residents from the double burden of paying for two teachers’ pension funds. That could yield additional savings in the form of eliminating duplicate functions like administrative overhead.

But the Chicago Teachers’ Union and CTPF oppose that idea, saying they want to retain control over their pension fund and investment decisions. CTPF has explicitly rejected reducing or sharing revenue from its special property tax levy.<sup>84</sup>

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<sup>75</sup> “Chicago Pension Reforms Struck Down by Illinois Supreme Court,” The Civic Federation, March 31, 2016 [🔗](#)

<sup>76</sup> Doris Heaton et al. vs. Pat Quinn, Footnote 12, May 8, 2015 [🔗](#)

<sup>77</sup> Lari A. Dierks, “A Lesson from Goodfellas: Why Current Illinois Consideration Based Pension Reform Proposals Still Fail,” Northwestern Journal of Law & Social Policy, Spring 2018 [🔗](#)

<sup>78</sup> “Pritzker’s signature on police pension bill adds pressure for state bailout and city property tax hike,” by Fran Spielman and Mitchell Armentrout, Aug. 4, 2025 [🔗](#)

<sup>79</sup> “Chicago Public Schools wants to combine state and local teacher retirement funds. Is that possible?” by Samantha Smylie, Chalkbeat Chicago, Sept. 24, 2024 [🔗](#)

<sup>80</sup> “Chicago Public Schools FY2025 Proposed Budget: Analysis and Recommendations,” The Civic Federation, July 24, 2024 [🔗](#)

<sup>81</sup> “Public policy experts: The hidden inequity in school funding? Illinois’ teacher pension funding structure,” by John Cullerton, Conor Durkin and Jessica Handy, Chicago Tribune, Feb. 6, 2026 [🔗](#)

<sup>82</sup> “TRS Reports Fifth Consecutive Year of Funded Status Improvement,” Teachers’ Retirement System of the State of Illinois, Oct. 24, 2025 [🔗](#)

<sup>83</sup> “Actuarial Valuation Report,” Chicago Teachers’ Pension Fund, Jun. 30, 2025 [🔗](#)

<sup>84</sup> “CTPF Resolution on Independence,” Chicago Teachers’ Pension Fund, Sept. 30, 2024 [🔗](#)

Springfield could ease financial pressure on schools by increasing education funding levels to match its own evidence-based funding formula,<sup>85</sup> which determines how much state aid each public school district receives. And to help the most financially strapped school districts, teacher pension funding could be incorporated into the evidence-based funding formula, because the state currently pays far more in pension costs to wealthier districts than less-affluent ones.<sup>86</sup>

However, finding the money to increase education funding is easier said than done, given the precarious state of Illinois government finances. The state projects a budget shortfall of \$5.1 billion by 2031.<sup>87</sup> To ease the property tax burden, the state would have to come up with new ways to tax its residents, cut spending or both.

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<sup>85</sup> The state has been increasing education funding by \$350 million a year, with the exception 2021 during the COVID-19 pandemic. (A smaller increase is slated for the upcoming fiscal year as well.) At that rate, full funding won't be reached until 2034, according to the Center for Tax and Budget Accountability. (See footnote 19.)

<sup>86</sup> "Public policy experts: The hidden inequity in school funding? Illinois' teacher pension funding structure," by John Cullerton, Conor Durkin and Jessica Handy, Chicago Tribune, Feb. 6, 2026 [🔗](#)

<sup>87</sup> "Illinois' budget on track for deficit as new federal policies create challenges," by Ben Szalinski, Capitol News Illinois, Oct. 10, 2025 [🔗](#)

## Paying for the Fixes

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Previous ideas to increase revenue include enacting a so-called millionaires' tax, which former Gov. Pat Quinn has proposed to fund property tax relief;<sup>88</sup> expanding the state's sales taxes to apply to more services;<sup>89</sup> taxing the portion of retirement income that surpasses \$100,000 per year; and replacing Illinois' flat 5% income tax with a progressive income tax that taxes higher incomes at greater percentages on a sliding scale, which voters rejected in a November 2020 referendum.<sup>90</sup>

The political landscape has changed since 2020 when the referendum was defeated. A number of Democratic politicians, including former House Speaker Michael Madigan, who has since been convicted, were under criminal investigation. In addition, billionaire Ken Griffin, who has since moved out of state, spent \$54 million successfully opposing the tax.

Pritzker, who proposed the graduated income tax, estimated it would bring in an additional \$3.4 billion a year.

Despite the defeat of the graduated income tax, voters have favored another way of getting the state's wealthiest residents to pay more in taxes. In two advisory referendums, voters approved placing a 3% tax surcharge on individual income above \$1 million, which was estimated to raise \$4.5 billion a year.<sup>91</sup> Like Pritzker's proposal, doing so would require a constitutional amendment.

One way to increase taxes on higher earners without changing the Illinois constitution would be to raise the state's existing income tax<sup>92</sup> while also providing an income tax credit to lower-income taxpayers. The Center for Tax and Budget Accountability Executive Director Ralph Martire, who helped draft the state's school funding formula, estimated in 2021 that a 1% income tax increase under that scenario could raise more than \$2.4 billion each year, and a 1.5% increase could raise over \$3.6 billion.<sup>93</sup>

Illinois also could expand its sales tax to apply to more services, an idea championed by the Civic Federation, Chicago Metropolitan Agency for Planning, Center for Tax and Budget Accountability and Illinois Economic Policy Institute.<sup>94</sup> Those groups estimated that an expanded sales tax would generate \$2 billion a year in state revenue, a portion of which could be used for property tax relief. The tax also would generate hundreds of millions of dollars for municipalities, counties and the Regional Transportation Authority.

Illinois' current sales tax primarily targets goods, not services. The new taxes — targeting services like personal care, gym memberships, business services and online subscriptions — would hit wealthier households harder than low-income households because high-income households spend far more on services, the groups concluded. They also suggested using some of the new revenue to provide tax relief to low-income households.

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<sup>88</sup> "After 10 years, will Illinois implement a millionaires' tax?," by Davis Giangulio, Chicago Sun-Times, Dec. 31, 2024 [🔗](#)

<sup>89</sup> "Civic Federation Says Illinois Should Extend Sales Tax to Services to Help Bridge \$3B Budget Deficit," by Amanda Vinicky, WTTW News, Feb. 12, 2025 [🔗](#)

<sup>90</sup> "Illinois Voters Reject 'Fair Tax' Amendment," by Amanda Vinicky, WTTW News, Nov. 4, 2020 [🔗](#)

<sup>91</sup> "Illinois Voters Voiced Support for a Theoretical Tax on Millionaires' Incomes. What Effect Will it Actually Have?" by Amanda Vinicky, WTTW News, Nov. 6, 2024 [🔗](#)

<sup>92</sup> "Illinois lawmakers announce plan to close school funding gap," by Violet Miller, Chicago Sun-Times, Feb. 9, 2026 [🔗](#)

<sup>93</sup> "Increasing the Income Tax Rate," Center for Tax and Budget Accountability, Feb. 16, 2021 [🔗](#)

<sup>94</sup> "Modernizing Illinois' Sales Tax: A pathway to a sustainable future," The Civic Federation, Chicago Metropolitan Agency for Planning, Center for Tax and Budget Accountability and Illinois Economic Policy Institute, March 2025 [🔗](#)

Taxing the portion of annual retirement incomes that exceed \$100,000 would raise \$1.8 billion a year, the Civic Committee of the Commercial Club of Chicago projected in 2023 — although that group suggested the money be used to bolster state pension funding and reserves.<sup>95</sup> Of the 42 states that tax income, only three — including Illinois — exclude retirement income, such as social security, pensions and 401k withdrawals.

These proposals have been bandied about for years, but they have either been rejected by voters or were never acted on. Some opponents of Illinois' effort to enact a graduated income tax criticized Gov. Pritzker and other Democratic lawmakers for not guaranteeing property tax relief in their plan.

Now, a measure signed into law in 2024 requires that the Illinois Department of Revenue conduct a comprehensive study of the state's property tax system.<sup>96</sup> The agency has until the end of July 2026 to issue its report.

In the meantime, skyrocketing property tax bills have caused rising anger among homeowners in the city of Chicago,<sup>97</sup> particularly less wealthy homeowners, and the rest of the county. The time may be ripe for the General Assembly to finally provide property tax relief to Illinois residents and businesses.

## About the Pappas Studies

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In March 2021, Treasurer Pappas created a Research Unit within her office. She instructed the unit to examine Illinois' complex and sprawling property tax system and come up with recommendations for reform.

Earlier studies led to state laws that closed tax loopholes and that lowered interest rate paid by delinquent property owners.

Among the major studies the Research Unit has produced:

- A [redesigned debt study](#) released in June 2021 and updated in April 2023 that measured the level of local government debt attributed to each property in Cook County.

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<sup>95</sup> "Securing Illinois' Future," The Civic Committee, February 2023 [🔗](#)

<sup>96</sup> Public Act 103-1002, effective Jan. 1, 2025 [🔗](#)

- [Annual analyses of property taxes billed](#) from 2021 to 2025. Each analysis identified major reasons for property tax changes and showed where property owners faced the highest increases.

- A [Scavenger Sale study](#) released in July 2022 that traced swaths of vacant and abandoned properties back to the federal government's sanctioning of redlining — discouraging mortgage loans in minority areas — in the 1940s.

- A [study on sales in error](#) released in October 2022 resulting from Cook County tax and scavenger sales that found wealthy investors were exploiting a loophole in Illinois tax law to make millions of dollars.

- Two studies on [voter turnout for property tax-related referendums](#) in Cook County released in March 2024 and March 2025 that found turnout was frequently low for referendums that resulted in \$1 billion in new debt and higher tax levies.

- A [study on assessment appeals](#) released in May 2025 that found appeals shifted \$2 billion in taxes onto homeowners from businesses during a three-year period.

In addition to major studies, the research team has also published "[How the Illinois Property Tax System Works](#)," a primer on the tax system, and several "[Pappas Portal](#)" newsletters that explore local tax laws, fiscal debt and property tax collection rates.

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<sup>97</sup> "South and West side clergy seek relief from 'sinful' property tax," by Violet Miller, Chicago Sun-Times, Jan. 5, 2026 [🔗](#)