

Kaegi's assessment process lacks transparency—and will cost jobs

In the wake of a disastrous 2020, Chicago-area businesses are facing yet another challenge: skyrocketing property tax bills.



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Following one of the worst years on record for Chicago-area businesses, with significant disruptions in operations, depressed sales, and increased safety costs, businesses are facing yet another challenge: skyrocketing property tax bills.

This is the result of Cook County Assessor Fritz Kaegi's arbitrary decision to shift even more of the tax burden onto commercial property owners, just as many look to rehire workers. Evidence can be seen from recently completed assessments from West Chicago Township, where non-residential assessments increased by 115 percent. This will impact everything from family-owned businesses in Pilsen, which is quickly becoming an economic driver for the city, to widely revered cuisine destinations in West Loop and Fulton Market that bring out local diners and tourists from across the globe, as well as vacant industrial properties open for investment.

But these outrageous assessments could halt this growth in its tracks and dry up any future investments. Is this really the best way to attract and retain new employers, get people back to work, revitalize our stockyards and make it known that Chicago is open for business?

In truth, commercial property owners already pay well above their fair share of property taxes in Cook County, with homeowners paying 10 percent of their property's fair market value and commercial and industrial properties paying 25 percent. With Cook County being the only county in Illinois that assesses residential and commercial properties differently, commercial properties end up being responsible for 34 percent of the tax base, yet only representing 17 percent of the market value.

This past year, Kaegi tipped the scale more by establishing the COVID-19 property tax factor to provide relief primarily to residential property owners. He provided almost no such relief for commercial property owners, claiming they were undervalued in the past, without providing a basis for this opinion. No other assessor in the country enacted similar changes during the pandemic, with most erring on the side of caution and choosing to freeze assessments until the full impact was known. The Assessor's unilateral, unsupported decision resulted in a shift of hundreds of millions in property taxes onto commercial properties, an ill-timed massive tax hike on employers during the pandemic.

In hindsight, the decision is even less defensible because we now know that housing property values reached new heights over the past year, while commercial property values plummeted.

To make matters worse, property owners have little insight into any aspect of the Assessor's decision-making process. During recent negotiations in Springfield, the Assessor dismissed requests from a coalition of business and labor leaders that he be required to give taxpayers open access to the real-time data and methodology he uses in assessing property values without submitting FOIAs. At a time when federal investigators are looking into the Cook County property assessment process, it is clear more sunshine is needed on this issue.

However, any criticism or call to do so is met with accusations of corruption. This is ironic because the Assessor ran on a platform of fairness and transparency, and he is pushing for legislation in Springfield, in the name of transparency, that would allow him to collect sensitive information on property owners. How can we justify trusting the office with more information when he is unwilling to share the information he already has?

Throughout history, Chicago's businesses, entrepreneurs, and visionaries have led the city through periods of great transformation. Many believe that COVID-19 has placed us at a pivotal moment in history, with more people working remotely. As we face this new reality and its many uncertainties, a property tax assessment process that is shrouded in secrecy and results in the mass closing or relocation of businesses and the loss of thousands of jobs, is not the path to a brighter future. We stand at a crossroads and ready to work with policymakers to deliver on our goal of a transparent assessment system that fairly shares the responsibility for our public costs and helps deliver the greatest economic opportunity for Chicago-area residents.

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