



Opportunities to revamp Cook County's incentive classifications

Actions to improve today's outcomes

To determine property tax bills, Cook County assesses commercial and industrial properties at a higher share of their market value (25 percent) than other property (generally 10 percent for residential and 20 percent for non-profits). To support development, Cook County also offers incentive classifications that lower businesses' taxable values and property tax bills — typically via a 10-percent assessment rate for 10 years with a two-year phaseout. These primarily include Class 6b for industrial purposes, Class 7 for commercial developments, and Class 8 for areas in need of revitalization.

More than 90 municipalities in Cook County use these incentives, effectively removing \$7.58 billion (11 percent) of business properties' fair market value from taxation in tax year 2022. This is a significant investment in the region's goals for inclusive economic and community growth, and local officials view incentive classification as one of the few available tools to meet residents' development needs. But they also cite recurring challenges. Interviews reveal a bureaucratic structure that has become difficult to navigate, opaque to outsiders, and fractured across different public offices. County leaders are unclear if/how the program's net economic outcomes achieve their objectives, and local stakeholders are frustrated by the difficulty of deploying these incentives on the ground to support real estate projects.

In 2024, CMAP and the University of Illinois Chicago (UIC) Government Finance Research Center, on behalf of the Cook County Property Tax Reform Group and with support from the Cook County Office of the President, analyzed how local communities use incentive classification. The team's full report highlights the uncertainties developers face navigating the incentive process and the issues of program design and administration that undercut public objectives, including the county's push to promote equity and reinvestment. It also shows where incentives are used most heavily and how their potential fiscal effects vary depending on local conditions and assumptions about what development would occur but for the incentives.

A moment for Cook County to take bold action

The provisions that enable and govern Class 6b, C, 7a, 7b and 8 incentives in county ordinances are **set to expire on December 31, 2027**, unless otherwise renewed by action of the Cook County Board of Commissioners. County leaders can take this opportunity to make significant improvements to the design and use of incentive classification to drive inclusive economic growth and regional prosperity.

Five key opportunities

Any meaningful change to Cook County's incentive classifications will require action from the county board that will be closely watched by stakeholders with an interest in commercial real estate and tax appeals. The full report outlines more than 30 potential steps to maintain local flexibility while increasing regional impact, with a focus on programmatic efficiency and the county's strategic leadership. Across these options, initial discussions with county officials have identified five key opportunities:

1. **Reorganize administration and oversight to increase accountability.** The current incentive process can require applicants to work with up to five public offices and four public bodies, none of which “own” the program. Administration is split among municipalities, the Cook County Assessor’s Office, the Bureau of Economic Development, and the Economic Development Advisory Committee based on the type and size of the development project. Centralizing the program’s county-level administration and strategic oversight would clarify the county’s strategic role, create process efficiencies, and allow for clearer channels of communication with applicants. It would also facilitate modernized data policies and regular program evaluations aimed at improving both process outputs (e.g., the time and cost of application) and economic outcomes (resulting changes in property values, investment, or jobs).
2. **Restore and maintain the unique value of Class 8.** Interviews and parcel data show that Class 8 incentives no longer offer a distinct financial benefit for investing in the south and west suburbs. They are instead used as a substitute (rather than as a complement) to Class 6b and 7 incentives available throughout Cook County. To advance its objectives for equity and reinvestment, the county can carve out the additional value that developers see for working with disinvested communities. Various steps can help to differentiate the benefits of Class 8 from other incentives, including restructuring the eligibility and renewal requirements across the county’s separate incentives, using abatements to further markdown the county’s tax on Class 8 parcels, and/or reducing the relative benefits of Class 6b and 7 incentives — for example, by limiting future awards to a 15-percent level of assessment or a 5-year term while maintaining the current 10-percent, 10-year benefits of Class 8.
3. **Reorient incentive classification as a negotiated agreement.** Today, given the language of the governing ordinance, Cook County treats incentive classification as a *by-right, shall-issue* entitlement for qualifying properties that is narrowly focused on tax reactivation. While some municipalities condition their support on project impacts, the program is a blunt tool for pursuing county priorities, with the same financial benefit for nearly all projects. An alternative structure — with tiered awards and reviews — could enable county administrators to work with municipalities to negotiate an incentive’s term and level of assessment or to fast-track certain applications. Developers could see more financial value for delivering projects with greater community benefits, higher job quality and access, or better alignment with local needs and county objectives. Further changes could also streamline the review process for smaller investments and rehabilitations that require less financial support to fill short-term cost gaps.
4. **Create a consistent local experience for developers.** Incentive classifications are a tool created and administered by Cook County, but municipalities in effect act as the county’s brokers in deploying them. Wide variations in local practices and staff capacity mean developers have significantly different experiences in different parts of the county. By aligning local requirements and standardizing best practices, the county can reduce costly uncertainty, increase investor confidence, and level the playing field while respecting local decisions on the need and rationale of each incentive deal. Taking inspiration from Build Up Cook, additional technical assistance for low-capacity communities can help source applications and equip municipalities to make informed, data-driven decisions on potential projects. The county could also provide funding to offset the immediate and indirect costs of incentives in municipalities with low tax bases.
5. **Modernize intake and customer service.** County staff are widely commended for their efforts to troubleshoot common issues with applications and awards, but applicants rely heavily on attorneys with prior knowledge to help them navigate the process. The program’s fragmented nature undercuts the customer experience and limits the data available to track delivery and make regular improvements. The county can reduce uncertainty by establishing a transparent and easy-to-use online system for uploading materials and tracking applications. Doing so — together with more consistent communication on program changes and outcomes — can dovetail with other improvements to strengthen accountability and increase collaboration with municipalities.