



## Maria Pappas

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### Cook County Treasurer

April 11, 2017

Cook County Commissioners  
Cook County Building  
118 N. Clark St.  
Chicago, IL 60602

Dear Commissioner:

This note covers a package of correspondence relevant to proposed resolution 17-2390 at today's meeting of the Legislation and Intergovernmental Relations Committee:

- A letter dated April 5, 2017, from me to state Representative Christian L. Mitchell regarding his responsibility for the current truncated time given to taxpayers to pay delinquencies.
- Four letters from me (April 8, 2014, June 3, 2014, December 9, 2015, and January 11, 2016) expressing my absolute opposition to shortening the "grace period" given taxpayers to pay delinquencies.

I hope this helps you understand what happened to make today's Tax Sale so worrisome to thousands of homeowners, and who is responsible for making it so distressing. For the record, I support legislation pending in Springfield to lengthen the grace period as expressed in HB 155 Amendment 1.

Sincerely,

A handwritten signature in dark ink that reads "Maria Pappas". The signature is fluid and cursive, with the first name "Maria" and last name "Pappas" clearly distinguishable.

Maria Pappas  
Cook County Treasurer





**Maria Pappas**

**Cook County Treasurer**

April 5, 2017

Representative Christian L. Mitchell  
26<sup>th</sup> District  
256-W Stratton Office Building  
Springfield, Illinois 62706

Dear Representative Mitchell:

I have been provided with a copy of the letter that you apparently emailed to your constituents on April 4, 2017. Regrettably, it is mistaken regarding the central point it addresses, namely, the content of the legislation for which I expressed my support. Also regrettably, your constituent letter oddly mischaracterizes your own responsibility for why the legislature shortened the period of time taxpayers now have to pay delinquent bills.

The legislative record reflects that Senator Biss introduced SB 2778 on January 30, 2014. That original version of the legislation *preserved the 12-month period* between the second installment due date and the annual tax sale, and it did so *for all future tax sales*. In my April 8, 2014 letter to President Preckwinkle and the Cook County Board of Commissioners, I expressed my support for that original version of SB 2778.

After I sent my April 8, 2014 letter, you, Representative Mitchell, filed House Amendment 1 to SB 2778 on May 12, 2014, proposing to *shorten* the 12-month period between the second installment due date and the annual tax sale *from 12 months to 4 months* over the next three years.

Your amendment was signed into law on August 26, 2014 – despite my repeated and vehement protestations to anyone who would listen. I trust that you will correct your April 4, 2017 email to your constituents accordingly.

Finally, for your convenience, I attach with this letter copies of my own four letters arguing for retaining the 12-month grace period before the next Tax Sale. As you know, these arguments were overcome by your amendment, which severely altered SB 2778 to the detriment of thousands of taxpayers.

Sincerely,

A handwritten signature in black ink that reads "Maria Pappas". The signature is stylized, with a large, looped "P" and a cursive "M".

Maria Pappas  
Cook County Treasurer

By email: [MitchellDistrict26@att.net](mailto:MitchellDistrict26@att.net)





**Maria Pappas**

**Cook County Treasurer**

April 8, 2014

Toni Preckwinkle  
Cook County Board President  
118 N. Clark Street, Room 537  
Chicago, IL 60602

Cook County Board of Commissioners  
118 N. Clark Street, Room 567  
Chicago, IL 60602

Dear President Preckwinkle and Cook County Board Commissioners:

**Re: Less Time for Your Constituents to Pay Their Property Taxes**

You may think it is absurd to suggest that taxpayers in Cook County would be better off with *less* time to pay their property taxes, but that's what the tax buyers' lobby in Springfield is suggesting to Illinois legislators. To make sense of why that's happening and what it means to your constituents, here is some context.

Tax buyers are individuals and companies that don't really buy anything. What they do is pay the unpaid property taxes on homes and other real property when the owners cannot pay on time. Tax buyers "purchase" the unpaid taxes at annually held tax sales, essentially paying property owners' delinquent taxes for them. Of course, tax buyers do not pay other people's delinquent taxes out of the goodness of their hearts. They can make a lot of money at their work.

In exchange for fronting the money, tax buyers also buy a guarantee: indebted property owners will either repay them the full tax amount plus fees and interest, or else tax buyers have a right - two years later - to take title to the property.

As the law stands today, Second Installment Cook County property taxes are due in early August each year. If your constituents don't pay their taxes by August of the *following year*, my office is required to offer their unpaid taxes for sale to tax buyers. The tax buyers' lobby wants to change that. They want your constituents to have only from early August until December of that *same year* to pay their taxes. Instead of giving property owners 12 *months* to pay their taxes, tax buyers want property owners to have just *four months*.

The motivation of the tax buyers to change the law is straightforward: If property owners have less time to pay their taxes before the next tax sale, more delinquent taxes will be available for the buyers to purchase; and with more taxes available, tax buyers will have more opportunity to profit. In other words, less time for your constituents means more money for the tax buyers.

Giving your constituents less time to pay their property taxes so tax buyers can profit more is neither fair nor reasonable. I encourage you to take whatever actions you see fit to persuade state legislators that they should not disadvantage your constituents at the behest of the tax buyers' lobby. To continue allowing your constituents reasonable time to pay their taxes, express your support for SB 2778.

Sincerely,

Maria Pappas  
Cook County Treasurer





**Maria Pappas**

**Cook County Treasurer**

June 3, 2014

Toni Preckwinkle  
Cook County Board President  
118 N. Clark Street, Room 537  
Chicago, IL 60602

Cook County Board of Commissioners  
118 N. Clark Street, Room 567  
Chicago, IL 60602

Dear President Preckwinkle and Cook County Board Commissioners:

**Re: Estimated Impact of New Tax Sale Dates on County Revenues**

In an April 8, 2014 letter, I asked you to support SB 2778, legislation that would permit Cook County to continue holding its annual tax sale approximately twelve months after the annual due date. I warned that unless SB 2778 was passed, Cook County taxpayers would have only four months to pay their delinquent taxes before those taxes would be offered for sale to tax buyers, who stand to profit as a result.

Unfortunately, SB 2778 has been watered down significantly. In its current form, which has been passed by the House and Senate, the twelve-month grace period has been preserved for only one year – tax year 2013. Taxpayers' grace period will gradually phase out over tax years 2014 and 2015: Taxpayers will have 10 months between the due date and the tax sale in tax year 2014, only 8 months in tax year 2015, and just four months every tax year thereafter.

In its current form, the ramifications of SB 2778 go beyond taxpayers' time to pay their taxes. Cook County's revenues from annual tax sales will also be impacted significantly due to the loss of statutory interest collections as the annual tax sale is moved earlier each year:

- Tax Year 2014 – sale is 2 months earlier, resulting in \$13.1M estimated revenue loss
- Tax Year 2015 – sale is 4 months earlier, resulting in \$26.3M estimated revenue loss
- Tax Year 2015 – sale is 8 months earlier, resulting in \$52.5M estimated revenue loss

If this version of SB 2778 is signed by the Governor, the estimated revenue loss of \$52.5M for Tax Year 2015 will be repeated annually every year thereafter, as the Tax Year 2015 schedule will be the new permanent tax sale schedule.

Effectively, SB 2778 now gives Cook County a one-year reprieve from significant revenue losses. I ask you to join me in a renewed fight next year to preserve the 12-month period between the due date and the tax sale. Cook County taxpayers deserve better than a law that phases out their grace period before tax sales. And Cook County residents deserve better than a law that dries out a major County revenue stream in order to quench tax buyers' thirst for even greater profits.

Sincerely,

Maria Pappas, a.k.a. Drägon Lady  
Cook County Treasurer



**Maria Pappas**

**Cook County Treasurer**

December 9, 2015

President Toni Preckwinkle  
Cook County Board President  
118 N. Clark Street, Room 537  
Chicago, IL 60602

Dear President Preckwinkle:

**Re: Estimated Impact of Earlier Property Tax Sale Dates on County Revenues**

In an April 8, 2014 letter, I asked you to support legislation that would permit Cook County to continue holding its annual property tax sale approximately twelve months after the annual property tax due date. I warned that unless the legislation passed, Cook County taxpayers would have only four months to pay their delinquent taxes before those taxes would be offered for sale to tax buyers, who stand to profit as a result.

Unfortunately, despite your efforts, that legislation did not pass. As the law stands today, taxpayers will lose two months of the current 12-month grace period each year for tax years 2014, 2015, and 2016. In tax year 2016, taxpayers will have only four months after the due date to pay their taxes in full before their taxes are offered to tax buyers.

In addition, Cook County's revenues from annual tax sales will also be impacted significantly due to the loss of statutory interest collections as the annual tax sale is moved earlier each year:

- Tax Year 2014 – sale is 2 months earlier, resulting in \$12M estimated revenue loss
- Tax Year 2015 – sale is 4 months earlier, resulting in \$24M estimated revenue loss
- Tax Year 2016 – sale is 8 months earlier, resulting in \$48M estimated revenue loss

*I estimate that the aggregate loss of tax sale revenues over the next three years will be \$84M. Furthermore, please note that the estimated revenue loss of \$48M for Tax Year 2016 will be repeated annually every year thereafter, as the Tax Year 2016 schedule will be the new permanent tax sale schedule.*

Cook County taxpayers deserve more than four months to pay their taxes before they are offered to tax buyers.

Sincerely yours,

A handwritten signature in cursive script that reads "Maria".

Maria Pappas  
Cook County Treasurer

cc: Cook County Board of Commissioners





**Maria Pappas**

**Cook County Treasurer**

January 11, 2016

President Toni Preckwinkle  
Via Hand Delivery

Dear President Preckwinkle:

**Tax Sale Will Squeeze Cook County Property Owners, Thanks to State Law**

As per our conversation, please find enclosed certain materials pertaining to upcoming changes in the tax sale schedule that could have a terrible impact on property owners.

We all know that many taxpayers have trouble paying their property taxes on time. During our last complete tax collection cycle in calendar year 2014, the taxes on over 334,000 properties were paid late. Such tax-delinquent properties are at risk of being offered at annual tax sales, where taxpayers can lose their homes and other properties. Now, new state legislation threatens them even further by cutting the time for them to pay delinquent taxes from one year down to four months before their taxes are auctioned at the tax sale.

To be specific: If the law setting the annual tax sale in Cook County stands, the tax sale will be held eight months earlier in 2017 than it was in 2014 — *a mere four months after the August 1<sup>st</sup> due date*. If that happens, the number of properties jeopardized by the annual tax sale increases dramatically. The chart below compares numbers of properties jeopardized by the annual tax sale in 2014 to my office's projected numbers for the sale in 2017:

Calendar Year	Properties Published in Newspapers	Properties Offered for Sale	Properties Sold to Tax Investors
2014 Actual Numbers	75,000	53,000	17,000
2017 Projected Numbers	162,000	127,000	41,000
Difference	87,000 (216% Increase)	74,000 (240% Increase)	24,000 (241% Increase)

**Background**

State law sets an August 1<sup>st</sup> due date for Second Installment property tax bills each year. Unfortunately, many Cook County taxpayers are unable to scrape together enough money to pay their taxes by sale time. It is obvious that cutting the time from Second Installment to tax sale by two thirds means that more taxpayers will be unable to pay before their delinquent taxes must go to the tax sale.





**Maria Pappas**

**Cook County Treasurer**

However, the Legislature seems not to have noticed the obvious: It comforted itself with the notion that having more taxes auctioned would bring more revenues more quickly to taxing districts. Of course, those investors known as "tax buyers" comforted themselves with the same idea – more ETNs at the sale means more profit for them.

But this profit comes at the expense of our taxpayers. And the financial pressure on them is real. We all hear the stories: A parent lost his or her job, a child fell ill, and needed expensive medical treatment; family business struggles made it difficult to put food on the table. These taxpayers need all the time they can get to pay their property taxes, and for years my office has been able to give taxpayers a 12-month "grace period" before state law required us to offer their unpaid taxes at the annual tax sale.

However, even as their property tax burden continues to rise, state law is set to cut that grace period with a dull knife. As the law stands today, in 2016, 2017 and 2018 respectively, my office will have to offer delinquent taxes for sale 10 months, eight months, and *a mere four months after the due date*. In other words, the taxes that are due on August 1, 2018, will be offered for sale in December of 2018 – a four-month window that will slam shut every December thereafter. At those December sales, tax investors will be able to purchase a tax lien on homes and small business properties, giving them the *right to take title to the properties* unless the investors are repaid in full (at often outrageous interest rates). A very happy holidays to county taxpayers, indeed!

To help put into perspective the devastating effect that these end-of-year tax sales are likely to have on many taxpayers in your home neighborhood, I have gathered data indicating the number of properties in Commissioner Butler's district that are likely to be jeopardized by, or subjected to, the 2017 annual tax sale. I estimate that:

- 10,350 properties would be delinquent two months before the annual sale and would therefore be published in newspapers (as law requires).
- The taxes on 4,187 properties would be offered for sale to tax investors.
- Tax investors are likely to purchase liens on 2,931 properties.

#### Next Steps

State legislation is required to preserve the 12-month grace period for taxpayers. My office has enlisted county lobbyists Derek Blalock and Scott Cisek in this cause for the last several years, but to no avail. Clearly, it will take work to defeat the powerful tax investor lobby, but Cook County's taxpayers need their elected officials to protect them. I urge you to contact your legislators on this issue.





**Maria Pappas**

**Cook County Treasurer**

Please review the enclosed maps showing projected numbers of properties in your district that are likely to be affected by the new annual tax sale schedule that the Legislature is imposing on us. I hope you find this material helpful in understanding what looms ahead for Cook County. My staff is available to explain these materials and the tax sale process to you in detail.

Sincerely,

A handwritten signature in dark ink, appearing to read "Maria Pappas", is written over a faint, larger version of the same name.

Maria Pappas  
Cook County Treasurer

Enclosures: 3

cc: Cook County Board of Commissioners

