

Drive begins to renew 7% tax cap on Cook homes

Posted by Greg H. at 8/11/2009 11:39 AM CDT

The ceasefire is over.

The chief sponsor of a special property tax break for Cook County homeowners -- generally known as the 7% solution -- is kicking off a campaign to renew the now-expiring plan.

State Rep. John Fritchey, D-Chicago, says he's acting because property tax assessments for too many of his constituents are rising even though the real estate market remains flat at best.

"It defies logic to have assessment increases in the mid 20%*s* at a time when the market is tanking," declares Mr. Fritchey.

But his action threatens to rekindle a Springfield war that, in recent years, has lead to near shouting matches among House Speaker Michael Madigan, Mayor Richard M. Daley and Cook County Assessor James Houlihan.

Mr. Madigan and many business leaders say the tax-relief plan, which generally caps residential assessment hikes at 7% a year, effectively shifts the tax burden to others, including owners of factories and office buildings, while often benefiting relatively well-off North Side homeowners.

The General Assembly repeatedly has tinkered with the cap and most recently ordered that it be phased out, an action that for city taxpayers first will be reflected in bills received in the fall of 2010. But if residential home values soar again in coming years as they did in most of the past decade, pleas for relief likely will soar, too.

Mr. Fritchey says he's willing to live without the 7% cap if landowners get some other relief. Translation: He'd back an income tax hike if it guaranteed property tax reductions.

The General Assembly almost certainly will consider an income tax increase early next year, perhaps coupled with property tax cuts. But it is far from certain that any plan has the votes to pass.

Meanwhile, Assessor Houlihan's office says he supports full renewal of the 7% cap, but also supports wider tax reform. And despite complaints by Mr. Fritchey, the median tax value of residential property in Lake View Township is up just 4% in the just-completed triennial reassessment, it says.