

PTAX 1-BR
Board of Review
Basic Course

January 2024



Printed by the authority of the state of Illinois
PO# 2240207, 30 copies

Board of Review Basic Course Table of Contents

Contents

Glossary 5

Where to get Assistance or Information 13

Guide to Mathematical Terms and Equations 15

Unit 1- Duties, Responsibilities, and Procedures of Boards of Review 19

Unit 1- Summary 35

Unit 1- Review Questions..... 36

Unit 2- An Overview of the Property Tax Cycle 37

Unit 2—Summary 51

Unit 2-Review Questions..... 53

Unit 3- The Cost Approach to Value 55

Unit 3- Summary 59

Unit 3- Review Questions..... 60

Unit 4- Mass Appraisal & Residential Square Foot Schedules 61

Unit 4- Summary 87

Unit 4- Review Questions..... 88

Unit 5- Sales Comparison Approach to Value 89

Unit 5- Summary 103

Unit 5- Review Questions..... 104

Unit 6- Income Approach to Value 105

Unit 6- Summary 110

Unit 6- Review questions 111

Unit 7- Levy 113

Unit 7- Summary 116

Unit 7 Review Questions..... 117

Unit 8- Homestead and Non-homestead Exemptions	119
Unit 8-Summary	133
Unit 8- Review Questions.....	134
Unit 9- Sales Ratio and Equalization	135
Unit 9-Summary	144
Unit 9- Review Questions.....	145
Unit 10- Assessment Complaints at the Board of Review	147
Unit 10- Summary	156
Unit 10- Review Questions.....	157
Unit 11- PTAB: Appeals at the Illinois Property Tax Appeal Board	159
Unit 11- Summary	163
Unit 11- Review Questions.....	164
Unit 12 – Ethics.....	165
Unit 12- Summary	172
Unit 12- Review Questions.....	173
Exam Preparation	175
Appendix A – Relevant Statutes from the Illinois Property Tax Code – 35 ILCS 200	177
Answer Key.....	189

Glossary

Abatement - a reduction in a tax. For example, a unit of government may reduce its levy by filing an appropriate resolution with the County Clerk prior to extension.

Actual age - the number of years that have elapsed from the year of construction to the present date.

Ad valorem tax - a tax levied according to value.

Appraisal - an opinion of value, supported by evidence.

Appraiser factor – a factor applied to bring buildings valued by a particular appraiser more in line with the value of the rest of the buildings in the jurisdiction.

Arm's length sale - a sale between two parties, neither of whom is related to or under abnormal pressure from the other.

Assessed Value (AV) - the value placed on property for tax purposes and used as a basis for distribution of the tax burden. Most of the time this amount is subject to the State-issued equalization factor and the deduction of the homestead exemption on residential parcels.

Assessment - the official act of discovering, listing, appraising property, and entering a value for it on the assessment rolls for *ad valorem* tax purposes.

Assessment level - refers to the statutory level of 33.33% or the actual level obtainable from a sales ratio study.

Assessment/Sales Ratio Study - used to indicate the percentage relationship of the prior year's equalized assessed value to actual market value for real property in certain categories and in geographical areas.

Assessment uniformity - the degree to which different properties are assessed at equal percentages of Market Value. This is the foundation of assessment practices.

Bank Real Estate Owned (REO) - the first sale of the property owned by a financial institution because of a judgment of foreclosure, transfer pursuant to a deed in lieu of foreclosure, or consent judgment, occurring after the foreclosure proceeding is complete.

Board of Review - an appeal agency in each county, consisting of three members; in commission counties, the county commissioners or their appointees; in other counties, usually appointed by the County Board. The Board of Review is a review and equalizing agency.

Building residual - the building value derived from the sales price minus the lot value.

Capitalization - a mathematical process for converting the net income produced by a property into an indication of value. Used in the income approach to value.

Capitalization rate - "R" in the IRV formula. The ratio of the Net Operating Income to the property value. It is the total of the Equity Rate, the Effective Tax Rate, and the Mortgage/Interest Rate.

Effective tax rate - determined by multiplying the level of assessment by the aggregate tax rate supported by that property. Used to calculate property taxes by applying the effective tax rate to full market value.

CDU rating - modifies the normal age depreciation of an improvement according to the appraiser's determination of the improvement's condition, desirability, and utility.

Certificate of Error - a certificate issued by the assessing official and approved by the court to correct an error in the tax bill.

Chief County Assessment Officer (CCAO) - the individual appointed by a county board or elected in a county to assist township assessors in completing original assessments and to review their work. The CCAO has the power to revise and equalize assessments and is the Clerk of the Board of Review. In commission counties, the CCAO makes the original assessment.

Coefficient of Dispersion (COD) - a statistical measure of variation of individual assessment ratios around the median level of assessments. An average error expressed as a percent of the median; an indicator of assessment uniformity found by dividing the average deviation by the median. It is the most common method used in measuring assessment uniformity.

Comparable - recently sold property that is similar in many aspects to a property being appraised.

Component-in-place (CIP) - the method used to value buildings by analyzing and pricing each component part of the building.

Condition - a type of depreciation that refers to the physical condition of the improvement. Condition changes due to depreciation, such as wear and tear, use, and abuse.

County Assessor - an individual elected to oversee the assessment process in a county. In practice, a county assessor is responsible for making initial assessments rather than township assessors.

Cost approach - calculating the cost of reproducing the improvements, subtracting accrued depreciation, and adding land value.

Cost factor - used to adjust the cost schedules for differences in local construction labor and material rates.

Delinquent taxes - past due and unpaid taxes.

Depreciation - loss of value from any cause, *i.e.*, physical depreciation, functional obsolescence, and economic obsolescence.

Design factor - a factor applied to accommodate increased cost associated with complex architectural designs.

Desirability - a type of depreciation that refers to the economic or external depreciation, such as lack of appeal due to location, or some type of adverse influences outside the boundary lines of the property.

Eaves - lower edge of a roof, overhanging the side walls of a building.

Eave height - the height of a building from grade-level to the building's eaves.

Economic life - estimated period over which it is anticipated that a property may profitably be used. The period over which property will yield a return on and of the investment, over and above the economic rent due to land. This period can never exceed the physical life of the property and generally is shorter than physical life or endurance.

Effective age - age of an improvement based on the improvement's CDU rating; effective age does not always equal actual age.

Equalization - the application of a uniform percentage increase or decrease to assessed values of various areas or classes of property to bring assessment levels, on the average, to a uniform level of the market value.

Equalization factor - the factor that must be applied to local assessments to bring about the percentage increase or decrease that will result in an equalized assessed value equal to one-third of the market value of taxable property in a jurisdiction (other than farmland, farm buildings, coal rights, state-assessed property, and certain wind turbines).

Equalization multiplier - the application of a uniform percent increase or decrease to assessed values of various areas or classes of property to bring assessment levels to a uniform level of market value. The multiplier can be applied by Township Assessor (TA), Supervisor of Assessments (CCAO) or Board of Review (BR).

Equalized Assessed Value (EAV) - the assessed value multiplied by the State equalization factor. This gives the property value from which the tax rate is calculated after deducting all qualified homestead exemptions. For farm acreage, farm buildings, and coal rights, the final assessed value is the equalized assessed value. Individual tax bills are calculated by multiplying the individual district's tax rates by the equalized assessed value after all qualifying exemptions have been removed.

Exemption - the removal of property from the tax base. An exemption may be partial, as a homestead exemption, or complete as, for example, for a church building used exclusively for religious purposes.

Extension - the process in which the County Clerk determines the tax rate needed to raise the revenue (levy) certified by each taxing district in the county. Also, the actual dollar amount billed to property taxpayers in a district.

Factor - represents the adjustment to an appraisal for any number of variables.

Front foot - a strip of land one foot wide fronting a street, *etc.*, and running the entire depth of the lot. (Lot size 50' x 150' FF = 50')

Grantee - one to whom a grant is made (buyer).

Highest and best use - that (the property's) use determined to generate the highest net return to a property over a period of time, provided it is legal, reasonable, profitable, and probable.

Improvement - any structure attached to, lying upon, or within the land that may not be removed without physical stress.

Income approach - calculating the present worth of the income from an income-producing property.

IRV formula - formula for income approach to value; I (income) = R (capitalization rate) x V (market value).

Judgment - court-ordered authorization to sell delinquent taxes.

Land - the raw land without amenities, such as streets, utilities, etc.

Level of Assessments - ratio of assessed value to the sale price.

Levy - the amount of money a taxing body certifies to the County Clerk to be raised by property taxes to meet its operating expenses.

Market Value - the most probable sales price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

Mass appraisal - the process of valuing many properties as of a given date using standard methods and that provide uniformity.

Median - the middle value of a ranked set of numbers.

Neighborhood - the immediate environment or area having the most direct impact on a property's value.

Neighborhood factor - a factor applied when the neighborhood where a building is located directly affects the value of the buildings in that area.

Parcel - in land ownership mapping for assessment purposes, a parcel is usually held to be a tract of land under one identical ownership. It may be a combination of two or more tracts acquired by separate deeds.

Principle of substitution - the informed buyer is not paying more for a property than it would cost him to acquire an equally desirable substitute property.

Property Index Number (PIN) - a brief legal description of a parcel by numerical reference to parcels on assessment maps. It is a fourteen-digit number. The first two digits refer to the geographical township; the second two, to the section in which the parcel is located; the next three, to the block number; the next three digits identify the parcel within the block; the last four digits identify the use of the parcel.

Property record card (PRC) - used to record individual property appraisals used for assessment.

Quality grade - used to adjust cost schedules for differences in the quality of construction materials and workmanship.

Redemption - the payment by owner or interested party, of sold taxes, interest, costs, and penalties, following a tax sale.

Remaining Economic Life (REL) - period of time over which a prudent investor would reasonably expect to recapture his or her investment.

Replacement Cost New (RCN) - represents current cost of replacing an improvement.

Residual - remaining value. $\text{Sales Price} - \text{Land Value} = \text{Building Residual (Building Value)}$, or $\text{Sales Price} - \text{Building Value} = \text{Land Residual (Land Value)}$.

Sale in lieu of foreclosure - a transfer pursuant to a deed in lieu of foreclosure if the Grantee is a financial institution.

Sales comparison (or market) approach - calculating the value of properties by observing and analyzing the selling prices of comparable properties.

Sales Ratio (SR) - the ratio of assessed value to market value found from a property that has sold; ratio equals prior year (equalized) assessed value (AV or EAV) divided by the current year sales price (SP).

Sales Ratio study - an analysis of the percentage relationship of assessed value to market value. Ratio equals prior year assessed value divided by the current year sales price. A minimum of 25 useable sales/appraisals is required.

Short sale - property was sold for less than the amount owed to the mortgage lender or mortgagor, if the mortgagor has agreed to the sale.

Site - parcel that has been made ready to be used for the purpose for which it was intended.

Size & shape - a site's dimensions and area can create advantages and disadvantages for the site, which in turn can affect value.

State Property Tax Appeal Board (PTAB) - the State quasi-judicial body which hears appeals from taxpayers and taxing bodies on property tax assessment decisions of county boards of review.

Subdivision - a tract of land divided, by means of a map, into lots, or lots and blocks, for the purpose of resale, generally for residential or agricultural purposes.

Taxing body - a governmental organization that levies a property tax.

Taxing district - a territorial area under the taxing body's jurisdiction.

Tax base - composed of the Equalized Assessed Value (EAV) of locally assessed property, less all qualified exemptions, plus the value of any State-assessed property.

Tax rate - the amount of tax due stated in terms of a percentage of the tax base.
Example: \$6.81 per \$100 of equalized assessed valuation (equal to 6.81%).

Tax sale - the process by which delinquent taxes are annually sold.

Tax year - the year of assessment. The tax year refers to assessments based on January 1 values of a given year; the taxes are billed in the calendar year immediately following the tax year. Ex. Tax year 2021 is assessments based on January 1, 2021 values. The taxes for tax year 2021 are billed in calendar year 2022.

Three approaches to value - sales comparison (or market), cost, and income approach.

Township (congressional township) – a township is a nearly square area of land containing 36 sections.

Units of comparison - used in the sales comparison approach when establishing an appropriate measure of value. Front Foot (FF), Square Foot (SF), and site value are typical units of comparison. The median unit value of the most consistent unit of comparison is used as an indicator of value when all the lots have exactly the same features.

Units of value - divides sales price by the number of units.

Utility – a type of depreciation that refers to functional obsolescence, such as inefficient and impractical arrangement of rooms and any super-adequacy or inadequacy that may be present.

33 1/3% - means 33 1/3% of the actual value of real property as determined by the Department of Revenue's Assessment / Sales Ratio studies for the three most recent years preceding the assessment year, adjusted to consider the implementation of any changes in assessment levels since the data for such studies were calculated.

65-35 Rule - suggests that the utility of a lot is seriously affected by its shape, thus a loss in value. Applies to right-angle triangular shaped lots; if base is on the frontage, the lot has 65% of the value of a rectangular lot having the same frontage and depth, if the apex is located on the frontage, the lot has 35% of the value of a rectangular lot having the same frontage.

Where to get Assistance or Information

Web Sites

- Property Tax Division: <https://tax.illinois.gov/localgovernments/property.html>
- Property Tax Code (35 ILCS 200): <https://www.ilga.gov/>
- Illinois Property Tax Appeal Board: <http://www.ptab.illinois.gov/>

Publications

- PTAX-1004 The Illinois Property Tax System
<https://tax.illinois.gov/content/dam/soi/en/web/tax/research/publications/documents/localgovernment/ptax-1004.pdf>
- Publication 123, Instructions for Residential Schedules
<https://tax.illinois.gov/content/dam/soi/en/web/tax/research/publications/pubs/documents/pub-123.pdf>
- Publication 126, Instructions for Commercial Schedules
<https://tax.illinois.gov/content/dam/soi/en/web/tax/research/publications/pubs/documents/pub-126.pdf>
- PIO-62, An Overview of the Property Tax Extension Limitation Law by Referendum
<https://tax.illinois.gov/content/dam/soi/en/web/tax/research/publications/documents/pios/pio-62.pdf>

Guide to Mathematical Terms and Equations

This guide explains mathematical terms and illustrates frequently used formulas and equations. Proceed to Unit 1 if you feel proficient in your math skills and do not need to review this material.

Percentages and Decimals

Percentage (%) denotes a standard of measurement that represents a whole quantity divided into 100 equal parts. For example, 20 percent refers to 20 parts of a total of 100 parts, which in terms of fractional values is written as $20/100$.

Values are often written in percentages or decimals, and it is important to understand both the relationship between the two and the process of converting one to the other.

Note: Frequently, calculators will run specialized functions when the % key is used that is not the intention of the user. Unless an individual is confident in the use of the % key for the calculator, using the % key is not recommended.

To convert from a percent to a decimal, divide the value by 100, or simply move the decimal point two places to the left. For example, 20% is found by dividing 20 by 100 and it becomes .20. The result is the same if the decimal point were moved two places to the left. For example, 5% becomes .05. (A “0” must be placed to the left of the “5” to provide the second place before the decimal point can be moved two places to the left. By adding the “0” it would change from 5.0% to .05 (which can also be read as 5 hundredths or 5 parts of 100 parts). Similarly, $8\frac{1}{2}\%$ or 8.5% becomes .085.

To convert a decimal to a percentage, multiply the value by 100, or simply move the decimal point two places to the right. For example, .30 becomes 30%; .06 becomes 6%; and .0975 becomes 9.75%.

To multiply or divide percentages, convert the number to a decimal by moving the decimal point 2 places to the left.

$$25\% = 25.0\% = .25$$

After the number has been converted to a decimal number, complete the calculation on the calculator and convert the answer back to a percent by moving the decimal point two places to the right and follow it with a % symbol.

Examples of **multiplying percentages**:

- (1) $11\% \times 8\% = .11 \times .08 = .0088 = .88\%$
- (2) $11 \times 8\% = 11 \times .08 = .88$ or 88%

Examples of **dividing percentages**:

- (1) $20\% \div 5\% = .020 \div .05 = 4$
- (2) $20 \div 5\% = 20 \div .05 = 400$

To convert a percent to \$ per \$100 AV: carry the number over as it is and exchange the % sign with the \$ sign $4.00\% = \$4.00/\100 AV.

Examples of converting a percent to \$/\$100 AV:

- (1) $27\% = \$27 / \100 AV = \$27 per \$100 of AV
- (2) $.0382 = 3.82\% = \$3.82 / \100 AV or \$3.82 per \$100 of AV

Measuring Land and Parcels

Land Valuation

Several principles are involved in land valuation. *Land is valued as if vacant and at its highest and best use*, meaning the use that will bring the greatest net return to the property over a reasonable period of time.

Land and Site

Land is considered to be raw land without amenities, such as streets, curbs, gutters, sidewalks, utilities, etc.

Site is defined as a parcel that has been made ready for its intended purpose.

Guide to Common Measurements and Units of Value

Square Foot —The size is one of the most important factors in determining value and is also used to value irregular shaped lots.

How to Measure a Rectangle:

Length (Feet) x Width (Feet) = Area (Square Feet).

How to Measure a Right Triangle

$$\frac{\text{Base (Feet)} \times \text{Height (Feet)}}{2} = \text{Area (Square Feet)}$$

The base and the height are the two sides flanking the right angle

Front Foot —The amount of frontage is often the most significant factor in determining value, particularly with commercial property.

How to Measure Front Foot

Width of Frontage (depth of lot does not contribute to the value).

Site Value—The location is a significant factor in determining value.

How to measure Site Value

$$\frac{\text{Sale Price}}{\text{\# of Sites}} = \text{Site Value}$$

Acreage—The dollar per acre value is often the most important factor in determining rural residential land values.

How to measure acreage

$$1 \text{ Acre} = 43,560 \text{ SF} \quad \frac{\text{\# SF Area}}{43,560} = \text{\# Acres}$$

Unit 1- Duties, Responsibilities, and Procedures of Boards of Review

This unit covers the general duties of the members of a Board of Review and the statutory authority for performing those duties. It is the Who, What, Why, When, and Where of the Board of Review.

The purpose of this unit is to provide a basic understanding of who can serve on the BOR; what the responsibilities look like; what are the important dates; why the board exists and is important in the process of assessment of property taxes; and where those functions can be found in the Illinois Property Tax Code in the Compiled Statutes.

Learning Objectives

After completing the assigned readings, you should be able to

- identify who can serve as a member of the Board of Review.
- identify the basic duties and responsibilities of a Board of Review.
- have a general understanding of the various provisions related to those duties in the Illinois Property Tax Code and where to find them.

Terms and Concepts

Certificate of Error

Oath of Office

Publication

Penalties

Exemption

Who is the Board of Review?

The Board of Review is a 3-member body that is appointed or elected in each county to ensure a uniform and equitable local property assessment. The Board is comprised of 3 individuals with experience and training in property appraisal and property tax administration. 2 members of the board are from one political party and 1 member is from a different party. They serve for 2-year terms. The Chief County Assessment Officer serves as the Clerk of the BOR.

What is the Board of Review?

The Board of Review is the final local authority on local property assessment. Once an assessment is completed, the township assessor no longer can revise an assessment for that year. The township assessor returns the assessment books to the CCAO (by June 15th), who is empowered to make necessary revisions **before the assessment changes are published**. Once the assessments are published, the assessment books are certified to the Board of Review.

The Primary Duty of the Board of Review

The Primary Duty of the Board of Review is to examine and review the assessment roll to determine that the assessment work was accurately completed. In addition, it is the board's responsibility to review the degree of uniformity between individual assessments, assessment jurisdictions, and classes of property, and to make necessary corrections to ensure uniform results. This ensures that the tax burden is equitably and uniformly distributed among all taxpayers within a taxing district.

The Four Questions

The Board of Review must address four questions:

1. Is all of the taxable property listed on the assessment roll?
2. Are comparable properties valued similarly?
3. Is the Median Level of assessments uniform between all classes of property in all assessment districts?
4. What property should be exempt from property taxes because of its use or ownership?

Other Duties of the Board of Review

The duties of the Board of Review include the following:

1. **raise** individual assessments when it is determined the assessments are too low (after notice to the taxpayer and an opportunity for a hearing),
2. **lower** individual assessments when it is determined the assessments are too high (after notice to the taxpayer and the CCAO in accordance with Section 16-55 of the Illinois Property Tax Code),
3. add taxable property (**Omitted Property**) to the assessment roll (when real property has been omitted for the current or prior tax years and after written notice to the taxpayer and an opportunity for a hearing),
4. determine the **homestead exemptions** on properties,
5. **assess property no longer exempt** from taxation. The owner must be given written notice and an opportunity to be heard as a matter of due process. Failure to comply with either requirement may render the assessment null and void,
6. **equalize** assessments between townships, areas, and classes of property (except in Cook County),
Note: In all six of the above duties, the Board of Review may act on its own motion or on the complaint of a property owner or a taxing body.
7. **review** Non-homestead exemption applications and make recommendations to the IDOR for final determination, and
8. Boards of Review are required to **make a full and complete list**, by township, if so organized, of all changes they have made in assessments and equalization factors applied prior to the adjournment date and submit a copy of the list to the county clerk and to the CCAO.

Rules and Procedures Published by Boards of Review

Section 9-5 of the Illinois Property Tax Code provides that a Board of Review “shall make and publish reasonable rules for guidance of persons doing business with them for the orderly dispatch of business”. The quantity and complexity of real property assessments vary tremendously between counties. Therefore, some counties may need very detailed rules and procedures, while others can get by with simple rules.

An example of IDOR's guidelines:

**Rules governing hearings before the Board of Review of _____
County for the year of _____.**

1. Place of Meeting

Regular meeting of the Board of Review of _____ County will be held at the courthouse in the City of _____, Illinois. Meetings may be held in other parts of the county at the discretion of the board.

2. Time of Meeting

The board will convene on the _____ day of June and will adjourn from _____ day to day as may be necessary. The hours of the meeting shall be from _____ A.M. to _____ P.M.

3. Order of Business

At the hour appointed, the chairman shall call the members to order and proceed with the following routine of business.

- a. Approval of the minutes of the preceding meeting.
- b. Filing of complaints and petitions.
- c. Reading petitions.
- d. Consideration of petitions.
- e. Consideration of proposals to equalize assessments between townships or between classes of properties.
- f. Hearing of owner(s) or their qualified agents.

4. Time of Filing Complaints

All Assessment Complaints regarding property that is over-assessed or under-assessed under Section 16-55 of the code shall be filed on or before 30 calendar days after the date of publication of the assessment list under Section 12-10 of the code.

In counties with 3,000,000 or more inhabitants, the board shall, from time to time publish notices which specify the date and place at which complaints may be filed.

5. **Form for Assessment Complaints**

Complaints relating to real estate must be filed on Form PTAX- 230, Non-Farm Real Property Assessment Complaint (or a form provided by the county). This form is provided by the board. Complaints relating to farmland and farm buildings must be filed on Form PTAX-227, Farm Property Assessment Complaint (or a form provided by the county).

6. **Claims for Exemption by:**

- Charitable, educational, and governmental organizations must be filed on Form PTAX-300, Application for Property Tax Exemption.
- Religious organizations must be filed on Form PTAX-300-R, Application for Religious Property Tax Exemption.
- Federal and state agencies must be filed on Form PTAX-300-FS, Application for Federal/State Property Tax Exemption.
- Hospitals must be filed on Form PTAX-300-H, Application for Hospital Property Tax Exemption.

The application forms must be completed, and all supporting documentation attached. The required attachments are listed on each form. Some examples include:

- Proof of ownership, such as a deed, title insurance policy or contract for deed.
- Exterior photograph of the property.
- Affidavit stating the specific use of the property, the frequency of the use, and the portions of the property put to those uses.

The burden of proof is on the applicant.

7. **Docket of Cases**

When an Assessment Complaint is received it should be recorded on Form-PTAX 244, Board of Review Case Docket. The record shows the complaint number, description of the property, reference to the assessor's books, the time of hearing and the final disposition made of the case.

8. **Review on Motion of the Board**

The board may initiate proceedings designed to correct assessments omissions or errors. The board shall give reasonable notice to the taxpayer, directing them to appear before the board. The taxpayer must show cause, if any, why the assessment should not be changed. No action shall be taken by the board prior to the time set for the hearing, unless the taxpayer appears before the board prior to the hearing time.

9. **Petitions for Equalization***

Petitions addressed to the board regarding matters of equalization must clearly indicate the class or classes of property, or the taxing jurisdictions that appear to be assessed at a level not consistent with the general assessment level prevailing in that county.

**Cook County does not have the authority to equalize within the county. If petitions of this nature are to receive favorable consideration, they should be supported by assessment ratio data.*

10. **Amendment of Rules and Regulations**

The rules set forth may be amended at any time. The notice of the amendment must be given by publishing in a newspaper. Such amendment becomes effective as specified in the notice of publication.

Clerk of the Board of Review

The CCAO shall serve as the Clerk of the Board of Review.

In Cook County, the Board of Review must appoint a Chief Clerk, a secretary, and a deputy in charge of complaints.

Essential Records

Because of the authority and finality of its acts, the Board of Review must keep accurate and complete records of its findings and decisions.

The essential records include:

1. **Board of Review Minute Book**

The minute book is a record of the dates and time the Board of Review is in session, the members present, and the nature of the business conducted. The date adjourned, and the signature of the clerk should also be recorded for each session.

Sample entries include:

- a. Inspection of assessor's books in _____ Township, or assessment district.
- b. Receiving complaints, numbers _____ through _____.

- c. Hearing complaints, numbers _____, _____, _____, _____, _____, _____, _____.
- d. Hearings on board's motion to increase assessments, numbers _____, _____, _____, _____, _____, _____.
- e. Prepares publication notice of proposed equalization in _____ Township, or assessment district.
- f. Hearing of taxpayers of _____ Township, or assessment district, on the board's motion to increase the assessment of real estate in that township or assessment district _____ percent.

Board of Review Case Docket

Its purpose is to cover not only complaints filed before the board, but also cases that originate on the board's own motion. The statute requires that all complaints be numbered in the order they are received by the township or taxing district. This way it is possible for the board to keep its file of complaints and docket of cases in the same order and allow assessors to inspect the record of complaints against their work.

Entering Changes in the Assessment Books

The law requires that changes made by reviewing officials be entered in the assessor's books in the column provided for the board. *(In Cook County, the Board of Review orders the County Assessor to make the changes.)*

When writing these changes, the amount shown in the docket book should be balanced with the changes made in the assessor's books. Each item that has been revised in the assessors' books should be noted in the docket book by the appropriate page and line reference. The docket and minute books may be maintained electronically, in a format approved by IDOR.

Equalizing Assessments

Equalization is the adjustment of assessed values between geographic areas or between classes of property so that areas or classes are at the same median level of assessment. For example, if property is assessed at 20 percent of its value in one area of the county, while in another area the same kind of property is assessed at 30 percent of its value, it is the duty of the Board of Review to first adjust the assessed values in these areas to the median level of assessments for that jurisdiction. Once uniformity is established in these jurisdictions, it is the duty of the Board of Review

(except in Cook County) to then adjust the assessment levels to the statutory level of 33 1/3 percent with the use of intra-county equalization.

A principal objective of the Board of Review is to eliminate any inequalities stemming from different judgments of value by assessors.

Discovering and Assessing Omitted Property

Boards of Review are entrusted with the discovery and assessment of omitted property. This requires diligent searching on the part of assessing and reviewing officials. The owner of the omitted property must be given a written notice and an opportunity to be heard.

Cook County—Entering Changes in the Assessment Books

The Cook County Board of Review does not change the assessment books directly. The Board of Review orders the County Assessor to make changes.

Certificates of Error

Certificates of Error (C of E) may be issued by either the CCAO or the Board of Review in specific circumstances. C of Es can only be issued if an error or mistake is discovered in the assessment (other than errors of judgment as to the valuation of the property). The C of E must set forth the nature of the error and the cause or causes of the error. A common example of when this may be warranted would be if a garage or structure was demolished but was still on the tax rolls. C of Es must be counter-endorsed; if the CCAO issues the C of E, the BOR must sign off, and vice-versa. The Board of Review must publish C of Es in a local newspaper.

Data Collection and Analysis- Suggested Sources of Information

The appraisal process requires three types of data:

- **General** data affecting values on national, state/regional, or neighborhood levels
- **Specific** data, about the site, title and improvements of the property
- **Comparative** data regarding recent sales, cost, and income information for similar properties

General Data

Trends in business cycles, the economy, financing options, population, price levels, building costs, purchasing power and tax rates.

Physical factors affecting value. The most important of these is location; others are size, topography, appearance, lot size/shape, street pattern, soil and subsoil conditions, drainage, hazards, climate, utilities, nuisances, conformity of improvements and proximity to supporting facilities.

Governmental factors such as municipal services, planning and zoning, building codes, development regulations, taxes, special assessments, and services.

Social factors such as population density, crime rate, income levels, labor supply and skill levels, and cultural activities available.

Specific Data

Ownership data, including owner's identity, type of ownership (warranty deed, titling information, etc.), easements or encroachments, zoning regulations, assessed value and taxes, and deed restrictions and covenants.

Site information, including a description of the land (size, shape, topography, and location) and public improvements (paving, walks, curbs, sewers, utilities), corner influence, building orientation, accessibility of the site, and any advertising value offered by the site are also considered. Data collected for an industrial or commercial property may be very different from that needed to appraise a single-family residence.

Improvement information such as the size, quality and condition of all buildings and physical improvements, along with an analysis of their layout, style, and design. A clear statement about the current use of the property should also be included. If multiple uses exist, they should be noted and documented as carefully as possible.

Comparative Data

Cost Data, which may be obtained through the State publications and/or sources such as Marshall and Swift, RS Means, or other developers.

Sales Data, which is collected, and basic adjustments are developed, such as time and location, as well as adjustments for different property characteristics. As a result, benchmark properties for comparison purposes are established.

Income Data, which is gathered from income and expense statements. The assessor may develop economic rents, vacancy and collection loss allowances, discount, effective tax and recapture (owner's equity) rates.

Data Sources

Public records are extremely useful in locating pertinent information. Some common examples are as follows:

City or County Recorder's Office

- Deeds
- Deed Restrictions
- Mining Claims
- Codes and ordinances
- Business ownership identification
- Partnership agreements, divorce decrees, and other documents affecting ownership changes

Engineering departments

- Building permits
- Demolition permits
- Right-of-way easement records or public services and utilities

Sales Tax offices

- Sale/use tax permits

Planning and Zoning Office

- Variances and other zoning decisions
- Development and land use plans
- Subdivision information
- Annexation maps
- Lot splits and abandonments
- Building permits
- Historic districts

State licensing boards

- Licenses for service and professional activities

State land office

- Leases of state land; sale or trade of public land

Private data sources

- Commercial cost manuals
- Economic data from local, state, or national sources
- Specific information about technical and market trends industries
- Telephone and service directories
- Real estate, newspaper and commercial organization data on the internet

Completing the Work of the Board of Review

For the property tax system to function properly it is of utmost importance to follow the deadlines stated in the Illinois Property Tax Code as closely as possible. Each Board of Review except the Cook County Board of Review adjourns when the work for that assessment year is completed and the assessment books are certified to the county clerk, but **no later than March 15th of the following year.**

The final date for adjournment of the Cook County Board of Review is 60 days after the date of the last delivery to it of the assessment books for any township or taxing district.

Recall by the Illinois Department of Revenue

The Director of IDOR is authorized to order the Board of Review to reconvene in extraordinary session to enable the board to further revise, correct, and equalize the assessments of any property in the county, or any assessment district in the county, under Section 13-10 of the Illinois Property Tax Code. However, the recall of a Board of Review can cause a delay in the issuance of tax bills.

Successful Operation of the Board of Review

The successful operation of the Board of Review requires using proper administrative methods and legal procedures.

IDOR publishes cost schedules and publications aimed at improving the assessment, review, and equalization procedures. These publications may be obtained on our website at **tax.illinois.gov** under >Local Governments> Property Tax> General Information and Resources>Publications>Tax Publications.

The services of the technical staff in the Property Tax Division are available to assist in resolving problems. Please contact us for any assistance you may need.

Penalty for Failure to Perform Duties

According to Article 25, Sec 25-15, neglect of duty is a Class A misdemeanor. **You may be removed from office and held liable for damages to the injured party.**

Board of Review Educational Requirements

Generally, in counties with less than 100,000 inhabitants:

Members of the Board of Review in township counties are required to successfully complete a basic course in assessment practices within one year of taking office.

The term “members of the Board of Review” encompasses all members of the regular Board of Review and all members of the extended Board of Review.

A board member needs to successfully complete an approved course only once. It is not necessary to repeat the process.

IDOR has approved the course “I-BR Board of Review—Basic Course” to meet this educational requirement.

Individuals who have successfully completed either the 3 or 4 ½ day “basic” course offered by the Illinois Property Assessment Institute or have successfully completed the Department’s 1-A and 1-B courses prior to 1997 are also considered to have met the educational requirement.

In counties with 100,000 or more but less than 3,000,000 inhabitants:

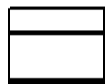
An exam administered by IDOR is required prior to appointment to a Board of Review. The exam results are good for three years following the date in which the exam was passed or as long as the board member is in continuous service.

Commission county Board of Review members who are either County Commissioners or appointed members are required to successfully complete a Board of Review exam administered by IDOR.

Cook County Board of Review members are required to successfully complete a basic course in assessment practices within one year of taking office. The Department has approved this course, “I-BR Board of Review—Basic Course”, to meet this educational requirement.

Board of Review Qualifications

The statutory qualifications for board of review members are under Article 6 of the Property Tax Code (35 ILCS 200/).



Counties with 100,000 to 3 million in population with appointed board of review members under Section 6-5. Members are required to pass the IDOR examination under Section 6-10 prior to taking office. Members must meet training and experience requirements in property appraisal and property tax administration as determined by the county and must meet the political makeup requirement in Section 6-15.



Counties with less than 100,000 in population with appointed board of review members under Section 6-5 required to pass the IDOR examination under Section 6-10. Members are required to pass the IDOR examination prior to taking office and must pass the IDOR board of review class within one year of taking office under Section 6-10. Members must meet training and experience requirements in property appraisal and property tax administration as determined by the county and must meet the political makeup requirement in Section 6-15.



Counties with 150,000 or more and less than 3 million in population which had an elected B/R on January 1, 1993, under Section 6-35 (St. Clair County). There are no qualification requirements in the Property Tax Code.



Counties not under township organization (17 Commission Counties). County commissioners serving on the board of review, or any appointed members under Section 6-30 are required to pass the IDOR examination prior to serving on board of review under Section 6-32. Appointed Board of Review members must also meet the political makeup requirement in Section 6-34.



Counties with less than 100,000 in population with a board of review elected from districts under Section 6-40 (Christian* and Vermilion Counties). Each member must pass the IDOR board of review class within one year of taking office under Section 6-10.



*The Christian County board of review members must also pass the IDOR examination prior to taking office as required by county board resolution under Section 6-10.



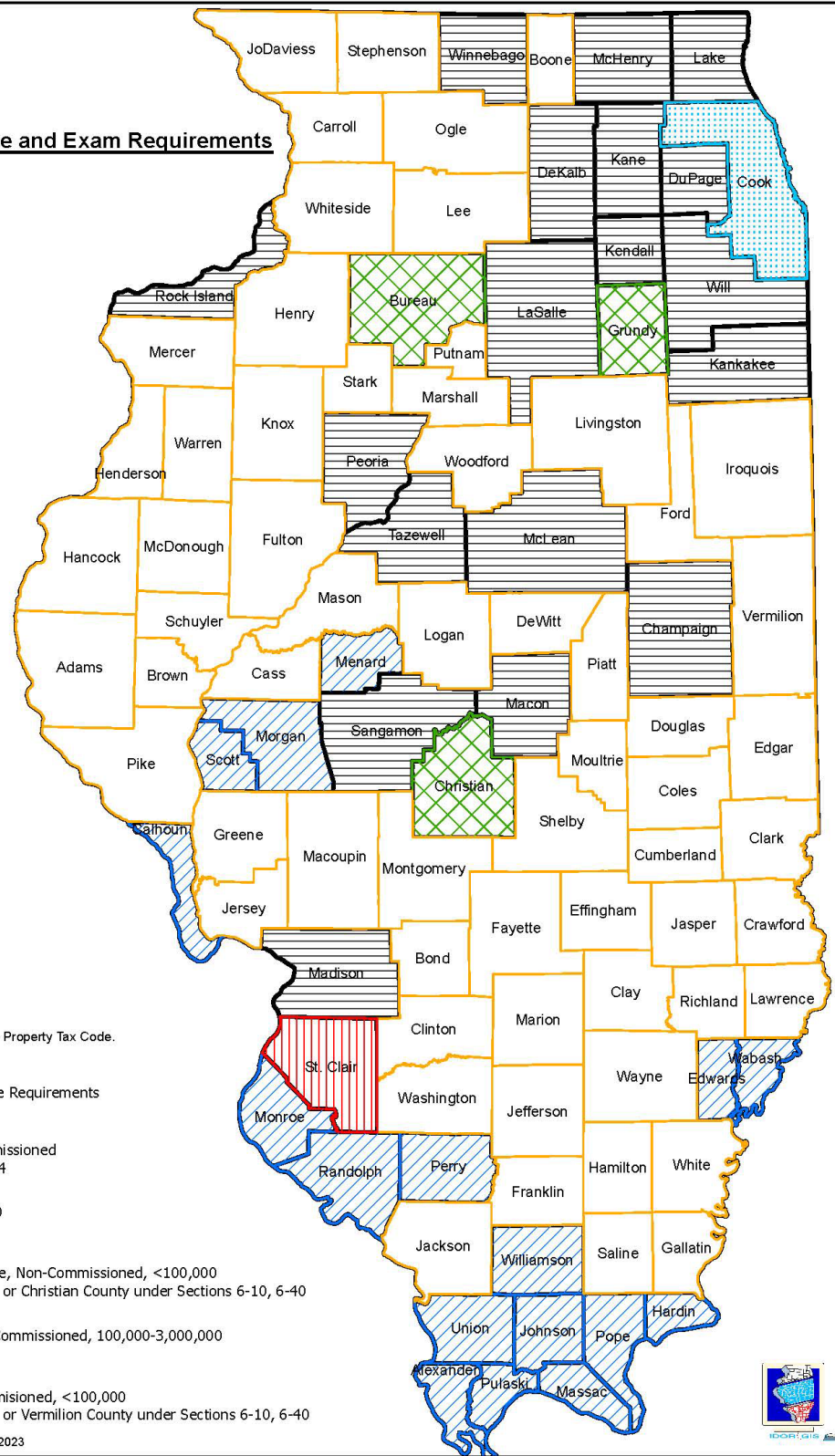
Counties with 3 million or more inhabitants under Section 6-10 (Cook County). Each member must pass the IDOR board of review class within one year after taking office.



Counties with less than 100,000 in population with appointed board of review members under Section 6-5 required to pass the IDOR board of review class under Section 6-10. Members are required to pass the IDOR board of review class within one year of taking office under Section 6-10. Members must meet training and experience requirements in property appraisal and property tax administration as determined by the county and must meet the political makeup required in Section 6-15.







Status as of February 19, 2020

Board of Review Course and Exam Requirements



Legend

Sections below correspond to the Property Tax Code.

-  No Exam or Basic Course Requirements
Section 6-35
-  State-Wide Exam, Commissioned
Sections 6-30, 6-32, 6-34
-  Basic Course, 3,000,000
Sections 5-5, 6-10
-  State-Wide Exam, Course, Non-Commissioned, <100,000
Sections 6-5, 6-10, 6-15 or Christian County under Sections 6-10, 6-40
-  State-Wide Exam, Non Commissioned, 100,000-3,000,000
Sections 6-5, 6-10, 6-15
-  Basic Course, Non-Commissioned, <100,000
Sections 6-5, 6-10, 6-15 or Vermilion County under Sections 6-10, 6-40

Status as of July 21, 2023



The Illinois Property Tax Code

There are many resources available to answer questions, do research, and get the information and materials you need in order to fulfill your duties as a Board of Review member. The Property Tax section of the IDOR website is a useful place to start and has multiple publications dedicated to specific assessment topics. However, all materials on the website are derived from the information provided in the Illinois Property Tax Code and the Administrative Rules created as a result of the statute.

The Illinois Property Tax Code is just one portion of the Illinois Compiled Statutes (ILCS). The full text of the ILCS can be found on the Illinois General Assembly website at www.ilga.gov. The Illinois Property Tax Code is identified as 35 ILCS 200. From there, the Act is broken down into Titles, Articles, Divisions and Sections. Each portion focuses on specific topics related to Illinois property tax.

As a Board of Review member, it is critical that you are familiar with the statutes and know how to find applicable information. We have included **Appendix A – Relevant Statutes from the Illinois Property Tax Code – 35 ILCS 200** at the end of this manual to help guide your research. Exercise A-1 can be done independently to further test your use of the ILGA website and navigation of the statutes.

Unit 1- Summary

The duties of the Board of Review include:

- Discovering omitted property
- Adding previously exempt property to the tax roles
- Equalizing property
- Raising and lowering assessments, based on complaint, review, or own motion
- Determining Homestead exemptions
- Reviewing and forwarding Non-homestead exemptions to IDOR
- Publishing changes as required
- Maintaining lists of changes, meeting minutes, and accurate records

BOR members are the final authority for placing assessed values in the county.

The duties and procedures of the Board of Review are outlined in the Illinois Property Tax Code.

The owner of omitted property must be given written notice and an opportunity to be heard as a matter of due process. Failure to comply with either requirement may render the assessment null and void.

There are many sources of data available to help you do your job.

A penalty can be imposed upon failure to perform your duties.

Unit 1- Review Questions

True or False Questions

1. **T or F** The Supervisor of Assessments (CCAO) has final authority of Homestead exemptions.
2. **T or F** The Board of Review is the final authority on assessed values in a county.
3. **T or F** No written notice to the taxpayer is required if the Board of Review *reduces* the assessed value.
4. **T or F** A Board of Review member who fails to perform his duties and is confronted must resign.
5. **T or F** The Board of Review has final authority on all Non-homestead exemptions.
6. **T or F** The requirements to serve on the Board of Review are the same in all counties except Cook County.
7. What is one reason that a Certificate of Error would not be issued?

List four duties of the Board of Review:

1. _____
2. _____
3. _____
4. _____

Unit 2- An Overview of the Property Tax Cycle

The purpose of this unit is to provide a basic understanding of property taxation, the establishment of value for tax purposes, and the two-year property tax cycle, beginning with the creation of the assessment books and concluding with the sale of a lien on real estate due to nonpayment of taxes.

Learning Objectives

After completing the assigned readings, you should be able to

- outline the flow of the assessment books, from their creation through their use in preparation of the collector's books.
- identify the roles various township and county officials play in the property tax cycle.
- identify established completion dates for various processes.

Terms and Concepts

Ad valorem tax

Assessment

Assessment date

Assessment cycle

Budget and levy cycle

Equalized assessed value (EAV)

Levy

Market value

Personal property

Real property

State-assessed property

Statutory level of assessments

An Overview of Property Tax

Property tax is governed by the Illinois Property Tax Code, 35 ILCS 200/1-1 through 32-20. Property tax is a local tax assessed by the county or township. Revenues are collected and spent at the local level. IDOR (Illinois Department of Revenue) issues guidelines, determines county equalization factors, grants or denies non-homestead exemptions, distributes assessment manuals, provides technical assistance and assessment training to local assessing officials.

Property can be divided into two classes—real and personal. **Real property** is land, and anything permanently attached to the land, *e.g.*, buildings and fixtures permanently or constructively attached to a building. **Personal property** is all property that is not real property *e.g.*, automobiles, livestock, money, furniture, etc.

All owners of real property must pay property taxes unless specifically exempted by state law. Owners of residential, commercial, industrial, and agricultural property all pay property taxes directly. Renters also contribute to the property taxes but do so indirectly through their rent.

In Illinois, taxpayers now pay property taxes only on their real property. Personal property tax for individuals was abolished by the 1970 Illinois Constitution. Corporations, partnerships, limited partnerships, joint ventures, and similar entities continued to pay taxes on personal property until 1979. These business entities now pay a **replacement tax** on income or invested capital. Business entities pay this tax to IDOR, which distributes the monies to local taxing districts in proportion to the amount received previously from the personal property tax.

Property taxes are raised, spent, and distributed locally. Property taxation produces more than three-fourths of the total state tax revenue and finances a major part of the services provided by local governmental units which benefit citizens and their property. The largest share of the property tax goes to school districts.

Property tax is a tax that is based on value of the property owned and is assessed according to its value. For this reason, it is often called an ***ad valorem*** tax. Most real property in Illinois must be assessed based on its value in the open market.

Market value is the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

Appraisals for *ad valorem* tax purposes shall assume property is owned in “**fee simple**”, meaning the total bundle of rights is intact.

The determination of market value for tax purposes is the job of assessors, who use one or more of the following “**Three Approaches to Value**”.

- **Cost Approach**—calculating the cost of replacing the improvements, subtracting all depreciation, and adding the land value.
- **Sales Comparison Approach**—calculating the value of property by analyzing the selling prices of comparable sales. (Also called Market Approach)
- **Income Approach**—calculating the present value of the property by analyzing the income from similar income-producing properties.

The Property Tax Cycle

The property tax cycle—from the assessment of property to the collection and distribution of taxes—takes nearly two years for most property. Some steps take place concurrently, but basically the cycle can be divided into six steps.

1. Assessment
2. Review
3. Equalization
4. Levy
5. Extension
6. Collection and distribution

The Assessment Cycle

The assessment cycle begins with the creation of the assessment books and ends with review of the assessments by the Board of Review. The assessment cycle takes from nine to twelve months to complete, depending on the size of the county and the number of assessment complaints filed with each Board of Review. The steps in the assessment cycle are:

1. Assessment
2. Review
3. Equalization

Step 1: Assessment

An assessment involves four steps:

1. identifying the real property within a jurisdiction,
2. listing it,
3. appraising it, and
4. placing an assessed value on it for the tax rolls.

The assessed value is the basis for determining what portion of the total tax burden each property owner will bear. In Illinois, the statutory level of assessments is one third or 33 1/3 percent of market value, unless set otherwise by law.

Most property is locally assessed by township and county officials. In all counties except Cook and the 17 commission counties, township or multi-township assessors have primary assessment responsibility.

A few types of properties are assessed by the state, such as railroad property, railroad right-of-way and track, and pollution-control facilities that have been certified as such by the Pollution Control Board. The value of **state-assessed property** is a small percentage of all taxable property. State-assessed property is valued by IDOR and these assessments are certified to the appropriate county clerks for inclusion in the local tax base.

The 17 commission counties are Alexander, Calhoun, Edwards, Hardin, Johnson, Massac, Menard, Morgan, Monroe, Perry, Pope, Pulaski, Randolph, Scott, Union, Wabash, and Williamson. **Commission counties have no township level of government.** The supervisor of assessments has the primary responsibility for assessments of property.

Supervisors of assessments and county assessors are also referred to as Chief County Assessment Officers (CCAO's). The work of the township and multi-township assessors is subject to review and, if necessary, revision by the supervisor of assessments. The supervisor of assessments is usually appointed by the county board.

The supervisor of assessments must have two years of relevant experience, pass a qualifying examination administered by IDOR, and possess a professional appraisal designation specified in the statutes. Most counties have an appointed supervisor of assessments. Other counties elect a supervisor of assessments. The county assessors in Cook and St. Clair counties are elected.

Assessors must also qualify to hold office based on prescribed course work in assessment techniques.

In Illinois, property is to be viewed, inspected and valued once every four years. The fourth year is referred to as a general reassessment year (or a quad year). (*Cook County is on a three-year reassessment cycle with triad assessment districts.*) Between these quadrennial assessments, assessors may revalue any property whose value has changed or is incorrect.

Farmland acreage is reassessed every year using Certified Values from the Illinois Department of Revenue.

On January 1, the assessment cycle begins. The **assessment date** in Illinois is January 1. Property must be valued as to its condition at that point in time. The Property Tax Code requires that on or before this date, the CCAO requests that the county clerk give him or her the assessment books listing all parcels of real estate to be assessed in each of the townships in the county.

Most counties now have computerized "assessment books". The old, hard copy assessment books had columns for the Property Index Number (PIN), the name of the owner, the assessment by the township assessor, the assessment by the

CCAO, and the assessment by the Board of Review for each parcel. The CCAO conducts a meeting with the township assessors to give them instructions, inform them of any changes, and handout the assessment books.

Procedures for the establishment of farmland assessments begin on May 1 in the year prior to the assessment date, with the certification of proposed values sent by IDOR to the CCAO. The values are used to make assessments for the assessment year beginning on the **following** January 1.

In most non-commission counties, township and multi-township assessors should complete their assessments **by June 15**. After the assessors have certified their assessment books as being correct and complete, they return them to the CCAO, who has until the third Monday in June or before the 90th day following the certification of the final township assessment roll in the county, whichever is later, to examine the books and make changes. Assessment books are then given to the Board of Review for subsequent review and equalization. *(The Cook County assessor certifies the completed assessment books to the Board of Review as they are completed.)*

Taxpayers have the right to inspect property record cards and other assessment records for any property, subject to reasonable rules and regulations established by local authorities. With a few exceptions, assessment information is a matter of public record and subject to requests under the Freedom of Information Act.

Steps 2 & 3: Review and Equalization

Review and **intra**-county (within the county) equalization (in all counties except Cook) are performed by the CCAO and/or the Board of Review. While the CCAO and the Board of Review have the power to equalize, normally only one will do so.

The CCAO examines the assessment books and makes any changes that will make the assessments more accurate and/or more equitable. The CCAO may equalize assessments by applying a factor to all assessments for a township, an area, or a class of property.

The CCAO then sends a report on equalization and a tentative abstract of assessments to IDOR.

IDOR uses the information on the tentative abstract to determine if the level of assessments has changed since the data for the department's sales ratio study was collected. The department then certifies a tentative **inter**-county (between counties) equalization factor, often called a "tentative state multiplier," to the CCAO and the county clerk and holds a public hearing on the factor.

The Board of Review **convenes no later than the first Monday in June** in most counties and **completes its work no later than March 15th** of the following year. *The Cook County Board of Review convenes on or before the second Monday in September and adjourns 60 days after the date of the last delivery to the Board of Review of the assessment books for any township or taxing district.*

The Board of Review has several important duties in the assessment cycle.

1. **Omitted Property**—for prior years, the board assesses property that was inadvertently omitted from the assessment rolls.
2. **Assessment Complaints**—the Board of Review takes Assessment Complaints from taxpayers and makes necessary assessment changes.
3. **Board's Own Motion**—the board can also make individual assessment changes on its own volition. (In all cases, the taxpayer and the township assessor must be notified of these changes and given an opportunity to be heard before those changes become final)
4. **Homestead Exemptions**—the Board of Review is the final authority in granting or denying homestead exemptions.
5. **Non-homestead Exemptions**—the Board of Review reviews applications for non-homestead exemptions on properties owned by churches, schools, hospitals, governmental units, etc. The Board of Review makes a recommendation to IDOR as to whether these properties should be exempt. IDOR makes the final determination and either grants or denies an exempt status.
6. **Equalization**—except in Cook County, the Board of Review can also equalize assessments by township, area, or class of property and sends an equalization report to IDOR.

Any assessment changes are entered in the Board of Review's column in the assessment books. **Whenever a change of assessment has been made, the board must mail a change of assessment notice to the taxpayers.** The board must also make a full and complete list of all changes it has made and the final equalization factors it has applied. An equalization factor applied by the BOR must be published in the newspaper. The BOR makes the final decision on property values at the County level.

A copy of the list of changes and the assessment books must be given to the CCAO and to the county clerk. These lists are a matter of public record and open for public inspection. The Board of Review then certifies the assessment books to the county clerk.

All assessments that have been changed from the previous assessment year must be published in a newspaper. However, only the equalization factor(s) must be published for properties that had assessment changes due solely to equalization. Individual assessment notices must be mailed to taxpayers whose assessments were changed for any reason other than an equalization factor.

In a general reassessment year (a quad year), **all** values must be published whether or not there have been any changes.

The determination of market value requires skilled, knowledgeable Board of Review members. To encourage assessing officials to improve their knowledge and skill in determining value, the state pays an educational stipend to any supervisor of assessments, assessor, deputy assessor, or member of a Board of Review, who earns certain professional designations and who continues their education each year. The Board of Review then completes their review and changes.

Completion of the Assessment Cycle

After the county clerk receives the assessment books from the Board of Review, the clerk prepares an abstract of assessments that IDOR uses in the computation of the final (**inter**-county) equalization factor for the county. When the county clerk receives the department's certification of the final equalization factor and the certification of state-assessed properties, the clerk applies the final equalization factor to the local assessments as certified by the Board of Review. This results in the **Equalized Assessed Value (EAV)**. These EAV's are the final values used to compute tax rates and extend taxes. The assessment cycle is complete.

Assessment Cycle

County Clerk:	Prepares two sets of real estate books and delivers to the CCAO by January 1.
CCAO:	Meets with township assessors before January 1 and establishes guidelines; delivers one set of books to township.
Township assessor:	Values real estate as of January 1 and returns books to CCAO by June 15; can equalize. In Commission Counties, the County Assessor performs the valuation of all property.
CCAO:	Reviews assessments made by township assessors; makes changes. Equalizes assessments within county by class, by area, or by township. Mails changes of assessment notices to taxpayers. Publishes changes in newspaper of general circulation. Delivers books to board of review by the third Monday in June or before the 90 th day following the certification of the final township assessment roll in the county, whichever is later. * (Revised July 2016) Prepares tentative abstract of assessment report; mails report to the department.
Department of Revenue:	Develops tentative equalization factor; publishes factor in newspaper; holds public hearing.
Board of Review:	Assesses omitted property. Acts on non-homestead exemptions and mails to department for approval. Hears complaints and makes assessment changes on any property when deemed necessary. Mails changes of assessment notices to taxpayers. Equalizes assessments within county by class or area, if necessary. Delivers books to county clerk and CCAO. Mails report on equalization to department. Makes a list of changes and gives the list to the CCAO and county clerk.
County Clerk:	Prepares final abstract of assessments and mails to department.
Department of Revenue:	Certifies final equalization and mails to county clerk.
County Clerk:	Applies equalization factor to all local assessments, except for all properties subject to state equalization factors.
Department of Revenue:	Certifies state assessments and mails to county clerk.

Budget and Levy Cycle

While the assessment cycle determines the allocation of the tax burden among property owners, the budget and levy cycle determines the total amount of property tax to be paid by the property owners. The three steps in the budget and levy cycle are:

1. levy,
2. extension, and
3. collection and distribution.

Step 1: Levy

The budget and levy cycle begins in the fall of the assessment year when most Boards of Review are still in session. At this time, taxing districts have generally determined their budgets for the next fiscal year and have held hearings on their budgets. Taxpayers who are concerned with the amount of property tax distributed to taxing districts should attend these public hearings and voice their opinions.

After the budget is approved, the taxing districts can then calculate the amount of revenue needed from the property tax. This amount is certified to the county clerk as the property tax levy **on or before the last Tuesday in December**. The amount levied is the amount the taxpayers will pay on their property tax bill in the following year.

Step 2: Extension

Once the assessment cycle is complete, the county clerk receives the assessment books from the Board of Review and applies the county equalization factor from IDOR to the individual assessments. With this information, and the levies received from the taxing districts, the county clerk proceeds with the extension of taxes.

Extension is a two-step process that includes the computation of tax rates and the application of those rates to the EAV's of individual parcels of real estate.

Calculating a Tax Rate

In the first step, tax rates are computed by dividing a taxing district's levy by the total EAV of the parcels in that taxing district. Some tax rates are subject to statutory maximums.

If the calculated rate is above the maximum rate, the clerk uses the maximum rate.

Example 1

Levy	=	\$1,000
Total EAV of property	=	\$100,000
Tax Rate	=	$\frac{\text{Levy}}{\text{EAV}}$
Tax Rate	=	$\frac{\$1,000}{\$100,000}$
Tax Rate	=	.01 or 1%

Tax rates are normally expressed in dollars per \$100 of Assessed Value (or EAV). In the example above, the tax rate is \$1 in taxes for each \$100 of EAV.

Extending taxes (calculating the individual property tax bills)

In the second step of the extension process, the individual tax bills are extended into the collector's book by multiplying the EAV of each property by **the sum of the tax rates for all taxing districts in which the property is located**. The sum is called the **aggregate tax rate**. The typical aggregate tax rate includes rates from the county, township, school district, municipality, park district, fire protection district, etc., depending on where the property is located.

Example 2

A property's aggregate tax rate is \$7.00 per \$100 of the property's EAV. Assume the property's EAV is \$20,000.

$$\text{Tax bill} = \text{EAV} \times \text{aggregate tax rate}$$

$$\text{Tax bill} = \$20,000 \times \$7/\$100 \text{ (or .07)}$$

$$\text{Tax bill} = \$1,400$$

Example 3

Another way of calculating the tax bill:

$$\text{EAV} = \$20,000$$

Calculate the number of \$100 increments in \$20,000

$$\frac{\$20,000}{\$100} = 200 \text{ increments (of \$100 each)}$$

$$\text{Tax bill} = 200 \times \$7.00 = \$1,400$$

The collector's book will normally show an abbreviated legal description, the owner's name, property index number (PIN), the EAV, the individual taxing districts and each tax rate, the aggregate tax rate, the total tax due, and the amount due for each installment.

Step 3: Collection and Distribution

The county treasurer prepares a property tax bill for each property listed in the collector's books. The bill is mailed by May 1st of the year following the assessment year. For counties that use a two-installment method, the first installment is due by June 1 and the second installment is due on September 1. When the treasurer begins receiving money, he or she distributes that money to the appropriate taxing districts.

In Cook County, the first installment is mailed by January 31 of the year following the assessment year. The first installment is due by March 1 and the second installment is due by August 1.

The Delinquent List

Soon after September 1, the county treasurer prepares a list of properties for which taxes have not been paid. This delinquent tax list is published in a newspaper and notices are sent to the owners of the properties. These notices specify that the treasurer will apply to the circuit court for a judgment against the property for delinquent taxes. If the taxes remain unpaid, the court will order a lien on the property to be sold at the tax sale in the amount of the unpaid property taxes, interest, penalty, and fees.

The Property Tax Sale

The tax sale usually occurs in late October, approximately 22 months into the tax cycle, with the county clerk and the county treasurer presiding. A lien on the property is sold through a bidding process in which bidders, also called tax buyers, state the percent of interest for which they are willing to purchase the tax lien, starting at 18% per 6 months, and going lower until the lowest bidder purchases the lien. The tax buyer pays the amount of the lien and receives a “Certificate of Purchase” from the county clerk. The county treasurer then distributes revenues from the tax sale to the taxing districts.

Once the lien is sold, the property owner may redeem it by paying to the county clerk the amount of the lien plus interest, penalty, and fees. The amount of the lien and interest is then paid by the county to the tax buyer, who must surrender the “Certificate of Purchase”. A tax buyer may eventually obtain a tax deed for the property if the tax lien is not redeemed.

The table on the following page shows the flow of the budget and levy cycle.

Budget and Levy Cycle

County clerk:	Totals the equalized assessed value for each taxing district
Taxing body:	<ol style="list-style-type: none"> 1. Prepares tentative budget. 2. Publishes notice of public hearing; puts tentative budget on display 30 days before public hearing. 3. Holds public hearing. 4. Passes budget with changes in form of ordinance. 5. If necessary, makes truth-in-taxation publication and holds hearing. 6. Gives certificate of levy to county clerk by the last Tuesday in December.
County Clerk:	<ol style="list-style-type: none"> 1. Calculates tax rates and computes aggregate tax rate for each combination of taxing districts. 2. Extends taxes on the total EAV in each taxing district and enters the amounts in the collector's books. 3. Prepares and delivers collector's books to county treasurer by December 31.
County treasurer (collector):	<ol style="list-style-type: none"> 1. Prepares and mails tax bills by May 1.* 2. Collects first installment for real estate by June 1. * 3. Distributes tax money proportionately to taxing districts as money is collected. 4. Collects second installment for real estate by September 1.* 5. Prepares delinquent tax list and sends notice of application for judgment on real estate.
Circuit court:	<ol style="list-style-type: none"> 1. Pronounces judgment for sale of a lien on real estate due to nonpayment of taxes. 2. Rules on tax objections.
County clerk and treasurer:	Administers sale of lien on real estate due to nonpayment of taxes.

* For counties that use accelerated billing, the estimated bill is mailed by January 31; the first installment is due by March 1 (or the date provided in the county ordinance or resolution); the last installment is normally due by August 1. Counties can also adopt a four-installment payment schedule.

Unit 2—Summary

Property is divided into two classes—**real** and **personal**.

Ad valorem means according to value. Real property in Illinois is assessed according to value; therefore, it is an ad valorem tax.

Market value is the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

The three approaches to value are the **Cost Approach**, the **Sales Comparison**, or **Market Approach** and the **Income Approach**.

Property is assessed according to its condition on **January 1** of each year.

The **CCAO** reviews assessments made by township assessors and makes changes when deemed necessary.

The **Board of Review** hears Assessment Complaints and makes changes to assessments when it deems it necessary. The Board of Review makes the final decision on property values at the county level.

The Board of Review makes the final decision on **Homestead Exemptions**.

The Board of Review makes recommendations on Non-Homestead Exemptions applications and sends that recommendation to the Illinois Department of Revenue.

The Illinois Department of Revenue makes the final decision on **Non-Homestead Exemptions** applications and either grants or denies exempt status.

The **county clerk** calculates tax rates and extends taxes on individual parcels of property.

The **county treasurer** prepares and mails tax bills.

If taxes are not paid on time, the treasurer prepares a delinquent tax list and publishes a notice of application to the circuit court for judgment against the property for delinquent taxes, interest, penalties, and fees which results in a lien being placed on the affected property.

The county clerk and the county treasurer then conduct a sale of the liens at a tax sale each year. Only the liens for unpaid taxes, interest, penalties, and fees are sold, not the real estate.

The order in which the offices handle the assessment books is:

County Clerk
CCAO
Township Assessor
CCAO
Board of Review
County Clerk

A mnemonic to remember the order is: **Connie Came To Chicago By Car**

Unit 2-Review Questions

1. Define *ad valorem* tax.

2. _____ is the major source of tax revenue for local governments.

3. What are the two classifications of property?

1. _____
2. _____

4. The largest share of property tax goes to _____.

5. List the three approaches to value:

1. _____
2. _____
3. _____

6. What four steps are involved in the assessment of any property?

1. _____
2. _____
3. _____
4. _____

7. What two types of property are assessed by the state?

1. _____
2. _____

8. What happens if an individual does not pay his taxes?

9. Who has the statutory authority to review assessments and make changes when deemed necessary?

10. For all non-commission counties except Cook:

List in order, the offices that handle the assessment books, from the time they are created until the taxes are extended.

11. Property is valued as to its condition on _____, the statutory assessment date.

12. The _____ makes the final decision on property values at the county level.

Unit 3- The Cost Approach to Value

This purpose of this unit is to provide a basic understanding of the Cost Approach to value. The Cost Approach is one of the most common valuation methods used by assessors in doing mass appraisals.

Learning Objectives

After completing the assigned readings, you should be able to

- understand the formula for the Cost Approach to value.
- identify three types of depreciation and how they affect value.
- define a mass appraisal system.

Terms and Concepts

Cost approach

Cost factor

Physical depreciation

Functional depreciation

Economic depreciation

Mass appraisal

Replacement Cost New (RCN)

Mass Appraisal

Mass Appraisal is the valuation of many properties as of January 1 of the assessment year, using standard procedures that provide uniformity.

Unlike an independent appraiser, who has the time to carefully analyze the various approaches to value for a single property, the assessor may have hundreds or thousands of properties to value in a short period of time.

That is why there is a system in place to quickly obtain values that can be reasonably substantiated. The purpose of mass appraisal is to produce equitable and efficient appraisals of all property in a jurisdiction for *ad valorem* tax purposes. A mass appraisal system should incorporate all three approaches to value, but most systems are primarily based on the cost approach.

Board of Review members should be familiar with mass appraisal techniques.

The Cost Approach

The Cost Approach is the most accurate method of valuing new construction because no depreciation has yet occurred.

The market value of a property can be estimated using the **Cost Approach** by calculating the **Replacement Cost New (RCN)** of the improvements, subtracting the depreciation, and adding the land value.

An **improvement** is any structure attached to, lying upon or within the land that may not be removed without physical stress.

The formula for the cost approach is:

$$\text{Market Value} = \text{Land Value} + (\text{RCN} - \text{Depreciation})$$

The **Land Value (LV)** is usually estimated by using the Sales Comparison Approach to value. This approach is applied by comparing the subject site (land) with sales of comparable sites that are vacant.

Replacement Cost New (RCN) is the current, total cost of construction incurred by the builder to construct improvements with the same utility as the subject property. It may or may not be the same cost of reproducing an exact replica of the subject improvements (Reproduction Cost). The distinction between the two is that **replacement cost** refers to a substitute property of equal utility and **reproduction cost** refers to an exact replica property. In a situation, the two concepts may be interchangeable, but not necessarily so. Both RCN and reproduction cost have their applications in the Cost Approach to value.

Replacement cost usually represents the upper limit of value of a structure. The difference between RCN and the present value is **depreciation**, the loss of value from all causes. In the Cost Approach, it is necessary to estimate the amount of depreciation.

Cost Factors

A cost factor is designed to adjust the values in an Appraisal Publication to reflect the local cost of labor and materials. The use of a cost factor may be necessary for any assessor whose jurisdiction is not similar to the central Illinois area.

Three Types of Depreciation

1. Physical Depreciation
2. Functional Depreciation (or Obsolescence)
3. Economic Depreciation (or Obsolescence)

Depreciation can be either **curable** or **incurable**.

Curable— Depreciation is curable when the cost to cure will add to the market value, e.g., short-lived components such as windows, doors, floor coverings, roofs, *etc.*

Incurable- Depreciation is incurable when the cost to cure is greater than the increase to the market value, e.g., foundation, studs, and rafters.

Physical Depreciation

Physical Depreciation is defined as the loss of value due to deterioration, *e.g.*, wear and tear, time, and the action of the elements. The physical life of a building is dependent on

- The degree of maintenance it receives.
- The type and quality of the materials used in its construction.
- The soundness (workmanship) of the builder.

Physical depreciation can be curable or incurable.

Functional Depreciation (or Obsolescence)

Functional Depreciation is defined as the loss of value resulting from conditions *inside* of the property.

Examples:

- In many old farm houses the only bathroom is off the kitchen.
- It is necessary to pass through a bedroom to get to the only bathroom.
- Outdated electrical system, *e.g.*, “knob and tube”
- Very low or very high ceilings

Functional depreciation can be curable or incurable.

Curable—Lack of an air conditioning system or low hanging pipes.

Incurable—Poor floor plan.

Economic Depreciation (or Obsolescence)

Economic Depreciation is defined as the loss of value resulting from conditions *outside* of the property.

Examples:

- a. Location—A change in traffic pattern, noise, or pollution
- b. Economic—High interest rates, high unemployment, or business closings
- c. Government—Zoning changes, poor services, and high taxes

Economic depreciation is almost always incurable.

Unit 3- Summary

The market value of a property can be estimated using the **Cost Approach** by calculating the **Replacement Cost New (RCN)** of the improvements, subtracting the depreciation, and adding the land value.

The Cost Approach is the most accurate method of valuing new construction **because no depreciation has yet occurred.**

Replacement cost usually represents the upper limit of value of a structure. The difference between RCN and the present value is **depreciation**, the loss of value from all causes.

There are three types of depreciation that exist:

1. Physical Depreciation
2. Functional Depreciation (or Obsolescence)
3. Economic Depreciation (or Obsolescence)

The Appraisal Publications are designed for **mass appraisal.**

A **cost factor** is designed to adjust the values in a Cost Schedule to reflect the local cost of labor and materials.

Unit 3- Review Questions

1. What are the three types of depreciation? Place an "X" beside the one that is generally incurable.

_____	_____
_____	_____
_____	_____

2. What is the purpose of a cost factor?

3. What is a mass appraisal system?

Unit 4- Mass Appraisal & Residential Square Foot Schedules

This unit covers the mass appraisal system and the various factors used to adapt a mass appraisal system to local jurisdictions. It also covers the residential square foot schedules in the Appraisal Publications.

The purpose of this unit is to provide a basic understanding of a mass appraisal system and its use. In addition, the unit explains the use of the schedules to value property using the cost approach.

Learning objectives

After completing the assigned readings, you should be able to

- identify the various factors used to adjust the Appraisal Publications.
- explain how the various factors are obtained and used.
- identify the use of the Appraisal Publications.
- identify and use the various cost tables in the manual.
- understand and use a remaining economic life (REL) depreciation table.

Terms and Concepts

Actual age

Base price

CDU (condition, desirability, and utility) rating

Cost approach

Depreciation

Effective age

Full value

Property record card 1 (PRC-1) & Property record card 2 (PRC-2)

Quality grade

Remaining economic life (REL)

Replacement cost new (RCN)

Factors used with the Appraisal Publications

Cost Factor

A **cost factor** is designed to adjust the Appraisal Publications' RCN value to reflect the local cost of labor and material in other areas. The use of a cost factor may be necessary for any jurisdiction that is not similar to the central Illinois area.

Quality Grade

The accuracy of an RCN obtained from the Appraisal Publications is greatly affected by proper quality grading. A **quality grade** represents the quality of construction, workmanship, and materials used in a project. The quality of workmanship and materials can greatly affect the cost of construction and the value of the improvement.

The majority of improvements fall within a definite class of construction involving average quality of workmanship and materials. This type of construction is designated as grade "C" which carries a factor of 100 percent or 1.00. The cost tables in the Appraisal Publications represent quality grade "C." A different quality grade factor may be used if the subject property was not built using average quality materials and workmanship.

There are six basic quality grades in the Appraisal Publications:

<u>Quality grade</u>	<u>Quality Description</u>	<u>Factor</u>
AA	Superior	225 percent
A	Excellent	150 percent
B	Good	122 percent
C	Average	100 percent
D	Inferior	82 percent
E	Poor	50 percent

Pluses and minuses after the letter grade can be used to fine tune these adjustments. For example, a “C+10” grade improvement would have a grade factor of 10 percent above “C,” or 110 percent.

A quality grade must be assigned to each improvement and should be established during construction if possible. **During the lifetime of a property, a quality grade generally remains the same.**

It is important not to confuse **quality** and **condition**. Condition refers to the physical condition of the improvement. Condition changes due to depreciation, such as wear and tear, use, and abuse.

Quality grade depends on the kinds of materials and workmanship used in the construction of the improvement. If these materials remain, the quality grade will remain the same until what is considered “typical” in the market changes. In general, higher quality materials deteriorate more slowly than poorer quality materials, all other things being equal. A quality grade of “C” is average or typical for the standards and materials at the date of valuation.

Design Factor

Another factor that may be used to adjust a building’s RCN is the **design factor**. The cost schedules in the Appraisal Publications are designed for use in determining RCN values for conventional, rectangular shaped structures of compact, efficient design. Architectural designs have become more diverse. There is an increased cost associated with such structures due to the need for more material and more labor per square foot. The following details should be considered in determining whether to use a design factor:

1. Unusual architectural design and irregular foundation outline
2. Wide roof overhangs
3. Large number of built-ins
4. Large number of special features, like large fireplace chimneys, etc.

The design factor is handled like a quality grade factor; it is assigned to individual homes and should remain unchanged during the life of the structure.

To determine a design factor, the percentage increase or decrease in cost due to the design feature or features must be determined. These costs should be verified through the contractor. The original contractor can provide a certified construction cost value. Several opinions from local contractors are also beneficial in verifying costs.

A design factor can be determined by the formula:

$$\frac{\text{Contractor's costs}}{\text{Publication 123 RCN}}$$

Typically, a minus 13 percent to a plus 50 percent adjustment is made to the Appraisal Publications' RCN value when using a design factor. A design factor is more commonly used in quality grades "B," "A," and "AA" improvements, although it may be required for grade "C" construction.

Appraiser Factor

A jurisdiction may have more than one assessor. Some jurisdictions may employ field appraisers to determine the quality grades of all buildings within that jurisdiction. Because quality grades are based on the judgment of one individual, it is possible that quality grades may be assigned that are consistently higher or lower than what other assessors or appraisers in that jurisdiction would have assigned to those buildings. To maintain uniformity, an appraiser factor is required to bring those buildings, valued by that individual, more in line with the value of the rest of the buildings in the jurisdiction. **This factor is applied to all the parcels listed by the individual assessor.**

The appraiser factor is developed using a method like that used to obtain the cost factor. Additional info on factors are available in the Appraisal Publications.

Neighborhood Factor

The neighborhood where the property is located has a direct effect on the value. The neighborhood of a property may be defined by a natural boundary formed by rivers, or political boundaries formed by zoning to protect the common use in an area. The neighborhood should be analyzed to determine if the area is in a stage of growth, stability or decline to estimate the future use and value.

Combining Factors

The factors can be multiplied together to come up with one total factor used to adjust the Publication 123 Replacement Cost New values.

Chain multiply the cost factor x design factor x neighborhood factor x appraiser factor to arrive at **one factor used to adjust the Appraisal Publications' RCN value to reflect a true RCN** of the improvement.

Example

$$\begin{array}{rccccccccc} \text{Cost} & \times & \text{Design} & \times & \text{Neighborhood} & \times & \text{Appraiser} & = & \text{Factor} \\ 1.06 & \times & 1.03 & \times & 1.02 & \times & 1.0 & = & 1.11 \end{array}$$

REL/Depreciation

The final factor that is applied to all improvements is a **remaining economic life (REL)** factor. This factor is applied to the true RCN to arrive at a full market value, which now reflects the adjustment made for depreciation.

Remember, depreciation is the loss in value due to all factors. Depreciation is placed into three categories: physical, functional, and external or economic depreciation. All depreciating forces act concurrently, but not at the same rate.

Using the Residential REL Depreciation Table

Schedule A — This schedule considers the actual age of the improvement, and what is referred to as **the CDU rating** of the improvement, to arrive at an effective age. This effective age is then used to find the remaining economic life factor, which is applied to the true RCN.

The CDU rating is assigned to each property by comparing that subject property’s physical condition “C,” desirability “D,” and utility “U” to other properties within the neighborhood, or within a jurisdiction if neighborhoods have not been established.

The CDU rating is the method for determining a rate of depreciation. The condition refers to physical depreciation, such as wear and tear and action of the elements that has taken place. The desirability refers to the economic or external depreciation, such as lack of appeal due to location, or some type of adverse influences outside the boundary lines of the property. The utility refers to functional obsolescence, such as inefficient and impractical arrangement of rooms and any super-adequacy or inadequacy that may be present.

The CDU rating is broken down into five classifications.

- E Excellent Superior condition
- G Good Better than average condition
- A Average Normal wear and tear for area
- P Poor Definitely below average condition
- U Unsound Excessively deteriorated condition

Exercise 4-1

How to use the Residential REL Depreciation Table

- Step 1** Locate the actual age of the improvement (based on year of construction) in the AGE column of Schedule A.
- Step 2** Determine the CDU of the subject and locate it along the upper portion of Schedule A.
- Step 3** Trace the age to its point of intersection with the CDU and find the effective age.

For example, a property that has an age of “10,” with a CDU rating of “good,” has an effective age of “7” in Schedule A.

- Step 4** This effective age is then located on **Schedule B** in the column headed EFF. AGE. The percentage factor indicated in the right column of Schedule B is the REL factor. This factor is then applied to the true RCN, which depreciates the value to reflect full market value. REL is directly related to depreciation.

For example: a property with an effective age of 7 has an REL of 92%.

REL% + Dep% = 100%, or

100% - REL factor expressed as a percent = percent of depreciation.

This property has an REL of 92%. It has depreciated 8%. $100\% - 92\% = 8\%$

The assessor must carefully review CDU ratings over time because the **CDU rating of each property** may change for a variety of reasons. Because each property is assigned an individual CDU rating, a change of one CDU may not require a change in the CDU ratings of other properties within the neighborhood.

Residential REL Table

Schedule A						Schedule B									
Age	Effective Age					Age	Effective Age					Eff. Age	REL	Age	REL
	E	G	A	P	U		E	G	A	P	U				
1	1	1	1	14	27	51	32	42	51	66	76	1	99	51	51
2	1	1	2	15	28	52	32	43	52	67	77	2	97	52	50
3	1	2	3	16	29	53	33	44	53	68	78	3	96	53	49
4	1	2	4	16	30	54	33	44	54	68	78	4	95	54	48
5	1	3	5	17	31	55	33	45	55	69	80	5	94	55	47
6	2	4	6	17	32	56	34	46	56	70	81	6	93	56	47
7	2	5	7	18	33	57	34	47	57	71	82	7	92	57	47
8	2	6	8	19	34	58	35	48	58	72	83	8	91	58	46
9	2	6	9	20	35	59	35	48	59	72	83	9	90	59	46
10	2	7	10	21	38	60	36	49	60	73	83	10	89	60	46
11	3	7	11	22	39	61	37	50	61	73	85	11	88	61	45
12	3	8	12	23	39	62	38	50	62	74	86	12	87	62	45
13	3	9	13	24	40	63	39	51	63	74	86	13	86	63	44
14	4	10	14	24	40	64	40	52	64	76	88	14	85	64	43
15	4	11	15	25	40	65	42	53	65	78	90	15	84	65	43
16	4	12	16	26	43	66	42	53	66	78	91	16	82	66	42
17	4	13	17	30	45	67	43	55	67	80	93	17	81	67	42
18	5	14	18	31	46	68	44	58	68	84	97	18	80	68	42
19	5	15	19	31	46	69	45	59	69	86	100	19	79	69	41
20	6	16	20	32	47	70	46	60	70	88	102	20	77	70	41
21	8	16	21	33	48							21	76	71	41
22	10	17	22	33	48							22	75	72	41
23	10	18	23	34	49							23	74	73	40
24	11	19	24	35	50							24	73	74	40
25	11	20	25	35	50							25	72	75	40
26	12	21	26	36	51							26	71	76	39
27	12	22	27	38	52							27	70	77	39
28	13	23	28	38	52							28	69	78	39
29	13	24	29	39	53							29	68	79	38
30	13	25	30	40	54							30	67	80	38
31	14	25	31	40	54							31	66	81	38
32	15	26	32	42	56							32	65	82	37
33	16	27	33	44	59							33	65	83	37
34	17	28	34	46	60							34	63	84	37
35	18	29	35	47	61							35	62	85	36
36	19	30	36	48	62							36	62	86	36
37	20	31	37	50	64							37	61	87	36
38	21	31	38	51	64							38	59	88	35
39	22	32	39	53	65							39	59	89	35
40	23	33	40	54	66							40	58	90	35
41	24	34	41	55	67							41	57	91	34
42	25	35	42	56	67							42	57	92	34
43	25	36	43	57	68							43	56	93	33
44	26	38	44	59	69							44	56	94	33
45	27	39	45	60	70							45	56	95	33
46	28	39	46	60	70							46	55	96	32
47	29	40	47	61	70							47	54	97	32
48	30	40	48	62	71							48	54	98	32
49	31	41	49	64	73							49	52	99	31
50	32	41	50	65	75							50	51	100	31

What are the Appraisal Publications?

IDOR's Publications 122,123,124,126 and 127 are all tools we provide to assessment professionals to aid in determining the value of improvements using the cost approach to value. They are as follows:

- Publication 122 Instructions for Farmland Assessments
- Publication 123 Instructions for Residential Schedules
- Publication 124 Construction Terminology
- Publication 126 Instructions for Commercial & Industrial Cost Schedules
- Publication 127 Component-in-Place Schedules

The Publications are used to help determine a **Replacement Cost New (RCN)** for a current improvement through use of the applicable cost schedules. We will be concentrating on Publication 123 Instructions for Residential Schedules for this course.

The values in Publication 123 are based on construction costs in the central Illinois area, using average quality materials and workmanship. For jurisdictions outside the central Illinois area, a cost factor can be applied by the assessor to reflect the actual cost of construction and materials in those jurisdictions.

For residential structures, Publication 123 includes base cost schedules for building style and type of construction and exterior wall cover material. There are schedules for traditional single-family homes:

- Base cost schedules
 - 1-story or First Floor
 - Unfinished Half Upper Story Structure
 - Full Upper Story
 - Unfinished Lower Level
- Adjustment Schedules for specific features/finishes

There are additional schedules for:

- Post-frame home
- Log home
- Mobile and manufactured home
- Row houses

Each base cost schedule includes typical construction features, such as a foundation, exterior walls, floors, roof, interior finish, central heating and air conditioning, lighting and average landscaping. Also included are the standard five plumbing fixtures:

- Bathroom toilet
- Bathroom sink
- Bathtub or shower
- Kitchen sink
- Water heater

For a property that has construction features other than those included in the base cost schedules, adjustments must be made to the base cost to reflect the presence or absence of those improvements.

The residential schedules are used in conjunction with the **Residential Property Record Cards (PRCs)**. The PRC-1 is used for valuing land, and the PRC-2 is used for recording the improvements and the computation of building values. The right column of the PRC-2 is used to compute the full value of the improvements. This column is called the **Computation Ladder**. We will be using the newest version, the 2019 PRC-2 for the residential examples in this course.

The following property record card is used to record the features of the subject 1-story residence

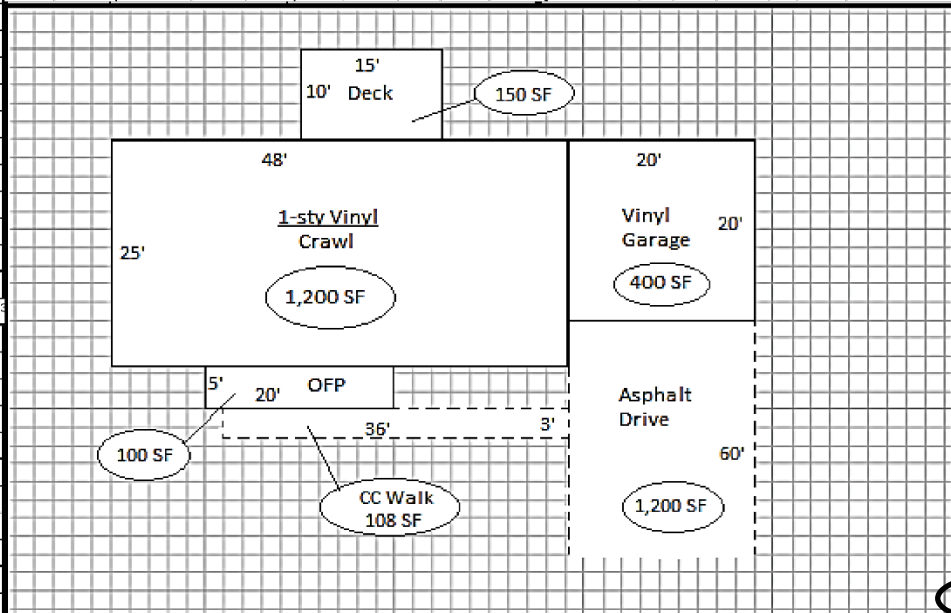


Dwelling Features

- Stud frame construction with vinyl siding on crawl foundation and asphalt shingles; no attic
- Living room, kitchen, dining room, 3 bedrooms, 2 full baths, central heat and A/C, prefab metal fireplace
- Attached vinyl garage, elevated wood deck, open frame porch
- Concrete walk and asphalt driveway

Building Record - Residential - Rural (Property - Type 1)

Occupancy									Living Accommodations			Remodeled			Sold Date: Mo. Day Yr. Age: 10 Adj. Age: 10											
1	2	3	4	5	6	7	8	9	Total Rooms	Bedrooms	Family Room	NH			Amount \$											
Vacant	Dwelling	Other	Mobile	A	Summer	Row	Post	Log	6			3			--											
									Interior Finish			Fireplaces			Base Cost Computation											
Style/No. stories: 1-sty Unit type:									Finished Basement / Lower Level			Living area SF:			Type: Pre-fab # 1	# Stacks: 1	Sty Hght: 1	Sty	CG	% (if app.)	x Rate	x SF	= Sub-total			
									Recreation SF:						1/Main	1	-	88.97	1,200	\$	106,764					
Exterior Wall Construction									Half Upper Sty Finished Living Area			SF:			Garage											
Stud Frame Concrete Block Solid Stone															Type	Cost Grp	SF	Area over Garage								
Exterior Wall Cover Material									Porches / Wood Deck			Attached			1	400	Bonus Rm / Storage									
Wood (Cost Grps 1, 2, 3)									SF:	100	OFF	Scrn-in	Kn-Wal	EFP	OMP	EMP	2-Sty	Built-in			(On grade)					
Vinyl (Cost Grp 1)									SF:		OFF	Scrn-in	Kn-Wal	EFP	OMP	EMP	2-Sty	Basement garage			1-Car 2-Car 3-Car					
Metal (Cost Grps 1, 2)									SF:	150	Wood deck	No Steps / No Rail			Memo											
Fiber/Comp. (Cost Grps 1, 2)																										
Resin (Cost Grp 3)																										
EIFS (Cost Grps 3, 6)																										
Stucco (Cost Grps 3, 6)																										
Paint on CC Blk (Cost Grp 3)																										
Brick Veneer (Cost Grps 4, 7)																										
Stone Veneer (Cost Grps 5, 8)																										
Limestone Blks (Cost Grp 9)																										
6-10" Logs (Log Hm Sch)																										
12" Logs (Log Hm Sch)																										
Other																										
Partial Masonry Trim																										
SF: Quality: Brk. 1 Stone 2 Art. 3																										
Roof																										
Shingle - asphalt/composite/wood																										
Slate/tile																										
Metal/Other																										
Solar Panel																										
Attic																										
None Unfinished Part fin. Full fin.																										
Basement																										
1 Full 3 Crawl 4 Slab																										
Area without bsmt. 1,200 SF																										
Heating / AC																										
1 None 2 Central Heat 3 Air Cond. 4 Other																										
Other (descr.)																										
Plumbing																										
Standard (5)																										
Additional Bathroom (3)																										
Additional Half bath (2)																										
Additional Sink/Fixture (1)																										
Listed by: ABC																										
Date: 01/02/2019																										
PRC-2 (R-9/19) (opposite PRC-1)																										



SFLA: 1,200 SF		Total Base Cost: 106,764	
Basement	Crawl	1,200 SF	9,000
Heating/Central air			-
Plumbing		3	2,790
Attic			+
Porches	OFF	100 SF	3,604
Attach/Built-in garage		400 SF	12,756
Sub-total			134,914
Grade	C	x	1.00
Graded total			134,914
Other features			
Pt. Msy Trim			+
Fireplace	Grade C	3	2,100
Finished basement			+
Schedule's RCN			
C x D	1.00 x 1.00		1.00
NH x AP	1.00 x 1.00		1.00
True replacement cost new			137,014
Eff. Age:	10	REL	0.89
Depr:	11 %		
Full Value			121,942

Summary of Other Improvements (Detached garage, deck, patio, driveway, storage shed, etc.)														
Area without bsmt.	Type	No.	Constr./CG	Size	Rate	Sub-total	Grade	Factor(s)	RCN	Age	CDU	REL	Full Value	
	Driveway		Asphalt	1,200'	4.74	5,688	C	1.00	5,688	10	Avg	0.89	5,062	
	Walk		Concrete	108'	6.15	664	C	1.00	664	10	Avg	0.89	591	
	Deck		Wood	150'	20.96	3,144	C	1.00	3,144	2	Avg	0.97	3,050	
Other (descr.)														
Standard (5)														
Additional Bathroom (3)														
Additional Half bath (2)														
Additional Sink/Fixture (1)														
												Total full value other improvements		8,703
												Total full value all bldgs & improvements		130,645

Recording the Features of the Structure on the Property Record Card

Step 1 Occupancy

- Complete the PRC-2 by listing type and SF of known features.
- Begin with type of occupancy, building style or # of stories, and type of unit if row house.
- Circle 2 to indicate that subject is a single-family dwelling. Dwelling style is a 1-story. (Unit type is used when the subject is a row house.)

Occupancy								
1	2	3	4	5	6	7	8	9
Vacant	Dwelling	Other	Mobile	A	Summer	Row	Post	Log
Lot			Home	Frm.	Home	House	Frm.	Home
Style/No. stories: 1-sty			Unit type:					

Step 2 Exterior Construction type & Typical Wall cover

- Indicate exterior wall construction type and cover material.
- Refer to “Exterior Construction & Wall Cover” schedule in Pub 123 for more details (below).

Exterior Construction Type & Typical Wall Cover			
Cost Group	Exterior Wall Construction	Exterior Cover Material Type	Description of Typical Exterior Cover Materials
1	Stud Frame	Wood	Plywood siding 4'x8' panels 3/8"-15/32", grooved T-1-11 siding Southern Pine 4" 3/8" (or 4" 5/8") x 4' x 8'
		Vinyl	Vinyl .040-.044" siding, 4"-5" lap, 8"-10" exposure, with trim
		Metal	Alum. smooth 24 gauge, 8"-12" width w/starter strip, corner, etc Galvanized steel siding, 26 gauge, 26" wide, 6' to 12' length Galvanized steel siding, 28 gauge, 27-1/2" wide, 6' to 12' length
		Fiber/ composite	Hardboard 4'x8' panel siding 7/16", Duratemp & SmartSide Hardboard primed plank siding 7/16" x 6" x 16' OSB Smart Panel II siding, 3/8" & 7/16" x 4' x 8'

- Circle Stud Frame on the PRC to indicate wall construction type.
- Under Exterior Wall Cover Material section, check the box for Vinyl under the 1-sty column.

Exterior Wall Construction					
Stud Frame	Concrete Block	Solid Stone			
Exterior Wall Cover Material					
	LL	1	2	3	½
Wood (Cost Grps 1, 2, 3)					
Vinyl (Cost Grp 1)		X			
Metal (Cost Grps 1, 2)					
Fiber/Comp. (Cost Grps 1, 2)					
Resin (Cost Grp 3)					
EIFS (Cost Grps 3, 6)					
Stucco (Cost Grps 3, 6)					
Paint on CC Blk (Cost Grp 3)					
Brick Veneer (Cost Grps 4, 7)					
Stone Veneer (Cost Grps 5, 8)					
Limestone Blks (Cost Grp 9)					
8-10" Logs (Log Hm Sch)					
12" Logs (Log Hm Sch)					
Other					

Step 3 Roof, Attic, and Basement

- Indicate type of roofing and circle Asphalt.
- Indicate type of attic and Circle None since subject does not have an Attic; no adjustment to base cost.

Roof				
Shingle	asphalt	composite/wood		X
Slate/tile				
Metal/Other				
Solar Panel				
Attic				
1	2	3	4	
None	Unfinished	Part fin.	Full fin.	
% finished				
Basement				
1	3	4		
Full	Crawl	Slab		
Area without bsmt.				1,200 SF

- Circle Crawl to indicate type of foundation and add 1,200 SF to show that entire footprint of home is on a crawl space; an *adjustment is needed since base cost includes slab foundation.*

Step 4 Heat, Air conditioning and Plumbing

- Indicate type of heat and A/C. Circle 2 and 3 to indicate subject has central heat and air conditioning; since these are included in base cost, no cost adjustment is needed.
- List number of plumbing fixtures in applicable row. List 1 in Standard row since subject includes at least the 5 fixtures that are included in base cost. List 1 in Additional Bathroom row to add for the extra full bath; *an adjustment to base cost is needed.*

Heating / AC			
1 None	2 Central Heat	3 Air Cond.	4 Other
Other (descr.)			
Plumbing			
Standard (5)			1
Additional Bathroom (3)			1
Additional Half bath (2)			
Additional Sink/Fixture (1)			

Step 5 Living Accommodations and Additional Interior Finished Areas

- Indicate the number of rooms for informational purposes. Subject has 3 bedrooms, a living room, kitchen, and dining room; list the room counts for informational purposes.
- List type and SF of any additional interior finish that is included. No adjustments for additional interior finish costs are needed since they are not applicable in this dwelling.

Living Accommodations		
Total Rooms	Bedrooms	Family Room
6	3	--
Interior Finish		
Finished Basement / Lower Level	Living area	SF:
	Recreation	SF:
Half Upper Sty Finished Living Area		SF:

Step 6 Porches and Decks

- Indicate SF and type of any porches. Subject has an open frame porch; circle OFP and list 100 SF in that row; *an addition to base cost is needed.*
- List SF if wood deck exists & indicate if it does not include steps or rails. Subject also has a wood deck *which is an addition to base cost*; circle Wood deck and list 150 SF.
- Because deck is elevated, do **not** subtract from deck rate for no steps or no rail.

Porches / Wood Deck							
SF: 100	OFF	Sem-in	Kn-Wal	EFP	OMP	EMP	2-Sty
SF:	OFF	Sem-in	Kn-Wal	EFP	OMP	EMP	2-Sty
SF:	OFF	Sem-in	Kn-Wal	EFP	OMP	EMP	2-Sty
SF: 150	Wood deck	No Steps / No Rail					

Step 7 Sale data and year built/remodeled

- Indicate sale and/or remodeled data. For informational purposes, list dates if remodeled or sold, along with sale amount and neighborhood. Subject is 10 years old; no age adjustment needed (for training purposes, the age, rather than year built, is listed).
- Provide age/year built, adjusted age if applicable, CDU and quality grade. The CDU is average and has a quality grade of C.

Remodeled	Sold Date: Mo. Day Yr.	Age: 10	Adj. Age: 10
NH	Amount \$	CDU: Avg	Grade: C

Step 8 Fireplaces

- Provide information on any fireplaces that exist. Subject has one pre-fabricated, metal wood burning fireplace; *an addition to base cost is needed.*
- List type, number of fireplaces and stacks, as well as sty height of stack.

Fireplaces			
Type: Pre-fab	# 1	# Stacks: 1	Sty Hght: 1

Step 9 Garage

- Note the number and type of Garage as well as the square footage for each. There is an attached garage with same exterior cover as dwelling; *an addition to base cost is needed.*
- List 1 for Cost Group and 400 for SF; garage does *not* include a bonus room or storage area.

Garage			
Type	Cost Grp	SF	Area over Garage
Attached	1	400	Bonus Rm / Storage
Built-in			(On grade)
Basement garage		1-Car 2-Car 3-Car	

Step 10 Summary of Other Improvements

- List any other improvements that weren't listed as part of the dwelling. The driveway and walk were added when the home was built but are listed in the Other Improvements section; list construction type (or Cost Group for detached garages), SF, Grade, Age, & CDU
- Also include amenities that have a grade, age, or CDU that differ from the dwelling. List the Wood Deck in this section because it was added more recently and will have an REL factor that differs from the home

Summary of Other Improvements (Detached garage, deck, patio, driveway, storage shed, etc.)										
Type	No.	Constr./CG	Size	Rate	Sub-total	Grade	Factor(s)	RCN	Age	CDU
Driveway		Asphalt	1,200'			C			10	Avg
Walk		Concrete	108'			C			10	Avg
Deck		Wood	150'			C			2	Avg

Step 11 Complete the Computation Ladder

- Use the cost schedules in Publication 123 to complete the computation ladder (the column on the right side of the PRC-2) to determine market value. Work down the ladder and calculate values for Total Base Cost, Replacement Cost New and Full Value.

Computing the Values for the Structure

Using the cost schedules in Publication 123, reference each feature recorded to find its corresponding value. The values will be recorded and calculated in the computation ladder as shown on the completed Property Record Card on page 71. The relevant pages from the Publication 123 follow.

1. Compute the Base Cost for the dwelling
 - Cost group 1 has been determined based on framing and exterior wall covering.
 - Sketch shows that the 1-sty has 1,200 SF (25' x 48' = 1200 SF).
 - Enter 1 in CG (cost group) column in first (1/Main) row; *this row should be entered for every residence type.*
 - Pro-rated % does not apply.
 - Enter 1,200 in the SF column.

- Use this information to correlate rate in the “One-Story or First Floor” schedule.

One-Story or First Floor									
Base cost includes standard design from stock plans and average material and workmanship. The following features are included: a kitchen, water heater, one full bath, hot air heat (gas fired), central air conditioning, asphalt/fiberglass shingles, painted drywall interior, and a slab foundation (i.e., no basement).									
Total SF	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7	Group 8	Group 9
600	106.93	108.55	113.73	120.05	167.05	126.31	132.57	179.62	206.85
700	101.93	103.40	108.09	113.82	156.38	119.48	125.15	167.77	192.43
800	99.44	100.82	105.22	110.59	150.49	115.89	121.21	161.16	184.28
900	95.72	97.02	101.20	106.29	144.12	111.32	116.36	154.24	176.16
1,000	93.92	95.18	99.20	104.11	140.54	108.94	113.81	150.29	171.41
1,100	91.11	92.33	96.22	100.98	136.28	105.67	110.38	145.72	166.18
1,200	88.97	90.16	93.98	98.64	133.21	103.23	107.84	142.46	162.50
1,300	87.22	88.38	92.11	96.66	130.41	101.14	105.64	139.44	159.01
1,400	84.74	85.85	89.42	93.77	126.06	98.06	102.37	134.70	153.42
1,500	82.69	83.78	87.26	91.52	123.07	95.70	99.92	131.52	149.81
1,600	81.20	82.27	85.68	89.85	120.76	93.95	98.07	129.03	146.95
1,700	80.11	81.16	84.53	88.65	119.14	92.69	96.76	127.31	144.99
1,800	79.38	80.42	83.74	87.82	117.95	91.81	95.83	126.01	143.48
1,900	77.77	78.78	82.01	85.96	115.20	89.83	93.74	123.03	139.98
2,000	76.76	77.74	80.88	84.73	113.17	88.50	92.29	120.79	137.28
2,100	76.25	77.21	80.27	84.02	111.74	87.69	91.39	119.16	135.23
2,200	75.59	76.52	79.51	83.17	110.24	86.76	90.37	117.48	133.18
2,300	74.58	75.49	78.41	82.00	108.46	85.50	89.03	115.55	130.89
2,400	74.14	75.03	77.89	81.40	107.32	84.83	88.29	114.26	129.29
2,500	73.36	74.25	77.10	80.60	106.44	84.02	87.47	113.35	128.34
2,600	72.78	73.67	76.51	80.00	105.76	83.41	86.85	112.66	127.60
2,700	72.54	73.43	76.26	79.74	105.44	83.14	86.57	112.31	127.21
2,800	72.26	73.14	75.97	79.44	105.08	82.84	86.26	111.94	126.80
2,900	72.12	73.00	75.82	79.29	104.86	82.67	86.08	111.71	126.53
3,000	71.93	72.81	75.63	79.08	104.60	82.46	85.86	111.43	126.23
3,100	71.44	72.32	75.13	78.58	104.04	81.95	85.35	110.86	125.63
3,200	71.22	72.09	74.87	78.28	103.44	81.60	84.96	110.18	124.77
3,300	70.72	71.58	74.34	77.72	102.69	81.02	84.36	109.37	123.85
3,400	70.40	71.26	73.99	77.35	102.13	80.63	83.93	108.76	123.13
3,500	70.09	70.94	73.65	76.99	101.59	80.24	83.53	108.18	122.45

- The rate that is correlated using Cost Group 1 and 1,200 SF is **\$88.97**
- Enter this rate in base cost computation ladder
- Multiply the Rate x SF in the 1st story row to calculate the sub-total for that floor level.
- Since subject is a 1-sty, no other story levels need to be computed.
- Enter 1,200 as total SFLA and \$106,764 as total base cost.

Base Cost Computation					
Sty	CG	% (if app.)	Rate	x SF	= Sub-total
1/Main	1	-	88.97	1,200	\$ 106,764
SFLA: 1,200 SF Total Base Cost \$					106,764

2. List and Calculate Adjustments to the Base Cost.
 Use the supplemental cost schedules to correlate the applicable rates for these amenities.

- 1,200 SF crawl foundation.
- 3 extra plumbing fixtures.
- 100 SF open frame porch.
- 400 SF attached garage.

Basement	Crawl	1,200 SF	+	
Heating/Central air		-		
Plumbing		3	+	
Attic			+	
Porches	OFF	100 SF	+	
Attach/Built-in garage		400 SF	+	
Sub-total				

Crawl Space: Correlate 1,200 SF in the Crawl Space column of the Basement/Foundation Schedule to determine a rate of \$7.50/SF; Enter this value in the Basement row of the computation ladder. $1,200' \times 7.50 = \$9,000$.

Basement/Foundation (+)				
For finished or partially finished basements, first cost the total unfinished basement area. Then add the cost of the finished area from the applicable "Basement Finish" column using the SF of the actual finished area.				
Split-level & BI-level: see Unfinished Lower Level schedule to first determine the unfinished cost. Then add the cost of the actual finished area using the "Basement Finish" rates.				
Total SF	Crawl Space	Unfinished Bsmt	Basement Finish	
			Living Area Quality	Rec Room Quality
400	11.26	37.20	33.25	17.12
500	10.57	34.71	32.50	16.71
600	9.81	32.11	31.74	15.89
700	8.99	29.86	30.64	15.23
800	8.50	28.68	30.44	14.83
900	8.12	27.45	29.47	14.52
1,000	7.85	26.54	29.02	14.31
1,100	7.64	26.05	28.57	14.14
1,200	7.50	25.47	28.12	14.03
1,300	7.35	25.04	27.67	13.91
1,400	7.09	24.45	27.24	13.69

Plumbing: Subject has an extra full bathroom; use the "Plumbing" schedule to determine the per fixture cost.

- Since there are 3 fixtures in a full bathroom, multiply the per fixture rate by 3; $\$930 \times 3 = \$2,790$. Enter this value in the Plumbing row of the computation ladder.

Plumbing (+/-)	
Plumbing cost per fixture; add or deduct for each fixture above or below the residential standard five fixtures.	\$930

SFLA:	1,200 SF	Total Base Cost	\$	106,764
Basement	Crawl	1,200 SF	+	9,000
Heating/Central air			-	
Plumbing			+ 3	2,790

Porches: Dwelling has an Open Frame Porch-refer to “Porches” Schedule

- Correlate 100 SF in the Open Frame column to determine a rate of \$36.04/SF;
 $100' \times 36.04 = \$3,604$. Enter this value in the Porches row of the computation ladder.

Porches (+)						
SFGA	Open Frame	Screened-in Frame	Knee Wall with Glass	Solid Wall Encl. Frame	Open Masonry	Enclosed Masonry
25	65.60	90.94	113.24	100.08	77.36	147.60
50	45.92	62.82	80.12	70.80	52.14	102.28
75	39.36	53.44	69.06	61.03	43.25	86.68
100	36.04	48.71	63.51	56.12	38.75	78.84
125	34.74	45.89	57.98	51.42	37.30	73.30
150	32.68	42.54	52.42	47.50	35.02	68.65

Garage: According to the drawing, the property has an attached garage. Use the Garages Schedule.

- In Attached Garages section of “Garages” schedule, correlate 400 SF in the Cost Group 1 column since the garage has a vinyl exterior wall cover; $400' \times \$31.89 = \$12,756$
- Enter this value in the Garage row of the computation ladder

Garages									
The cost of a garage is not included in the base residence cost. The garage costs include wall surfaces, roof surfaces when applicable, a concrete floor, doors, and electric lighting. Total SF refers to the actual square footage of the garage. Determine the applicable Group column by the exterior wall construction and cover material of the garage.									
Attached Garages									
Attached garages share one or more common wall(s) with the residence and costs include interior finish for only the common wall(s).									
Total SF	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7	Group 8	Group 9
200	39.40	41.05	46.33	52.72	100.66	59.14	65.53	113.47	141.21
250	37.58	39.03	43.64	49.23	91.18	54.85	60.44	102.38	126.66
300	35.75	37.06	41.24	46.29	84.24	51.38	56.44	94.38	116.35
350	33.92	35.16	39.12	43.91	79.86	48.73	53.51	89.47	110.28
400	31.89	33.00	36.55	40.84	73.05	45.16	49.45	81.65	100.29
450	31.17	32.27	35.79	40.05	72.01	44.33	48.59	80.55	99.04
500	30.65	31.88	34.78	39.24	70.87	43.88	47.88	79.88	98.48

3. Calculate the Sub-total

- All adjustments noted thus far on the PRC have been given calculated values on the computation ladder portion.
- Add the values of these amenities to the base cost to determine the Sub-total.

SFLA: 1,200 SF	Total Base Cost	\$	106,764
Basement Crawl 1,200 SF			9,000
Heating/Central air	-		
Plumbing	3		2,790
Attic	+		
Porches OFF 100 SF			3,604
Attach Built-in garage 400 SF			12,756
Sub-total			134,914

4. Apply the Quality Grade Factor and any other features that may be graded separately.

- The dwelling has a quality grade of C. It has a factor of 1.00.

5. Adjust for the Fireplace

- There is a C-grade, prefab fireplace that should be listed in “Other Features”.
- In the “Fireplace” schedule, correlate the Prefab metal type of fireplace in the 1-Story column since the fireplace stack extends 1 story high.

Fireplace (+)			
Type	1-Story	2-Story	3-Story
Masonry 5' base brick fireplace & stack	5,500	6,100	6,700
Second masonry fireplace on same stack	4,600	5,000	5,400
Pre-fab metal wood burning fireplace	2,100	2,500	3,000
Second Pre-fab metal fireplace on same stack	1,000	1,400	1,800

- Add the lump sum of \$2,100 in the Fireplace row of the computation ladder.

- Add the value of applicable Other Features to the Graded total to calculate the Schedule's Replacement Cost New (RCN).

Sub-total			134,914
Grade	C	x	1.00
Graded total			134,914
Other features			
Pt. Msy Trim		+	
Fireplace	Grade C	+	2,100
Finished basement		+	
Schedule's RCN			137,014

6. Apply all Factors to determine the True Replacement Cost New.
 - In this example, the Cost, Design, Neighborhood, and Appraiser Factors are all 1.00.
 - Chain multiply factors to arrive at one, combined factor which is multiplied by Schedule's RCN to calculate True RCN.

Schedule's RCN			137,014
C x D	1.00 x 1.00	x	1.00
NH x AP	1.00 x 1.00		
True replacement cost new			137,014

7. Determine REL and Full Value
 - Use Schedules A and B in Residential REL Table to determine REL Factor (*use this table for all dwelling types in Pub-123 except Mobile Homes*)
 - Correlate the Age of 10 in the A (average) CDU Rating column in Schedule A.

Residential REL Table															
Schedule A - Effective Age							Schedule B - REL %								
Age	CDU Rating					Age	CDU Rating					Eff. Age	REL Percent	Eff. Age	REL Percent
	E	G	A	P	U		E	G	A	P	U				
1	1	1	1	14	27	36	19	30	36	48	62	1	99	52	50
2	1	1	2	15	28	37	20	31	37	50	64	2	97	53	49
3	1	2	3	16	29	38	21	31	38	51	64	3	96	54	48
4	1	2	4	16	30	39	22	32	39	53	65	4	95	55	47
5	1	3	5	17	31	40	23	33	40	54	66	5	94	56	47
6	2	4	6	17	32	41	24	34	41	55	67	6	93	57	47
7	2	5	7	18	33	42	25	35	42	56	67	7	92	58	46
8	2	6	8	19	34	43	25	36	43	57	68	8	91	59	46
9	2	6	9	20	35	44	26	38	44	59	69	9	90	60	46
10	2	7	10	21	38	45	27	39	45	60	70	10	89	61	45
11	3	7	11	22	39	46	28	39	46	60	70	11	88	62	45
12	3	8	12	23	39	47	29	40	47	61	70	12	87	63	44

- Then, correlate the Effective Age of 10 in Schedule B to determine the REL value of 89%.
- Enter .89 in the REL field and 11% (100% - 89%) in the Depreciation (Depr.) field.
- Apply the REL Factor to the True RCN to calculate the dwelling's Full Value.

Schedule's RCN				137,014
C x D	1.00 x 1.00	x		1.00
NH x AP	1.00 x 1.00			
True replacement cost new				137,014
Eff. Age:	10	REL	x	0.89
Depr:	11 %			
Full Value				121,942

8. Summary of Other Improvements-determine the value of the other improvements on the property (the driveway, walk, and deck). These items have already been completed for this exercise to save time.

Summary of Other Improvements (Detached garage, deck, patio, driveway, storage shed, etc.)													
Type	No.	Constr./CG	Size	Rate	Sub-total	Grade	Factor(s)	RCN	Age	CDU	REL	Full Value	
Driveway		Asphalt	1,200'	4.74	5,688	C	1.00	5,688	10	Avg	0.89	5,062	
Walk		Concrete	108'	6.15	664	C	1.00	664	10	Avg	0.89	591	
Deck		Wood	150'	20.96	3,144	C	1.00	3,144	2	Avg	0.97	3,050	

- You can verify the costs on the corresponding schedules in Publication 123. Note that the deck is only 2 years old, so it has a different REL factor to reflect less depreciation. Total all the Other Improvements.

Full Value						121,942
k, patio, driveway, storage shed, etc.)						
Factor(s)	RCN	Age	CDU	REL	Full Value	
1.00	5,688	10	Avg	0.89	5,062	
1.00	664	10	Avg	0.89	591	
1.00	3,144	2	Avg	0.97	3,050	
Total full value other improvements						8,703
Total full value all bldgs & improvements						130,645

9. Total the Values

- The total full value of the dwelling and other improvements (excluding land) is **\$130,645**. (**\$121,942 + \$8,703**).

Unit 4- Summary

The purpose of **mass appraisal** is to produce equitable and efficient appraisals of all property in a jurisdiction for *ad valorem* tax purposes.

Mass appraisal systems provide quickly obtainable value estimates with reasonable substantiation in the records. A mass appraisal system should incorporate all three approaches to value, but most systems are primarily based on the cost approach.

A **cost factor** is designed to adjust the Publication 123 **replacement cost new (RCN)** value to reflect the local cost of labor and materials.

The **quality grade** represents quality of construction, workmanship, and material used in a project. The quality of workmanship and materials can greatly affect cost.

To determine a **design factor**, the board must determine the percentage increase, or decrease, in cost due to the design features. The design factor is handled in the same manner as a quality grade factor; it is assigned to individual properties and should remain unchanged during the life of the structure.

The **remaining economic life (REL) factor** is applied to the true Replacement Cost New (RCN) to arrive at the full market value, which then reflects the adjustment made for depreciation.

Unit 4- Review Questions

1. What type of quality does the quality grade factor “D” represent and what is the factor applied from the schedules? _____

2. A local assessor notices that an improvement has been greatly neglected and its physical condition is extremely poor. He or she notes that this improvement was originally built with excellent materials and workmanship. Which one of the following will the assessor adjust?

_____ Cost
_____ Quality grade
_____ CDU rating used to determine the REL factor
3. Quality grade refers to the _____

True or False Questions

1. **T or F** A PRC-2 is used for calculating land values.
2. **T or F** A frame house on a basement will not be adjusted for the type of foundation it has
3. **T or F** All detached garages are calculated using the Summary of Other Buildings on the bottom of the PRC
4. **T or F** The quality grade is used to determine a REL factor.
5. **T or F** To compute the value for an enclosed frame porch of 60 square feet and an enclosed frame porch of 40 square feet, you should add the square footage of the porches together and price out a porch of 100 square feet from the cost tables.

Unit 5- Sales Comparison Approach to Value

This unit covers the Sales Comparison Approach (also known as the Market Approach) to value. The purpose of this unit is to provide a basic understanding of the appraisal process and how the sales comparison method can be used to determine market value.

Learning Objectives

After completing the assigned readings, you should be able to

- understand the Principle of Substitution.
- understand the Principle of Highest and Best Use.
- be able to complete a Sales Comparison Grid.
- identify Units of Comparison when analyzing comparable sales data.
- be able to make the appropriate adjustments to the comparable sales.
- be able to select the property that is most comparable to the subject property.

Terms and Concepts

Highest and best use

Principle of Substitution

Sales Comparison or Market Approach

Sales price

Adjusted sales price

Unit price

Units of comparison

Principle of Highest and Best Use

Before determining a property's market value, the property's highest and best use must first be determined. Property has its highest value at its highest and best use. Highest and best use is defined as "that use that will produce the highest net return to the land for a given period of time, within the limits of those uses which are economically feasible, probable, and legally permissible."

The property's highest and best use is generally its current use. However, consider a single-family residential property in a commercially zoned area along a busy street. The highest and best use of this property could easily be a store or an office building. The use that would lead to the highest net return to the property would be the highest and best use.

Principle of Substitution

The principle **provides the basis of the three approaches to value** and states that a buyer is not going to pay more for a property than it would cost to acquire an equally desirable, substitute property. That is, the value of a property is established as the amount equally desirable and comparable properties are being bought and sold for in the open market.

Sales Comparison or Market Approach

The Sales Comparison or Market Approach compares properties that have recently sold to the subject property that is being appraised. It is the best approach for a Board of Review to use when valuing residential property that is *not new*.

Units of Comparison

Units of Comparison are those components into which a property may be divided for purposes of comparison. Different Units of Comparison are used depending on the type of property that is being analyzed.

Examples of Units of Comparison

- Residential Property—Square Feet, Number of Bathrooms, Age, Number of Stories
- Warehouse Property—Gross Building Area, Gross Building Volume, Number of Loading Docks, Location
- Apartment Building—Number of Units, Number of Bedrooms, Gross Rent Multipliers
- Hotel—Number of Rooms
- Nursing Home—Number of Beds
- Land—Square Feet, Front Foot, Acreage, Site Value

In the Sales Comparison Approach, consideration must be given to all tangible and intangible factors influencing value, such as location, construction, age, physical features, condition, desirability, and utility.

The appraiser **adjusts the comparable sales** to the subject property. If the comparable property is superior in some manner to the subject property, the sales price of the comparable property is adjusted downward to the subject property. Likewise, if the comparable property is inferior in some manner to the subject property, the sales prices of the comparable property is adjusted upward to the subject property. Inferior = Increase; Superior = Subtract.

An easy way to remember how to adjust comparable sales is:

Comparable Superior, Subtract. If the comparable **property is superior** to the subject property, then you **subtract** a dollar amount from the sale price of the comparable property.

Comparable Inferior, Increase. If the comparable property sale is **inferior** to the subject property, then you increase or **add** a dollar amount from the sale price of the comparable property.

When making adjustments in the Sales Comparison Approach, you **never adjust the subject**; you **adjust the comparable** sales.

Example of an Upward Adjustment

An upward adjustment of \$25,000 may be warranted if two comparable residential sales are alike in every way except Sale #1 sold for \$150,000 and it has four bedrooms. Sale #2 sold for \$125,000 but only has three bedrooms. If several other sales indicate similar trends, a \$25,000 upward adjustment would be required before the inferior Sale #2 can be used to estimate the value of the subject property with four bedrooms.

Example of a Downward Adjustment

A downward adjustment may necessary if a comparable sale is superior to the subject property because the comparable sale property has four bedrooms and the subject property only has three bedrooms. Using the above example, the adjustment for one bedroom is \$25,000. The sale price of the superior, comparable property would be adjusted downward by \$25,000.

The significance of this approach to value lies in its ability to produce estimates of value that directly reflect the opinions of buyers and sellers in the market.

The first step in the Sales Comparison Approach is to gather information on comparable properties that have sold. Once the information is gathered, the appraiser should study the properties to determine if any adjustments are needed.

Units of Comparison for single family, residential property can be square feet, number of bathrooms, age, number of stories, amenities, etc.

Exercise 5-1 Completing a Sales Grid and Determining the Most Comparable Property of an Improvement

Let's look at the process for finding the value for a subject property using data from comparable sales.

For this exercise, the following will be true:

- Newer is better than older
- Condition is important
- A crawl space is better than a slab
- A basement is better than a crawl
- An attached garage is better than a detached
- A 2-car garage is better than a 1-car
- The more beds, baths and square feet, the better
- Other amenities add value

Adjustment Values

- 1 bathroom fixture = \$500 (full bath is 3 fixtures; half bath is 2 fixtures)
- 1 bedroom = \$1,500
- Crawl = \$3,000
- Basement, unfinished = \$10,000; partial basement, unfin. = \$5,000
- Fireplace = \$2,500
- Garage Space = \$5,000

Each sale has its own column. Try to enter the data known into the grid. You don't have to enter the dollar value yet.

Let's do the first column together:

SUBJECT: 1211 Sherman Dr.

One story ranch home
Average Condition
20 Years Old
3 Bedrooms
2 Full Bathrooms
1350 Sq. Ft.
Crawl Space
2 Car Attached Garage
No Fireplace

Comparable Sale # 1: 810 N. Oak St. SALE PRICE: \$128,000

One story ranch home
28 Years Old
Average Condition
3 Bedrooms
1.5 Bathrooms
1350 Sq. Ft.
Crawl Space
1 Car Attached Garage
1 Fireplace

Comparable Sale # 2: 512 W. White St. SALE PRICE: \$120,000

One story ranch home
22 Years Old
Above Average Condition
3 Bedrooms
1 Full Bathroom
1200 Sq. Ft.
Crawl Space
2 Car Attached Garage
No Fireplace

Comparable Sale # 3: 912 E. Grand Av. SALE PRICE: \$134,000

One story ranch home
9 Years Old
Average Condition
4 Bedrooms
2.5 Bathrooms
1550 Sq. Ft.
Partial Basement—500 Sq. Ft. Unfinished
3 Car Attached Garage
1 Fireplace

Comparable Sale # 4: 1001 Douglas Av. SALE PRICE: \$135,000

One story ranch home
31 Years Old
Below Average Condition
3 Bedrooms
2 Full Bathrooms
1400 Sq. Ft.
Full Basement--1400 Sq. Ft. Unfinished
2 Car Attached Garage
No Fireplace

Exercise 5-1 Directions

1. Enter the Age, SF, Condition, Basement, # of Beds and # of Baths, # of Fireplaces and # of Bays in the Garage in the Subject column. The goal of this exercise is to determine the Adjusted Sales Price of the Subject Property, 1211 Sherman Drive.
2. Next, fill in the number of adjustments in each column for the four Comparable Properties. If there is No Change as compared to the Subject, just enter NC.
3. Then, calculate the dollar value of each of the adjustments, and applying the rules, make each adjustment a plus (add) or minus (subtract) adjustment.
4. Carefully total all the plus and minus adjustments for a total dollar amount and apply the adjusted \$ amount to the known Sales Price to get the Adjusted Sales Price of each comparable.
5. Next, determine the value of the subject property.
 - Is it based on the least number of adjustments? _____
 - Is it based on the smallest dollar amount of adjustments? _____
 - Is it based on something else? _____
6. Use your judgement. The best value for the subject property would be \$ _____
Why? _____

	Subject	Sale 1	Sale 2	Sale 3	Sale 4
Address	1211 Sherman Dr.				
Sales Date					
Age					
# Square Ft					
Basement					
# Bedrooms					
# Bathrooms					
Fireplace					
Garage					
# of Adjustments					
\$\$\$ Adjustments					
Adj. Sales Price					

	Subject	Sale 1	Sale 2	Sale 3	Sale 4
Address	1211 Sherman Dr.	810 N Oak St	512 W White St	912 E Grand Ave	1001 Douglas Ave
Sales Date		Current	Current	Current	Current
Age	20	28	22	9	31
# Square Ft	1350	1350 NC	1200 +150	1550 -200	1400 -50
Basement	Crawl	Crawl NC	Crawl NC	500 SF unf. -5,000	Full unf. -10,000
# Bedrooms	3	3 NC	3 NC	4 -1,500	3 NC
# Bathrooms	2	1.5 + 500	1 +1,500	2.5 -1,000	2 NC
Fireplace	0	1 -2,500	0 NC	1 -2,500	0 NC
Garage	2 Car Attached	1 Car Att. +5,000	2 Car Att. NC	3 Car Att. -5,000	2 Car Att. NC
# of Adjustments		3	1	5	1
\$ Adjustments		+ \$3,000	+ \$1,500	- \$15,000	- \$10,000
Adj. Sales Price		\$ 131,000	\$121,500	\$119,000	\$125,000

Exercise 5-2

Sales Comparison Approach to Valuing Land- Site Unit of value

You are appraising a subdivision that began to be developed 10 years ago. Now it is nearing the end of its development life cycle. Approximately 70 percent of the sites are interior sites, lots with trees, and sites with level terrain. The remaining 30 percent consists of corner sites, sites with no trees, and sites with rolling terrain. It appears that the market responds to differences in location and physical features.

The seven sales below have been verified as arm's length transactions. Using the market data, determine the value for time, location, and physical features.

Note: This exercise has been simplified for class purposes. When determining the value of features in the market, numerous pairs should be utilized.

<u>Site</u>	<u>Sales price</u>	<u>Sale date</u>	<u>Location</u>	<u>Physical features</u>
1	\$ 9,000	Current	Interior	Level - trees
2	\$ 8,500	Current	Corner	Level - trees
3	\$10,000	Current	Interior	Rolling - trees
4	\$ 9,000	1 year ago	Interior	Rolling - trees
5	\$ 8,000	Current	Interior	Level - no trees
6	\$ 6,500	1 year ago	Corner	Level - no trees
7	\$ 7,500	Current	Corner	Level - no trees

To Determine Time Adjustments:

A time adjustment identifies sales with identical features except the sale date. Look for sales that meet those criteria. For instance, compare Sale 1 to Sale 2. The sale date is the same-current. We want sales that have different dates.

Look at Sales 3 and 4. Sale 3 is a current sale and Sale 4 sold 1 year ago. All other features are the same. But Sale 3 (current) sold for \$1000 more than Sale 4. Therefore, the time adjustment indicated is + \$1,000 each year.

Remember, this is a simplified exercise. In actual practice, many sales would be compared to each other to determine the adjustment for each feature.

Continue to compare sales to find adjustments for terrain, trees, and site location using the same method:

1. Based on the above sales, a site that sold today is worth \$_____ more than a site that sold a year ago. (used Sales 3 & 4- 6 & 7)

2. A site that is on rolling terrain is worth \$_____ more than a site on level terrain. (used Sales ___&___)

3. A site that has trees is worth \$_____ more than a site without trees. (used Sales ___&___)

4. An interior site is worth \$_____ more than a corner site. (used Sales ___&___)

Unit 5- Summary

Highest and best use is defined as “that use that will produce the highest net return to the land for a given period of time, within the limits of those uses which are economically feasible, probable, and legally permissible.”

Property has its highest value at its highest and best use. The property’s highest and best use is generally its current use.

The Principle of Substitution is the basis for all three approaches to value and states that a buyer is not going to pay more for a property than it would cost to acquire an equally desirable, substitute property.

The Sales Comparison or Market Approach is generally the best approach for a Board of Review to use when valuing residential property that is *not new*.

Different Units of Comparison are used with different types of property.

When trying to determine the value of a subject property, all adjustments are made to the Comparable Properties, never the Subject.

Comparable Superior, Subtract. If the comparable property is superior to the subject property, then you subtract a dollar amount from the sale price of the comparable property.

Comparable Inferior, Increase. If the comparable property sale is inferior to the subject property, then you increase or add a dollar amount to the sale price of the comparable property.

Determining Value is based on available data and the application of the assessor and board member’s best judgment.

Unit 5- Review Questions

True or False Questions

1. **T or F** When using the Sales Comparison or Market Approach, one never adjusts the subject property.
2. **T or F** Make a minus adjustment to the comparable property if it is inferior to the subject property.
3. **T or F** The market is showing an annual increase in value of 3%. A comparable property sold 2 years ago. It would have a minus adjustment of 6%.
4. **T or F** The comparable sale with the fewest adjustments is usually the best indicator of value for the subject property.
5. **T or F** Vacant land is most often valued using the Sales Comparison Approach to value.

Unit 6- Income Approach to Value

This unit covers the ways to use the IRV formula to calculate the market value of an income producing property.

Learning Objectives

After completing the assigned readings, you should be able to

- determine the capitalization rate for a property when given the net income and the value.
- determine the value for a property when given the appropriate capitalization rate and income of a property.
- determine the income for a property when given the appropriate capitalization rate and value of a property.

Terms and Concepts

IRV Formula

Market Value (MV)

Net Operating Income

The Income Approach

Properties, such as parking lots, apartments, and office buildings are often valued based on the net income these properties produce for their owners. This is when the Income Approach has its widest application in appraisal of property. Commercial property is universally bought and sold on its ability to generate and maintain a stream of income for its owner. **The value of such property is a measure of the amount, quality and durability of the future net income the property can be expected to return to its investor.**

The process of converting the net income produced by a property into an indication of its value is called **Capitalization**.

The IRV formula is:

$$\frac{I}{R \times V}$$

In the IRV formula:

I = Net Operating Income

R = Capitalization Rate

V = Value

- (I) **Income is the Net Income** which is made up of rents and other miscellaneous income from laundry facilities, vending, parking fees, etc. **minus the expenses.**
- (R) **Capitalization Rate** is the desired return expected by the investor or owner. It consists of the recapture rate, the mortgage interest (or discount) rate and the effective tax rate combined.

Recapture Rate— The annual rate at which invested capital is returned to the investor over a specified period of time.

Mortgage Interest or Discount Rate— The interest rate used to convert future payments or receipts into present value.

Effective Tax Rate— The tax rate is expressed as a percentage of market value.

(V) **Value** is the market value or sale price of the property.

Any one of the factors of the IRV formula can be determined if the other two factors are known.

Using the IRV Formula

$$\frac{I}{R \times V}$$

The IRV formula can be used to determine any one of the three factors. If you cover up the letter representing the component you are trying to determine, the formula for determining the value of that component is left.

$$\frac{I}{R \times V}$$

To find the income of a property, cover up the "I" in the formula so you are left with **R x V**.

Multiply the appropriate capitalization rate "R" by the value "V."

$$\frac{I}{R \times V}$$

If you know the net income of a property and the value, to find the appropriate capitalization rate, cover up the "R" in the formula so you are left with

$$\frac{I}{V}$$

Divide the net income "I" by the value "V."

$$\frac{I}{R \times V}$$

To determine the value of the property cover up the "V" in the formula so you are left with

$$\frac{I}{R}$$

Divide the net income "I" by the capitalization rate "R."

Example of Determining a Value

An apartment building has 15 units that rent for \$500 per month.

Allowable expenses are \$50 per unit per month.

The appropriate capitalization rate is 10.25 percent.

What is the value of the property?

To arrive at the value, you need to know the Net Operating Income and the appropriate Capitalization Rate.

1. Determine the Income
 $15 \text{ (units)} \times \$500 \times 12 \text{ (months)} = \$90,000$
2. Determine the annual allowable expenses.
 $15 \text{ (units)} \times \$50 \times 12 \text{ (months)} = \$9,000$
3. Determine the Net Operating Income (NOI).
 $\$90,000 - \$9,000 = \$81,000$

Apply the IRV Formula "V" = "I" ÷ "R"

$$\frac{I}{R \times V}$$

$$\frac{I = \$81,000}{R = 10.25\%} = \$790,244$$

The value of the property is \$790,244.

Exercise 6-1 Using the IRV Formula

1. A commercial building recently sold for \$250,000. The annual income is \$30,000. Allowable expenses are \$6,000 annually. What is the capitalization rate?

ANSWER _____

2. A parking lot provides its owner with a net operating income of \$16,740. The appropriate capitalization rate is 9.30%. What is the value of the parking lot?

ANSWER _____

3. The capitalization rate for an office building is 11.37%. The value in a recent sale was \$452,600. What is the net operating income for the office building that an investor would expect?

ANSWER _____

4. An apartment building recently sold for \$375,700. The annual income for the building is \$53,428. What is the capitalization rate?

ANSWER _____

5. An apartment building has 20 units that rent for \$350 per month. The allowable expenses are \$150 per unit per month. The capitalization rate is 14.5%. What is the value of the property?

ANSWER _____

Unit 6- Summary

IRV Formula:

$$\frac{I}{R \times V}$$

I = Net Operating Income

R = Capitalization Rate

V = Market Value

Net Operating Income = Gross Income minus Expenses

Cap Rate = Mortgage Interest Rate
 + Effective Tax Rate
 + Recapture Rate

Value = Market Value or Sale Price.

Unit 6- Review questions

1. What is the formula for the Income Approach?

ANSWER _____

2. A 100-space parking lot rents for \$30 a month per space. The cap rate is 11.89%. What is the value of the parking lot?

ANSWER _____

3. A two-story commercial building has a value of \$960,000. The building provides its owner with a monthly net income of \$6,000 per floor. What is the capitalization rate?

ANSWER _____

4. Land used as a parking lot sold for \$270,000. The cap rate is 10.65%. What is the net income of this parking lot?

ANSWER _____

5. A 11-unit apartment building has (6) 1-bedroom units, (4) 2-bedroom units, and (1) 3-bedroom units. The 3-bedroom units rent for \$450 per month, the 2-bedroom units rent for \$350 per month, and the 1-bedroom units rent for \$275 per month. What is the potential income of this apartment building?

ANSWER _____

Unit 7- Levy

This unit covers the effects of final board of review action as it applies to the levy, tax extension, and tax bills.

The purpose of this unit is to provide a basic understanding of the calculation of tax rates for tax extensions.

Learning Objectives

After completing the assigned readings, you should be able to

- understand the formula for determining a levy.
- calculate a levy.
- calculate a tax rate.

Terms and Concepts

LAR Formula

Levy

Maximum tax rates

Tax Base

Aggregate Tax

LAR Formula

The county clerk has the responsibility of calculating tax rates and extending taxes against individual properties. The county clerk must also ensure that no tax rate exceeds any limitation that may be imposed by law. Tax rates that are limited by the statutes are referred to as maximum tax rates.

Although the board of review does not calculate tax rates or extend property taxes, taxpayers often contact the board upon receipt of their tax bills.

A tax rate is calculated by dividing the levy by the tax base for each taxing district. This mathematical process is referred to as the **LAR formula**.

$$\frac{L}{A \times R}$$

Levy (L) — the amount of money a taxing district determines is necessary to raise from property taxes.

Tax base (A) — the amount of taxable EAV after removing all qualified exemptions and including all applicable values for state-assessed property in the taxing district.

Tax rate (R) — the percentage applied to the taxable EAV in the taxing district.

If any two values are known, the third value can easily be determined with this formula. If you cover up the letter representing the component you are trying to determine, the formula for determining the value of that component is left.

Example 1

If a taxing body has a tax base of \$25 million and a tax rate of 2%, or .02, the amount to be raised from property taxes is \$500,000.

$$\$25,000,000 \times 2\% (.02) = \$500,000$$

To determine **L**, multiply **A** by **R**.

Example 2

If a taxing body has a tax levy of \$500,000 and a tax rate of 2%, or .02, the tax base is \$25 million.

$$\frac{\$500,000}{2\% (.02)} = \$25,000,000$$

To determine **A**, divide **L** by **R**.

Example 3

If a taxing body has a levy of \$500,000 and a tax base of \$25 million, the tax rate is .02, 2%, or \$2.00/\$100 AV.

$$\frac{\$500,000}{\$25,000,000} = .02 = 2\% = \$2.00 / \$100 \text{ AV}$$

To determine **R**, divide **L** by **A**

Exercise 7-1 Tax rates

	L	A	R
1.	\$660,000	\$30,000,000	<u>2.2000%</u>
2.	<u> </u>	\$10,000,000	4.0000%
3.	\$55,000	<u> </u>	.6875%
4.	<u> </u>	\$95,480,000	2.3615%
5.	\$200,000	\$50,000,000	<u> </u>
6.	\$900,000	<u> </u>	.7500%
7.	\$44,600	\$54,257,900	<u> </u>
8.	\$150,000	<u> </u>	.3550%
9.	<u> </u>	\$12,750,000	.6544%

The tax rates determined in the previous exercise may be subject to maximum tax rates set by law (PTELL). If the taxing district has a maximum tax rate and the calculated tax rate exceeds the maximum tax rate, the extension would be based on the maximum tax rate and the levy adjusted accordingly.

Unit 7- Summary

The levy is the amount of money a taxing district receives from property taxes. It is calculated using the **LAR** formula:

$$\frac{L}{A \times R}$$

L is the levy

A is the tax base

R is the tax rate

When calculating the tax rate, be sure to convert any percentages into decimals and then convert back to percentages for your answer.

Some tax rates are subject to maximum tax rates set by law.

Each taxing district has its own tax rate.

All the district's tax rates combined equal the Aggregate Tax Rate.

Unit 7 Review Questions

1. If the levy for a local taxing body is \$60,000 and the EAV for the local taxing body is \$15,000,000, the tax rate for this taxing district will be:

_____ %

2. If the levy for a local taxing body is \$1,200,000 and the tax rate for the local taxing body is \$3.25/\$100 EAV, the equalized assessed valuation for this taxing district will be:

\$ _____

3. The equalized assessed valuation for a local taxing body is \$26,660,000 and the tax rate is \$2.95/\$100 EAV. The levy for this taxing body will be:

\$ _____

4. The EAV for a local taxing body is \$65,000,000 and the levy is \$22,750. The tax rate for this taxing body will be:

_____ %

5. If the levy for a local taxing body is \$75,000 and the EAV for the local taxing body is \$15,000,000, the tax rate for this taxing district will be:

\$ _____ /\$100

Unit 8- Homestead and Non-homestead Exemptions

The purpose of this unit is to provide a basic understanding of Homestead and Non-homestead exemptions. This unit also covers the documentation required for each type of Non-homestead exemption application and the actions the Board of Review must complete before forwarding an application to the Illinois Department of Revenue for a final decision.

Learning Objectives

After completing this unit, you should

- know the difference between a homestead exemption and a non-homestead exemption.
- know how a non-homestead exemption is reviewed and ruled upon.
- be able to identify the criteria for each exemption and who is eligible for it.

Terms and Concepts

Homestead Exemption

Non-homestead Exemption

Property Tax Exemptions

A **Homestead Exemption** is an exemption (reduction) on a portion of the assessed value if **the owner (or lessee) qualifies**.

A **Non-homestead Exemption** is an exemption (reduction) on the property if **the property qualifies**, depending on the property determined by its ownership and use.

Non-homestead Exemptions

Some real property is exempt from property tax as allowed by the Illinois Constitution.

Who qualifies for a property tax exemption?

Property that belongs to the State of Illinois, units of local government and school districts are exempt from property tax. Certain organizations also may qualify. The organization must

- be an exclusively beneficent and charitable, religious, educational, or governmental organization, **and**
- own the property that is used exclusively for charitable, religious, educational, or governmental purposes and not leased or used for profit

to qualify for a property tax exemption.

Who doesn't qualify for a property tax exemption?

Some organizations do charitable work but aren't primarily organized and operated for charitable purposes. Therefore, they don't qualify for this exemption. These include civic and fraternal organizations, such as

- American Legions,
- AmVets,
- Chambers of Commerce,
- Elks Clubs,
- Lions Clubs,
- Rotary Clubs,
- Veterans of Foreign Wars, and
- Unions and trade associations.

How does an organization apply for a property tax exemption?

To apply, the organization should complete one of the following three applications, available from the chief county assessment officer (CCAO).

Charitable organizations should complete Form PTAX-300, Application for Non-homestead Property Tax Exemption. This **must** include copies of

- Proof of ownership, (deed, contract for deed, title insurance policy, condemnation order and proof of payment, etc.)
- A picture of the property,
- Any leases or contracts on the property, and
- A notarized affidavit of use of the property.

Educational and governmental organizations, other than federal and state agencies, should also complete Form PTAX-300. The required attachments are listed on that form.

Federal and state agencies should complete Form PTAX-300-FS, Application for Federal/State Agency Property Tax Exemption. The required attachments are listed on that form.

Religious organizations should complete Form PTAX-300-R, Application for Religious Property Tax Exemption. The required attachments are listed on that form.

The application will be submitted along with **all** required documents to the county board of review. The board will hold a hearing and evaluate all the information submitted before making a recommendation to the Illinois Department of Revenue. All the documents are then forwarded to the department for a final determination. This decision is final unless a formal hearing is requested by the applicant or another party to the matter.

If granting the application will reduce the property's assessed valuation by \$100,000 or more, the municipality, school district, community college district, and fire protection district in which the property is located must be notified by the applicant that this application has been filed.

If approved, certain property owners may be required to file an annual affidavit or certificate of exempt status with the CCAO on or before January 31st of each year.

Homestead Exemptions (35 ILCS 200/15)

The Illinois Constitution also allows homestead exemptions for certain residential property. The property generally must be occupied as a principle residence on January 1 of the tax year. The amount of exemption and its application varies between exemption programs.

General Homestead Exemption (15-175)

Qualifications

The **General Homestead Exemption** is an annual exemption that is available for residential property that is occupied by its owner or owners as his or their principal dwelling place, or that is a leasehold interest on which a single family residence is situated, which is occupied as a residence by a person who has an ownership interest therein, legal or equitable or as a lessee, and on which the person is liable for the payment of property taxes.

The owner of the property must have occupied the residence on January 1 of the assessment year. Only one General Homestead Exemption can be received per parcel. Married couples living separately must split the exemption between the two properties.

Exemption Amount

The amount of exemption is the increase in the current year's equalized assessed value (EAV), above the 1977 EAV, up to a maximum of \$10,000 in Cook County, \$8,000 in counties contiguous to Cook County (DuPage, Kane, Lake, McHenry, Will), and \$6,000 in all other counties.

Application Procedure

A formal application is not required to receive the General Homestead Exemption unless the completion of an initial application is required by the county.

The property owner must occupy the residence on January 1 of the assessment year. Applications are not required to be filed by statute, but if the county requires an application, they will set the deadline.

Homestead Improvement Exemption (15-180)

Qualifications

The Homestead Improvement Exemption is applied when new improvements are made to an existing structure on homestead property, or it may be applicable for rebuilding following a catastrophic event. To be eligible for an exemption under this Section after a catastrophic event, the residential structure must be rebuilt within 2 years after the catastrophic event.

Exemption Amount

The amount of exemption is equal to the fair cash value of the improvements, up to an annual maximum of \$75,000 (or \$25,000 in assessed value) that was added to the homestead property by any new improvement. It is available for four years from the completion of the improvement.

Application Procedure

An application is required to be filed with the Chief County Assessment Officer to receive the Homestead Improvement Exemption, unless the exemption is automatically granted by an assessing official. When a county requires an application, it must be filed before the county Board of Review adjourns for the year.

Senior Citizens Homestead Exemption (15-170)

Qualifications

This exemption is available for property that is occupied as a residence by a person 65 years of age or older during the assessment year who is liable for paying real estate taxes on the property.

Exemption Amount

The maximum amount of the reduction in equalized assessed value is \$5,000, or \$8,000 in counties of 3,000,000 or more in population (Cook County) and counties contiguous to Cook. This exemption may be prorated from the date of occupancy.

Application Procedure

For all counties with less than 3,000,000 inhabitants, an annual application is required to be filed with the Chief County Assessment Officer unless the exemption is automatically granted by the county. When a county requires an

application, it must be filed before the county Board of Review adjourns for the year unless the county sets an alternative filing deadline.

Low-Income Senior Citizens Assessment Freeze Homestead Exemption (15-172)

Qualifications

The Low-Income Senior Citizens Assessment Freeze Homestead Exemption (SCAFHE) is available for persons who are 65 years of age or older during the assessment year, have a total household income of \$65,000 or less, owned and occupied the residence on January 1 of the current and prior assessment year, and is liable for the payment of property taxes.

If a spouse passes away, the surviving spouse may lose this exemption the year after the spouse's death unless the surviving spouse is 65 years of age and meets the requirements for the SCAFHE.

Exemption Amount

This exemption "freezes" the property's taxable value the year that the property owner qualifies for the exemption. The property's equalized assessed value does not increase as long as the property owner qualifies for the exemption. However, the tax bill may still increase if any tax rates are increased or if improvements are added that increase the value of the property.

Application Procedure

An annual application* is required to be filed with the Chief County Assessment Officer. The application must be filed by July 1 unless an alternative date has been set by the County Board or the Cook County Assessor.

*New in 2021- For any property that received this exemption for the 2020 taxable year, the CCAO **may** automatically approve this exemption without application for the 2021 taxable year only, as long as the following conditions are met:

- The county board has declared a local disaster as provided in the Illinois Emergency Management Agency Act related to the COVID-19 public health emergency;
- The owner of record of the property as of January 1, 2021 is the same as the owner of record of the property as of January 1, 2020;
- The exemption for the 2020 taxable year has not been determined to be an erroneous exemption as defined by the Property Tax Code: and

- The applicant for the 2020 taxable year has not asked for the exemption to be removed for the 2020 or 2021 taxable years.

As an alternative to the income verification, a qualifying owner enrolled in the Aid to the Aged, Blind or Disabled (AABD) program or Supplemental Nutrition Assistance Program (SNAP) through the Department of Human Services; the Low-income Home Energy Assistance Program (LIHEAP) through the Department of Commerce and Economic Opportunity; the Benefit Access Program through the Department on Aging; or the Senior Citizens Real Estate Deferral Program to be considered as having met the income limits set forth for this exemption, provided that they provide the benefit letters showing they qualified for one of the above programs.

Veterans with Disabilities Exemption for Specially Adapted Housing (15-165)

Qualifications

This exemption is for certain types of housing owned and used exclusively by a veteran with a disability, or an unmarried surviving spouse or their children, in which federal funds have been used for the purchase or construction of specially adapted housing. The exemption is valid for as long as the veteran, the spouse, or the unmarried surviving spouse resides on the property. Federal and state financial assistance is provided for service-connected veterans with disabilities for the purpose of acquiring or remodeling suitable dwelling units with special fixtures or moveable facilities made necessary by the veteran's permanent and total service-connected disabilities as determined by the U.S. Department of Veterans' Affairs.

Beginning with the 2015 tax year, the exemption also applies to housing that is specifically constructed or adapted to suit a qualifying veteran's disability if the housing or adaptations are donated by a charitable organization, and the veteran has been approved to receive funds for the purchase or construction of Specially Adapted Housing through the U.S. Department of Veterans Affairs. This exemption is also available on a mobile home owned and used exclusively by a veteran with a disability or his or her spouse.

For a single tax year, the property cannot receive this exemption and the Homestead Exemption for Persons with Disabilities or Standard Homestead Exemption for Veterans with Disabilities.

Exemption Amount

The exemption may be up to a \$100,000 reduction on the assessed value of the property.

Application Procedure

An annual application is required to be filed with the Illinois Department of Veterans' Affairs. The application must be filed by September 15 of the year preceding the assessment year.

Homestead Exemption for Persons with Disabilities (15-168)

Qualifications

This exemption applies to a primary residence that is owned and occupied by a person with a disability who is liable for the payment of property taxes. The applicant must occupy the property as of January 1, own the property or lease and be liable for the property tax payments, and have been disabled or become disabled during the assessment year and provide proof of disability. For a single tax year, the property cannot receive this exemption and the Veterans with Disabilities Exemption for Specially Adapted Housing or Standard Homestead Exemption for Veterans with Disabilities (SHEVD).

If the qualifying spouse passes away, the surviving spouse does not qualify for this exemption unless they also meet the qualifications.

Exemption Amount

This exemption grants an annual \$2,000 reduction in equalized assessed value.

Application Procedure

An annual application* is required to be filed with the Chief County Assessment Officer. The county will set the due date for when this application must be completed.

*New in 2021- For any property that received this exemption for the 2020 taxable year, the CCAO **may** automatically approve this exemption without application for the 2021 taxable year only, as long as the following conditions are met:

- The county board has declared a local disaster as provided in the Illinois Emergency Management Agency Act related to the COVID-19 public health emergency;

- The owner of record of the property as of January 1, 2021, is the same as the owner of record of the property as of January 1, 2020;
- The exemption for the 2020 taxable year has not been determined to be an erroneous exemption as defined by the Property Tax Code: and
- The applicant for the 2020 taxable year has not asked for the exemption to be removed for the 2020 or 2021 taxable years.

Standard Homestead Exemption for Veterans with Disabilities (SHEVD) (15-169)

Qualifications

Beginning in tax year 2007 and after, this exemption is an annual reduction in equalized assessed value on the primary residence occupied by a qualified veteran with a disability. This veteran with a disability must own or lease a single-family residence and be liable for payment of property taxes. The property's total EAV must be less than \$250,000 after subtracting any portion used for commercial purposes.

An unmarried surviving spouse of a veteran who was disabled and is now deceased can continue to receive this exemption on his or her spouse's primary residence or transfer this exemption to another primary residence after the original primary residence of a veteran with a disability is sold, provided this exemption had previously been granted to the veteran with a disability.

The surviving spouse must occupy and hold legal or beneficial title to the primary residence on January 1 of the assessment year and submit a Form PTAX-342, Application for the Standard Homestead Exemption for Veterans with Disabilities, available from your local assessment office, to transfer this exemption to themselves.

Beginning in tax year 2015 (property taxes payable in 2016), an un-remarried surviving spouse of a veteran killed in the line of duty will be eligible for a 100% reduction in the EAV on his/her primary residence, even if the veteran did not previously qualify for or obtain the SHEVD.

Beginning in tax year 2023 (property taxes payable in 2024), an un-remarried surviving spouse of a veteran whose death was determined to be service-connected and who is certified by the U.S. Department of Veterans Affairs as a

recipient of dependency and indemnity compensation under federal law, may also qualify even if the veteran did not previously qualify or obtain the SHEVD.

For a single tax year, the property cannot receive this exemption and the Veterans with Disabilities Exemption for Specially Adapted Housing or the Homestead Exemption for Persons with Disabilities.

Exemption Amount

The amount of the exemption depends on the percentage of the service-connected disability as certified by the United States Department of Veterans' Affairs. A qualified veteran with

- a service-connected disability of at least 30% but less than 50% will receive a \$2,500 reduction in EAV;
- a service-connected disability of 50% but less than 70% will receive a \$5,000 reduction in EAV; and
- a service-connected disability of 70% or more, the residential property is exempt from taxation.

This exemption can be prorated if a qualifying veteran purchases or sells a property after January 1. The exemption is effective on the first day of the month following qualification.

Application Procedure

An annual application* is required to be filed with the Chief County Assessment Officer. If the veteran has a combined service-connected disability rating of 100% and is deemed to be permanently and totally disabled, the taxpayer who has been granted the exemption shall no longer be required to reapply for the exemption annually. The county will set the due date for when this application must be completed.

*New in 2021- For any property that received this exemption for the 2020 taxable year, the CCAO **may** automatically approve this exemption without application for the 2021 taxable year only, as long as the following conditions are met:

- The county board has declared a local disaster as provided in the Illinois Emergency Management Agency Act related to the COVID-19 public health emergency;
- The owner of record of the property as of January 1, 2021, is the same as the owner of record of the property as of January 1, 2020;

- The exemption for the 2020 taxable year has not been determined to be an erroneous exemption as defined by the Property Tax Code: and
- The applicant for the 2020 taxable year has not asked for the exemption to be removed for the 2020 or 2021 taxable years.

Note: A veteran whose service-connected disability rating has changed since the exemptions was granted in 2020 is allowed to apply based on the new service-connected disability rating.

Returning Veterans' Homestead Exemption (15-167)

Qualifications

Upon returning from active duty in an armed conflict involving the armed forces of the United States or the Illinois National Guard, the principal residence of a returning veteran is eligible to receive the exemption the tax year and the following year that the veteran returns home from active duty in an armed conflict involving the U.S. armed forces. This may be claimed again in the future if a veteran subsequently is called to active duty in an armed conflict and returns.

The property must be the primary residence of the applicant as of January 1 of the assessment year, and the applicant must be liable for the property taxes on the residence.

Exemption Amount

This exemption is a \$5,000 reduction in equalized assessed value on the principal residence in the year returned from active duty and the succeeding year.

Application Procedure

An annual application is required to be filed with the Chief County Assessment Officer. The county will set the due date for when this application must be completed.

Residential Improvements for Accessibility

Qualifications

Accessibility improvements made to residential property shall not increase the assessed valuation of the property for a period of 7 years after the improvements are completed. "Accessibility improvement" means a home modification including, but not limited to, the installation of ramps and grab-bars, widening

door-ways, and other changes to enhance the independence of a disabled or elderly individual.

Exemption Amount

No increase in assessed valuation for 7 years after the improvements are completed.

Application Procedure

Check with the Chief County Assessment Officer for application procedures and deadlines.

Natural Disaster Homestead Exemption (15-173)

Qualifications

This exemption is on homestead property for a rebuilt residential structure following a natural disaster. The exemption continues at the same amount until the taxable year in which the property is sold or transferred. The property owner may not claim both this exemption and the Homestead Improvement Exemption for the same natural disaster or catastrophic event.

A surviving spouse will qualify to maintain this exemption if the surviving spouse holds the legal or beneficial title to the homestead and permanently resides thereon.

Exemption Amount

The amount of the exemption is the reduction in equalized assessed value of the residence in the first taxable year for which the taxpayer applies for an exemption minus the equalized assessed value of the residence for the taxable year prior to the taxable year in which the natural disaster occurred. The exemption shall continue at the same annual amount until the taxable year in which the property is sold or transferred.

Application Procedure

An annual application is required to be filed with the Chief County Assessment Officer. The deadline to apply is July 1 of the first taxable year after the residential structure is rebuilt, or the filing date set by the county.

Long-time Occupant Homestead Exemption – Cook County Only

(15-177)

Qualifications

Cook County residential property owners who occupy their primary residence for a continuous period and have a total household income of \$100,000 or less are eligible for this exemption. The property must be occupied for 10 continuous years or 5 continuous years if the person receives assistance to acquire the property as part of a government or non-profit housing program.

Properties cannot receive both the Long-time Occupant Homestead Exemption and the Alternative General Homestead Exemption, General Homestead Exemption, or Senior Citizen Assessment Freeze Homestead Exemption. Properties that qualify for the Senior Citizen Assessment Freeze Homestead Exemption will receive the same amount calculated for the General Homestead Exemption.

Exemption Amount

This exemption limits equalized assessed value increases to a specific annual percentage increase that is based on the total household income of \$100,000 or less.

- A total household income of \$75,000 or less is limited to a 7% annual percentage increase in equalized assessed value, or
- a total household income of over \$75,000 to \$100,000 is limited to a 10% annual percentage increase in equalized assessed value.

The minimum limit is the same amount calculated for the General Homestead Exemption with no maximum limit amount for the exemption.

Application Procedure

For information and to apply contact the Cook County Assessor's Office.

Senior Citizens Real Estate Tax Deferral Program

Qualifications

While this program is not a property tax exemption, it allows persons 65 years of age and older, who have a total household income for the year of no greater than \$65,000 and meet certain other qualifications, to defer all or part (up to a maximum of \$7,500) of the real estate taxes and special assessments on their

principal residences. The deferral is similar to a loan against the property's market value.

A lien is filed on the property to ensure repayment of the deferral. The state pays the property taxes and then recovers the money, plus 6 percent annual interest, when the property is sold or transferred. The deferral must be repaid within one year of the taxpayer's death or 90 days after the property ceases to qualify for this program.

The maximum amount that can be deferred, including interest and lien fees, is 80 percent of the taxpayer's equity interest in the property. Contact the local County Treasurer's office to receive the necessary forms, or for more information.

Erroneous Homestead Exemptions

If the Chief County Assessment Officer discovers an erroneous homestead exemption has been granted, he or she may consider the exempt portion as omitted property for that taxable year only to recover the portion of unpaid property taxes.

In Cook County, the county assessor may record a tax lien against the property that was granted the erroneous homestead exemption. The property owner or taxpayer may be responsible for any back taxes owed due to an erroneous homestead exemption. (35 ILCS 200/9-265 and 9-275)

Unit 8-Summary

There are 10 Homestead Exemptions available to property taxpayers in Illinois. *One of those exemptions is applicable only in Cook County- the LOHE.*

The Board of Review is the final, local authority on matters of Homestead Exemptions.

A Homestead Exemption is an exemption *on a portion of the assessed value if the **owner** (or lessee) qualifies.*

A Non-homestead Exemption is an exemption *on the property if the **property** qualifies*, depending on the property determined by its ownership and use.

Some properties qualify for Non-homestead Exemptions. The application forms for Non-homestead Exemptions must be filled out correctly with all supporting documentation attached prior to being submitted to the Board of Review. The application must be for the tax year for which the Board of Review is in session.

If the Non-homestead Exemption would reduce the assessed valuation of any property by \$100,000 or more, the owner (applicant) is required to notify and deliver a copy of the application to the municipality, school district(s), community college district and fire protection district in which the property is located.

For all Non-homestead Exemption applications, the Board of Review must make a full, complete statement of the facts in the case and forward the application package and the Board of Review's recommendation to the Illinois Department of Revenue. IDOR determines if the property will be granted or denied an exemption. IDOR then notifies all parties to the proceedings of its decision.

If any of the parties do not agree with IDOR's decision, that party can request a formal hearing (Administrative Review). The request for a formal hearing must be made within 60 days of the postmark on the Department's decision.

Unit 8- Review Questions

1. Who has the final, local authority on matters of Homestead Exemptions?

2. Name the entity that has the final approval authority for all Non-homestead Exemptions.

3. List four different types of non-homestead properties that could be considered exempt.

4. If a Non-homestead Exemption would result in a reduction of assessed value of \$100,000 the following taxing districts must be notified.

Unit 9- Sales Ratio and Equalization

This unit covers the purpose of sales ratio studies and the equalization process.

Learning objectives

After completing the assigned readings, you should be able to

- define equalization.
- understand how to find the median.
- explain the use of a sales ratio study.

Terms and Concepts

Sales Ratio Study

Coefficient of Dispersion (COD)

Equalization

Equalization Factors or Multipliers

Equalized Assessed Value (EAV)

Median

Statutory Level of Assessment or 33.33%

The Median and the Statutory Level of Assessment

In assessment work, **the Median** is the measure most often used. The median is the midpoint in a list of values.

To determine the median of a grouping of data (numbers in this case), list the data set in numerical order, highest to lowest or lowest to highest, and identify which value appears in the middle.

Finding the median value is a useful starting point for performing several types of analysis as an assessor or board of review member. The median value is used in performing a **Sales Ratio Study** to determine an **Equalization Factor**.

Sales Ratio Study

The primary tool in the equalization process is the **sales ratio study**. The sales ratio study provides information on **the ratio of property assessed values as compared to their sales price**. A ratio is determined for a sample of single properties and the middle value of all the ranked ratios is determined. This ratio is called the **median level of assessments**. Sales ratio studies provide information on the variation in assessment levels among and within classes of property and geographic areas.

$$\frac{\text{Assessed Value}}{\text{Sales Price}} = \text{Sales Ratio}$$

The statutory level of assessment is 33.33 percent. Therefore, a sales ratio study that resulted in a median level of assessment of 32.00 percent means the overall level of assessment is too low, and a study that resulted in a median level of 34.00% is too high. A minimum of 25 useable sales (arms-length transactions) are needed to conduct a sales ratio study. Appraisals may be used if useable (valid) sales are not available.

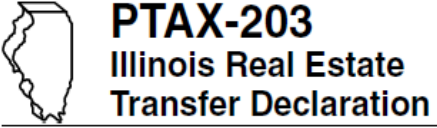
Sales ratio studies are often used by taxpayers in support of their assessment complaints. It is important for assessors and the BOR to use the best and most current data available to support the township assessments. Not all sales can be

used in a sales ratio study, Sales must be fair sales; arm's length sales; exposed to the market for a reasonable time; and free of mitigating factors. For instance, if a seller wanted to sell her house to her grandson, it is likely she would do so at a reduced price just because he was her grandson. The open market value of the house could be much higher.

The following are examples of some types of sales that would **not** be used in a sales ratio study:

- Farm homesites, farm residence, farm land & farm buildings
- State assessed property
- Sales conveying less than full title
- Sales between related parties
- Sales involving government entities
- Sales using any deed other than a Warranty Deed or Trustee Deed
- Sales that were not advertised

Form PTAX-203, Real Estate Transfer Declaration (RETD), is the primary source of sales information used in a sales ratio study.



PTAX-203
Illinois Real Estate
Transfer Declaration

Please read the instructions before completing this form.
This form can be completed electronically at tax.illinois.gov/retd.

Step 1: Identify the property and sale information.

1 Street address of property (or 911 address, if available) _____
City or village _____ ZIP _____
Township _____

2 Write the total number of parcels to be transferred. _____

3 Write the parcel identifying numbers and lot sizes or acreage.

Property index number (PIN)	Lot size or acreage
a _____	_____
b _____	_____
c _____	_____
d _____	_____

Write additional property index numbers, lot sizes or acreage in Step 3.

4 Date of instrument: _____ / _____ / _____
Month Year

5 Type of instrument (Mark with an "X.") _____ Warranty deed
_____ Quit claim deed _____ Executor deed _____ Trustee deed
_____ Beneficial interest _____ Other (specify): _____

6 Yes ___ No ___ Will the property be the buyer's principal residence?

7 Yes ___ No ___ Was the property advertised for sale?
(i.e., media, sign, newspaper, realtor)

8 Identify the property's current and intended primary use.
Current Intended (Mark **only one item per column** with an "X.")

a	Land/lot only
b	Residence (single-family, condominium, townhome, or duplex)
c	Mobile home residence
d	Apartment building (6 units or less) No. of units: _____
e	Apartment building (over 6 units) No. of units: _____
f	Office
g	Retail establishment
h	Commercial building (specify): _____
i	Industrial building
j	Farm
k	Other (specify): _____

Do not write in this area. County Recorder's Office use.

County: _____

Date: _____

Doc. No.: _____

Vol.: _____

Page: _____

Received by: _____

9 Identify any significant physical changes in the property since January 1 of the previous year and **write the date of the change**.
Date of significant change: _____ / _____ / _____
(Mark with an "X.")
_____ Demolition/damage _____ Additions _____ Major remodeling
_____ New construction _____ Other (specify): _____

10 Identify only the items that apply to this sale. (Mark with an "X.")

a _____ Fulfillment of installment contract —
year contract initiated : _____

b _____ Sale between related individuals or corporate affiliates

c _____ Transfer of less than 100 percent interest

d _____ Court-ordered sale

e _____ Sale in lieu of foreclosure

f _____ Condemnation

g _____ Short sale

h _____ Bank REO (real estate owned)

i _____ Auction sale

j _____ Seller/buyer is a relocation company

k _____ Seller/buyer is a financial institution or government agency

l _____ Buyer is a real estate investment trust

m _____ Buyer is a pension fund

n _____ Buyer is an adjacent property owner

o _____ Buyer is exercising an option to purchase

p _____ Trade of property (simultaneous)

q _____ Sale-leaseback

r _____ Other (specify): _____

s _____ Homestead exemptions on most recent tax bill:
1 General/Alternative \$ _____
2 Senior Citizens \$ _____
3 Senior Citizens Assessment Freeze \$ _____

Step 2: Calculate the amount of transfer tax due.
Note: Round Lines 11 through 18 to the next highest whole dollar. If the amount on Line 11 is over \$1 million and the property's current use on Line 8 above is marked "e," "f," "g," "h," "i," or "k," complete Form PTAX-203-A, Illinois Real Estate Transfer Declaration Supplemental Form A. If you are recording a beneficial interest transfer, do not complete this step. Complete Form PTAX-203-B, Illinois Real Estate Transfer Declaration Supplemental Form B.

11 Full actual consideration	11 \$ _____
12a Amount of personal property included in the purchase	12a \$ _____
12b Was the value of a mobile home included on Line 12a?	12b Yes ___ No ___
13 Subtract Line 12a from Line 11. This is the net consideration for real property.	13 \$ _____
14 Amount for other real property transferred to the seller (in a simultaneous exchange) as part of the full actual consideration on Line 11	14 \$ _____
15 Outstanding mortgage amount to which the transferred real property remains subject	15 \$ _____
16 If this transfer is exempt, use an "X" to identify the provision.	16 ___ b ___ k ___ m
17 Subtract Lines 14 and 15 from Line 13. This is the net consideration subject to transfer tax.	17 \$ _____
18 Divide Line 17 by 500. Round the result to the next highest whole number (e.g., 81.002 rounds to 82).	18 _____
19 Illinois tax stamps — multiply Line 18 by 0.50.	19 \$ _____
20 County tax stamps — multiply Line 18 by 0.25.	20 \$ _____
21 Add Lines 19 and 20. This is the total amount of transfer tax due.	21 \$ _____

PTAX-203 (R-10/10) Page 1 of 4

This form is authorized in accordance with 35 ILCS 200/31-1 et seq. Disclosure of this information is REQUIRED. This form has been approved by the Forms Management Center. IL492-0227

Equalization

Equalization is defined as the application of a uniform percentage increase or decrease to assessed values of various areas or classes of property, to bring assessments, on average, to a uniform percentage of market value (33.33%).

Township Assessors, CCAOs, all Boards of Review (*except in Cook County*), and the Illinois Department of Revenue have the authority to apply **equalization factors**, sometimes referred to as **multipliers**.

Equalization that occurs within a county is called **intra**-county equalization. Examples of intra-county equalization include neighborhood or township multipliers.

Inter-county equalization factors, sometimes called state multipliers or state equalization factors **are issued annually for each county** by the Illinois Department of Revenue. The application of these factors to the appropriate property ensures the median level of assessment in all counties is at the statutory level of 33 1/3%.

Without applying the equalization factors, the taxpayers in overlapping taxing districts would not pay the same amount to the taxing districts, even though both properties have the same assessed value. Equalization also “evens out” the tax burden within the county.

If a county receives an equalization factor (multiplier) of 1.0000, it means that the median level in that county is already at 33 1/3% or within +/- 1% of 33.33.

Equalization factors will not correct inequities in individual assessments.

Not all properties are subject to equalization factors at the local level:

- Coal rights
- Farmland and Farm buildings
- Wind turbines
- Commercial Solar Energy Systems
- State assessed property

Their assessed values are defined by law as Equalized Assessed Values.

Assessors in Cook County do not have the authority to apply equalization factors.

Calculating an Equalization Factor

An equalization factor represents the median level of assessment for the prior 3 years used to calculate a 3-year average.

To calculate a county equalization factor, divide the statutory assessment level (33.33%) by the county's prior 3-year average median level of assessments.

$$\frac{\mathbf{33.33\%}}{\mathbf{3\text{-}year\ avg.\ median\ level\ of\ assessment}}$$

A shortened example of a sales ratio study leading to calculation of an equalization factor follows.

Sales Ratio Study for Happy County

Assessed Value	Sales Price	Sales Ratio
\$10,000	\$ 35,000	28.57%
\$17,500	\$ 42,500	_____
\$ 1,900	\$ 12,000	15.83%
\$ 9,000	\$ 26,000	_____
\$ 9,000	\$ 31,000	29.03%
\$ 1,400	\$ 8,000	_____
\$ 7,200	\$ 23,000	31.30%
\$ 8,000	\$ 24,500	_____
\$ 5,600	\$ 19,500	28.72%
\$14,000	\$ 50,000	_____
\$19,000	\$ 67,000	28.36%

Sale ratios ranked

- 1 _____ lowest
- 2 _____
- 3 _____
- 4 _____
- 5 _____
- 6** _____
- 7 _____
- 8 _____
- 9 _____
- 10 _____
- 11 _____ highest

Formulas

$$\text{Sales ratio} = \frac{\text{Assessed Value}}{\text{Sales Price}} \times 100 \text{ gives you \%}$$

Median is #6, the value right in the middle

*Ignore plus or minus signs when subtracting the median from the sales ratios.

Calculating an Equalization Factor

To calculate a 2018 multiplier, average the medians from 2015, 2016, and 2017. Then divide 33.33 % (33 1/3 %) by the **average** of the medians. These medians from the prior 3 years may need to be adjusted for changes due to reassessment before using them in the calculation.

$$\text{Equalization Factor} = \frac{\text{Desired Level (33.33\%)}}{\text{Prior 3-Year Average Median Level}}$$

Happy County Example

Happy County	Median (%)
2015	30.19%
2016	29.16%
2017	<u>30.78%</u>
Total	90.13 ÷ 3 = 30.04 (The Prior 3-year Average Median Level)

$$\text{Equalization Factor} = \frac{\text{Desired Level (33.33\%)}}{\text{Prior 3-Yr Avg. Median}} = \frac{33.33}{30.04} = 1.1095$$

The 2018 equalization factor is applied to 2018 AV's, taxes payable in 2019.

Coefficient of Dispersion (COD)

There are several statistical measures of assessment uniformity. The most common measure of assessment uniformity is the **Coefficient of Dispersion (COD)**. The COD provides a measure of the variation of individual assessment ratios around the median level of assessments.

If individual ratios are found to be grouped closely around the median, assessments are relatively uniform, and the COD will be low. Higher CODs indicate that individual ratios vary widely from the median, so the properties are not uniformly assessed.

Assessor Bonus

In Illinois, a **bonus** is paid to assessors (not applicable in Cook County) who maintain a level of assessment between 31 1/3 percent and 35 1/3 percent and have a COD of no greater than 15. In counties with 50,000 or fewer inhabitants, the COD must be 30 or less.

Unit 9-Summary

A **sales ratio study** is performed to determine the median level of assessment in a particular jurisdiction. A minimum of 25 sales must be used to perform a valid study.

There are many types of property sales that cannot be used in a sales ratio study.

Equalization is the process of applying a factor to each jurisdiction so that all jurisdictions throughout the township, county and/or state have assessment levels at the same average percentage of market value.

The **state equalization factor (state multiplier)** is determined by taking the Statutory level of assessment (33.33%) and dividing it by the prior 3-year average median level of assessments for a jurisdiction.

Not all properties are subject to equalization.

Assessors can earn bonuses for keeping assessment levels close to 33.33%

Township Assessors, CCAO's and Boards of Review can equalize within their jurisdictions. The Illinois Department of Revenue can equalize at the County Level.

Cook County Assessor or Board of Review cannot equalize.

Unit 9- Review Questions

1. Name four types of properties that are not affected by equalization factors at the local level.

- 1. _____
- 2. _____
- 3. _____
- 4. _____

2. Name four types of sales that would not be used in a sales ratio study.

- 1. _____
- 2. _____
- 3. _____
- 4. _____

True or False Questions

- 1. **T or F** Equalization means a factor is applied to each jurisdiction so that all jurisdictions are assessed at the same average percentage of market value.

- 2. **T or F** The state equalization factor is always 1.0000.

- 3. **T or F** Equalization will not correct inequities in individual assessments.

- 4. **T or F** A Coefficient of Dispersion is a measure of uniformity of assessments.

- 5. **T or F** Form PTAX-203, Real Estate Transfer Declaration (RETD) is the primary source of information used in a sales ratio study.

Unit 10- Assessment Complaints at the Board of Review

The purpose of this unit is to familiarize you with the Assessment Complaint Process and what is required of the Board of Review to render an accurate decision.

Learning objectives

After completing the assigned readings, you should

- understand the timelines for filing assessment complaints.
- understand the steps in filing complaints.
- be able to perform a fair market value complaint evaluation.
- be able to perform an equity analysis.
- understand the three valid complaints.
- understand the types of acceptable supporting evidence.
- identify an Intervenor.
- define a stipulation.
- be able to describe the steps in filing an appeal.

Terms and Concepts

Complainant

Stipulation

Equity analysis

Intervenor

Fair market value

An Overview

Assessment Complaints can be filed with the Board of Review within *30 days after the date of publication* of the assessment lists.

Reviewing Assessment Complaints is perhaps the most important function of the Board of Review during its session. A great deal of time, energy, analysis and resources are required to ensure that a property is accurately and equitably assessed.

As a Board of Review member, it is very important to have a broad knowledge of all aspects of the valuation and complaint processes so that you can make informed decisions. After all, the Board of Review does have the final voice in determining the value of property at the county level.

It is also important to remember that Board of Review members are often the “face of government” with whom taxpayers meet. Frequently, taxpayers are ill at ease, uninformed and expecting the worst. Courtesy and respect for those taxpayers are of the utmost importance. At the end of the process, even if the taxpayer does not agree with your decision, they should feel that they got a fair hearing with a knowledgeable and professional Board of Review.

When going through the Assessment Complaint process, the property owner is appealing the assessed value of the property, *not the tax bill* and *not the tax rate*. The tax bill the property owner currently has is for the previous assessment year and it is too late to appeal that assessed value. The Assessment Complaint is for the current assessment year.

When meeting taxpayers, remember they may not know the exact steps to take, what information to provide or what questions to ask. Explain that your job is to look at the assessed value.

The Board of Review’s job *is not* to keep an assessment as high as possible or at its current level. The Board of Review’s duty is to accurately value property. After the Board of Review makes a decision, the board members should be willing and able to defend and explain that decision.

The taxpayer may file an **Assessment Complaint** to have the Assessed Value reduced.

A taxing district may file an **Assessment Complaint** to have the Assessed Value increased.

The State does not have the authority to revise individual assessments!

Steps in the assessment complaint process for the taxpayer

1. Determine the fair market value of the property.
2. Determine the current median level of assessment for that jurisdiction.
3. Obtain the assessed valuation of the property.
4. Discuss the assessment with the assessor.
5. Determine the basis for the formal Assessment Complaint.
6. File a written Assessment Complaint with the Board of Review.
7. Provide evidence, if required, of an inaccurate assessment at time of the hearing with the Board of Review.

A local assessing official should be contacted for information regarding the steps in appealing a farmland or farm building assessment.

When meeting with a taxpayer

Introduce yourself! Listen and try to determine what the actual complaint is. Most people just don't like their tax bill. A little education goes a long way. Ask lots of questions.

Though it is not a BOR duty, always check to see if the taxpayer is receiving all the exemptions for which they qualify.

Review the Property Record Card with the taxpayer. Is the property record card correct? Confirm that the property is accurately described.

Take good notes; you may see several taxpayers and you'll want to remember as much detail about each property and taxpayer as possible. **Thank the taxpayer for coming.**

Information for the taxpayer:

The taxpayer knows they don't like his or her tax bill, but how does he or she illustrate this? How can he back up his claim of "my bill is too high"?

Determine Fair Market Value

- Recent Sale
- Appraisal
- Comparable Sales

Determine the median level of assessment for that jurisdiction by requesting info from assessor or CCAO.

Obtain the assessed valuation of the property from the most recent tax bill.

Discuss the assessment with the assessor-This should be done prior to the issue going to the BOR.

Determine the basis for the formal assessment complaint

The most common reasons for a taxpayer to file an assessment complaint are:

1. **Fair Market Value**—the assessor's market value is higher than the actual market value.
2. **Lack of Assessment Equity**- with similar properties.
3. **Inaccurate Information**—the assessment is based on inaccurate information, such as incorrect measurements or an incorrect description of a building. This can often be corrected by the assessor, informally, without filing a formal Assessment Complaint.

Evidence Needed

Local Boards of Review establish their own Rules and Procedures. Some boards require evidence, others do not. There are several types of evidence that may be submitted in support of an assessment complaint.

1. A closing statement or a settlement sheet from a recent purchase
2. A recent appraisal report
3. A list of sales of comparable properties
4. Photos of elements detracting from the value of the property and estimates, in terms of dollars, of their negative impact on the market value

A Fair Market Value Complaint is made when the taxpayer believes the Estimated Fair Market Value of his or her property is greater than the property would sell for on the open market.

EXAMPLE: The current Assessed Value is \$50,000. The Median Level is 33.33%. The Estimated Fair Market Value is \$150,000. The taxpayer believes the property is only worth \$130,000. This opinion of value could be based on a recent purchase price, a recent appraisal, a current “asking price” or just the taxpayer’s opinion that the Estimated Market Value is too high.

BOR Decision: The decision by the Board of Review can be based on several different types of evidence.

1. A recent sale price for an amount less than \$150,000.
2. Construction cost for a new home.
3. A recent appraisal for an amount less than \$150,000.
4. The property is for sale (and has not sold) for an amount less than \$150,000. The BOR could set the value at the asking price or some percentage less than the asking price.
5. The Board of Review may conduct its own Market Analysis, determine their own Estimated Fair Market Value, and either reduce, increase or let the current assessment remain the same. (How to do a Market Analysis is covered in another chapter.)

An Assessment Equity Complaint is made when the taxpayer believes his or her property is assessed at a **higher rate** than comparable property. This argument can be made even if the Estimated Market Value is accurate.

Complaint: The property that the Assessment Complaint is being filed on is assessed for \$45 per square foot of living area. The claim is that comparable homes are only being assessed for \$30 per square foot of living area. The decision by the Board of Review should be based on an Equity Analysis.

To do an Equity Analysis, it is necessary to examine the assessed value per square foot of living area of similar homes. Then, compare those values with the assessed value per square foot of living area of the **subject** of the Assessment Complaint. (Do not consider land value in this analysis.)

Equity Analysis Process:

1. Select 25 (or as many as are available) comparable **neighborhood** properties. **These are not sales!** This may include going for a drive or walking the neighborhood to find similar style homes. You will be looking up PIN numbers and property record cards for the building assessed values and the above ground square feet measurement.
2. Calculate a dollar per square foot value for the building only (\$/SF).
3. Rank those figures and select the median (In this case \$40.29/SF)
4. Evaluate the subject property (the one the complainant is there for) by \$/SF.
5. See where the Subject fits in the ranked scale of numbers.
6. Analyze:
 - Does the Subject rank higher than the Median? By how much?
 - Is there a great range between the highest and lowest ranked numbers? What does this mean?
 - Does the Subject rank lower than the Median? If so, there may not be any adjustment needed.

Learn all you can about the Subject Property Features. Is it “special” in some way? Or is it pretty much the same as the other neighborhood properties? An example of an Assessment Equity Worksheet follows. The assessor should evaluate the data to determine the validity of the complaint.

PIN or Address	\$ Building AV	\$ SF Living Area	\$ AV/SF Living Area	\$ AV/SF Ranked
1	54,110	1,540	35.14	51.49
2	50,260	1,210	42.54	43.96
3	61,540	1,400	43.96	42.75
4	58,120	1,480	39.27	42.60
5	60,690	1,510	40.19	42.56
6	49,870	1,190	14.91	42.39
7	50,870	1,200	42.39	41.91
8	52,420	1,350	38.83	41.54
9	53,000	1,390	38.13	41.49
10	55,200	1,400	39.43	41.41
11	54,680	1,430	38.24	41.39
12	54,100	1,310	41.30	41.30
13	63,890	1,540	41.49	40.29
14	51,760	1,250	41.41	40.19
15	53,880	1,880	39.04	40.00
16	66,420	1,290	51.49	39.43
17	60,010	1,410	42.56	39.27
18	53,180	1,320	40.29	39.04
19	57,620	1,640	35.13	38.83
20	54,640	1,320	42.39	38.69
21	58,190	1,980	29.39	38.24
22	53,870	1,260	42.75	38.13
23	50,010	1,250	40.00	35.14
24	59,200	1,530	38.69	35.13
25	51,120	1,200	42.60	29.39

1. If \$40.29 is the median dollar amount per SF of assessed value, is \$45.00 per SF of assessed value reasonable? Is it too high? _____
2. Is it true that other comparable properties are being assessed at \$30.00 per SF of assessed value? _____
3. What might be a fair resolution? _____

Intervenors

Anytime the requested reduction in assessed value is \$100,000 or more, the taxing bodies must be notified. This is because a high dollar reduction in assessed value can significantly affect a taxing body's revenue expectations. Any taxing body can intervene in the process and have the right to be heard and/or present evidence. The taxing body in this case is the **intervenor**.

Disposing of Individual Assessment Complaints

Determining the validity of complaints filed by taxpayers requires knowledge of the general practice that has been followed in valuing property of similar character in the county. If an investigation discloses that the complainant has received essentially the same treatment as other owners of similar properties, the original assessment should generally be allowed to stand. However, if the investigation discloses that the assessment of the similarly situated, comparable property is incorrect, the assessment of the complainant's property and the assessment of the similarly situated properties should be changed on the board's own motion after proper notification.

A **stipulation** is an agreement among the parties to a certain value prior to the conclusion of the formal assessment complaint process.

In this instance, the parties involved would be the township assessor, the complainant (taxpayer) and intervenors.

Filing an Appeal with the Illinois Property Tax Appeal Board

If any of the affected parties to an assessment complaint do not believe the Board of Review rendered the correct decision, they can appeal that decision to the Illinois Property Tax Appeal Board. The affected parties include the taxpayer, the township and/or the intervenors (taxing districts).

The township **assessor** is *not* one of the affected parties and cannot file the appeal. **The township** would have to file the appeal.

The taxpayer must file an appeal on the appropriate appeal form which can be found on the Illinois Property Tax Appeal Board website.

ptab.illinois.gov

The appeal must be filed within 30 days of the final written decision from the Board of Review. If the township or an intervenor wants to appeal a Board of Review decision, they must follow the same procedure. However, in addition, they must pass a resolution in their formal meeting, authorizing the appeal, and include a copy of that resolution at the time the appeal is filed.

IDOR does not have authority to revise individual assessments!

Unit 10- Summary

Assessment Complaints can be filed with the County Board of Review within *30 days after the date of publication* of the assessment lists.

When filing an Assessment Complaint, the taxpayer is contesting the assessed value, not the tax rate or the amount of taxes.

Taxing districts must be notified when the requested reduction is \$100,000 or more.

A taxing district becomes an intervenor if it notifies the Board of Review that it wants to be heard before the Board of Review renders a decision on the Assessment Complaint.

The most common reasons for an Assessment Complaint are market value, lack of assessment equity or an error in the description of the property.

A taxing body can also file an Assessment Complaint if it believes the assessed Value on a property is too low.

A stipulation is an agreement on the values reached before the Board of Review makes a final decision. The parties to the stipulation are the Township Assessor and Intervenors.

If any of the affected parties disagree with the Board of Review decision, that decision can be appealed to the Illinois Property Tax Appeal Board.

Unit 10- Review Questions

True or False Questions

1. **T or F** A formal Assessment Complaint can be filed with the Township Assessor.
2. **T or F** The Board of Review is the final authority on assessed values in a county.
3. **T or F** If a taxing district believes an assessment is too low, it must be discussed with the Township Assessor before filing an assessment complaint.
4. **T or F** Typically, the time to file an assessment complaint is within 30 calendar days of the publication of assessed values.
5. **T or F** If the taxpayer does not agree with a Board of Review decision, the taxpayer can appeal that decision to the Illinois Property Tax Appeal Board.

Unit 11- PTAB: Appeals at the Illinois Property Tax Appeal Board

The purpose of this unit is to provide a guide to help you understand the process a formal complaint goes through when it is appealed with the Illinois Property Tax Appeal Board.

Learning objectives

Upon completion of this unit, you should

- understand the difference between a complaint and an appeal.
- understand the process for filing an appeal with the Property Tax Appeal Board.
- know the statutory dates involved with appeals and responses.

Terms and Concepts

PTAB

Complaint

Appeal

Appellant

Adjudicator

Intervenor

Stipulation

Hearing

Evidence

Overview

When the taxpayer believes the assessed value of his or her property is too high, the difference of opinion is between the *Taxpayer* and the *Township Assessor*. The Board of Review (BOR) acts as an adjudicator, examines the evidence and renders a decision. This is an **Assessment Complaint** and is made at the county level with the Board of Review.

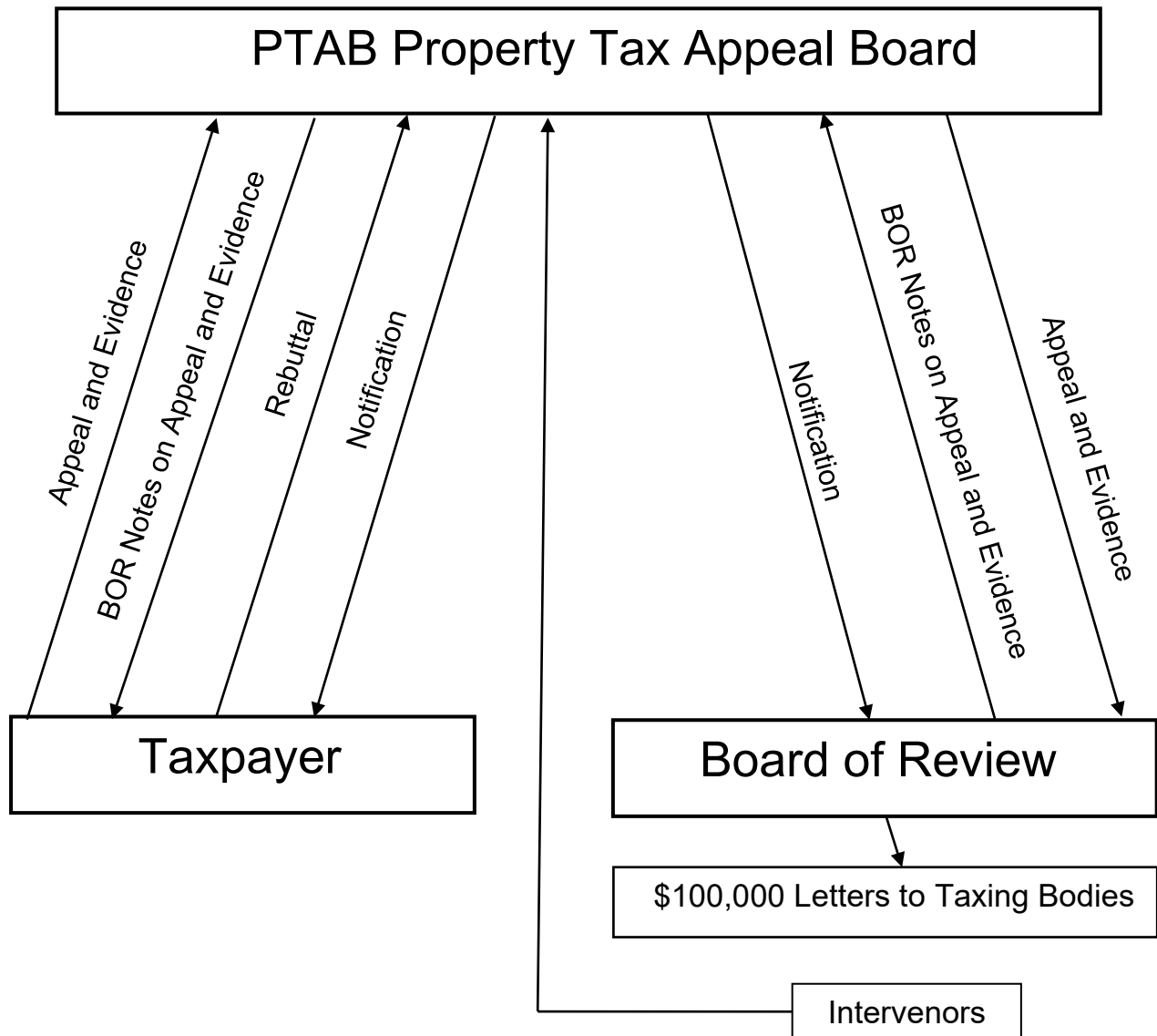
If the taxpayer is dissatisfied with the local Board of Review decision, then the difference of opinion is between the *taxpayer* and the *Board of Review*. The taxpayer can then file an **appeal** with the **Illinois Property Tax Appeal Board (PTAB)**. **PTAB** acts as the adjudicating body, examines the evidence, and renders a decision. This appeal is made at the state level.

If the taxpayer is dissatisfied with the Property Tax Appeal Board decision, then the difference of opinion is between the *taxpayer* and the *Property Tax Appeal Board*. The taxpayer can then appeal the decision with the Circuit Court, who acts as the adjudicating body and tries to make a fair and just decision.

There's always a process to go up the judicial food chain.

In most cases (with a few exceptions), the taxpayer can only appeal a decision made by the Board of Review. The taxpayer cannot go directly to the Property Tax Appeal Board.

After the assessment complaint process is over and the Board of Review has made a decision, **either party that is dissatisfied** with that decision can file an appeal with PTAB. The appeal must be filed within 30 days of the postmark of the written decision by the Board of Review. Any appeal must be filed on the appropriate appeal form.



Flowchart for Appeals at PTAB

1. The Appellant (taxpayer or intervenor) files the appeal and evidence with PTAB.
2. PTAB sends a copy of the appeal and evidence to the Board of Review.
3. If the requested reduction in assessed values is \$100,000 or more, the BOR must notify the taxing districts and allow them to intervene.
4. The BOR sends their Notes on Appeal and evidence to PTAB.
5. PTAB sends a copy of the BOR's Notes on Appeal and evidence to the taxpayer.
6. The taxpayer then can send a rebuttal and additional evidence to PTAB.
7. PTAB will notify the BOR and taxpayer that all evidence has been submitted.
8. If requested by any of the affected parties, a face-to-face hearing will be granted. A **hearing date** will be set with time, date, and place selected for the hearing.

If none of the parties requests a face-to-face hearing, PTAB will make the decision based on the written record (the evidence already submitted). The Property Tax Appeal Board will make a decision based on the written evidence or the results of a Hearing.

An appeal may also be resolved by **stipulation**. A **stipulation** is an agreement among the parties to agree upon values prior to the conclusion of the formal appeal process. However, PTAB has final approval over any stipulated agreement.

A **hearing** is a quasi-judicial proceeding in which parties are sworn in and placed under oath. A Hearing Officer from PTAB conducts the hearing. Each party presents their case and calls any witnesses. The witnesses are subject to direct examination and cross examination. The Board of Review, the Appellant and the Intervenors can present evidence, ask questions of witnesses, and take part in the proceedings.

No new evidence can be presented at the hearing. Only evidence previously submitted in writing can be discussed.

The hearing process flows as follows:

1. The PTAB Hearing Officer will make an opening statement and swear in the parties to the appeal and the witnesses who will be testifying.
2. The Appellant (or attorney) makes an opening statement.
3. The Board of Review and Intervenors (or their respective attorneys) make opening statements
4. The Appellant (or attorney) calls their first witness. The witness is subject to direct examination and a cross examination. There may be more than one witness for the Appellant.
5. The Board of Review and/or the Intervenors can call witnesses. Each of the witnesses are subject to a direct examination and a cross examination.
6. The Appellant (or attorney) then makes a closing statement.
7. The Board of Review and/or the Intervenors make closing statements.
8. The Hearing Officer then concludes the hearing.
9. No decision will be rendered at that time. The Property Tax Appeal Board will send out a written decision at a later date.

Unit 11- Summary

An appeal must be filed within 30 days of the postmark of the written decision by The Board of Review.

If the taxpayer is requesting a reduction in assessed value of \$100,000 or more, the Board of Review must notify the taxing bodies.

The taxing bodies can “intervene”. They become “Intervenors” and can be heard and / or present evidence as part of the process.

After the assessment complaint process is over and the Board of Review has made a decision, the affected parties that are dissatisfied with that decision can file an appeal with the Property Tax Appeal Board.

No new evidence can be presented at the hearing. Only evidence previously submitted in writing can be discussed.

A stipulation is an agreement among the parties to agree upon values prior to the conclusion of the formal appeal process. However, the Property Tax Appeal Board has final approval over any stipulated agreement.

Unit 11- Review Questions

True or False Questions

1. **T or F** A taxpayer has 30 days from the postmarked date of the Board of Review's written decision to file an appeal with the PTAB.
2. **T or F** If the requested reduction in the assessed value is \$100,000 or greater, the taxpayer must notify the taxing districts.
3. **T or F** Evidence can be submitted up to 24 hours before a hearing is scheduled to begin.
4. **T or F** A stipulation is an agreement among the parties to the assessed values of the subject property.
5. **T or F** All evidence must be submitted in writing by the taxpayer at the time the appeal is filed with the Property Tax Appeal Board.
6. **T or F** The Property Tax Appeal Board often hears assessment complaints directly from taxpayers before they go to the BOR.

Unit 12 – Ethics

This unit covers ethics and resources for Board of Review members.

The purpose of this unit is to discuss the importance of conducting business in an ethical manner and provide resources board of review members can turn to for assistance.

Learning objectives

After completing the assigned readings, you should be able to

- understand the importance of ethical behavior, and
- have a better understanding of where to seek assistance.

Terms and concepts

IPAI Code of Ethics

Open Meetings Act

Freedom of Information Act

Ethics

Ethics is an important issue in government. As a Board of Review member, you may be governed by a code of ethics that has been adopted by either the governing body in your assessment jurisdiction or by a professional organization with which you are affiliated. It is to your advantage to obtain a copy of the ethics code from your CCAO, township board, or the assessment organization with which you are affiliated.

The following is excerpted from the 2019 version of IPAI's Guide to Ethics and Professional Conduct for CIAOs. These guidelines are appropriate for use by all assessment professionals.

Preamble

Assessment professionals provide the foundation for a fair and equitable property tax system. To act responsibly, they should reflect upon the wider impacts of their work and consistently strive to achieve the highest ethical standards to maintain the public's trust in the Illinois property tax system.

The CIAO Code of Ethics and Professional Conduct ("the Code of Conduct") is designed to inspire and guide the ethical conduct of all current and aspiring assessment professionals. It is an essential tool used to communicate and promote the highest standards of ethics, education, and professional excellence for the ultimate benefit of all stakeholders.

Code of Ethics

The CIAO code of ethics are founded on the fundamental principles and core values of integrity, respect, objectivity, accountability, transparency, and competency.

Professional Code of Conduct

- I. **Integrity.** Designees must develop and retain the trust of all stakeholders by acting with integrity and honesty.
- II. **Respect.** Designees must respect the worth and dignity of all individuals and perform all assessment duties to the best of their abilities without advocacy for, or accommodation of, any particular person or interest, using factual, objective, unbiased and honesty in all conclusions.
- III. **Objectivity.** Designees must exercise independent professional judgment when conducting assessment analysis, making assessment decisions, and in all facets of their professional activities. They must not offer, solicit, or accept any gift, benefit, compensation, or consideration that reasonably could be expected to compromise their own or another's independence and objectivity.
- IV. **Conflict of Interest.** Designees should avoid a direct conflict between his/her official assessment duties and a competing interest or obligation, whether personal or involving a third party.
- V. **Misrepresentation.** Designees must not knowingly make any misrepresentations relating to assessment analysis, decisions, actions, or other professional activities. Designees must not misrepresent having the CIAO, CIAO-I, CIAO-S, CIAO-M or any other professional designation that has not been conferred.
- VI. **Misconduct.** Designees must not engage in any professional conduct involving dishonesty, fraud, or deceit, or commit any act that reflects adversely on the reputation and integrity of the assessment profession, or that leads to a conviction for a crime involving fraud dishonesty, false statements, or ethical dishonor.
- VII. **Accountability/Transparency.** Designees are accountable to the public, tax district representatives, other government officials, employers, and employees. Designees should utilize public resources in a responsible, efficient, and deliberate manner, operate in an open and transparent environment and accept accountability for their actions in order to maintain the trust of all stakeholders.

VIII.Impropriety. Designees must conduct their professional duties in a manner that will not create impropriety or even the appearance of impropriety.

IX.Knowledge of the Law. Designees must perform all duties in a manner consistent with Illinois statutes and laws and must understand and apply all applicable rules and regulations, including the Code of Conduct, of any government, regulatory organization, licensing agency, or professional association governing their professional activities. Designees must not knowingly violate or assist in the violation of such laws, rules, or regulations.

X.Education/Training. Designees are encouraged to improve professional competence through continuing education and participation in assessment related professional associations, meetings, and/forums.

XI.Best Practices. Designees must demonstrate a commitment to improving the Illinois property tax system and to excellence beyond property tax laws by identifying and using industry-related technology and best practices.

XII.Other Assessment Professionals. Designees must strive to maintain the confidence and competence of other Illinois assessment professionals by advising, mentoring, and sharing best practices whenever possible. They must guide and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession.

XIII.Other Stakeholders. Designees must strive to educate members of the public, tax district representatives, government officials, employees, and other stakeholders on the Illinois property tax cycle whenever possible.

XIV.Reporting. Designees have a duty to report to the IPAI any discipline or conviction against any CIAO designee or candidate for the CIAO designation.

XV.Investigation Cooperation. Designees must cooperate with any investigation involving violations of any applicable laws, rules, and regulations (including the Code of Conduct) of any government, regulatory organization, licensing agency, or professional association governing the property assessment profession.

The Freedom of Information Act (FOIA)

Under the Freedom of Information Act (**5 ILCS 140**), records in possession of public agencies may be accessed by the public upon written request.

General Provisions

(5 ILCS 140/) Freedom of Information Act.

(5 ILCS 140/1) (from Ch. 116, par. 201)

Sec. 1. Pursuant to the fundamental philosophy of the American constitutional form of government, it is declared to be the public policy of the State of Illinois that all persons are entitled to full and complete information regarding the affairs of government and the official acts and policies of those who represent them as public officials and public employees consistent with the terms of this Act. Such access is necessary to enable the people to fulfill their duties of discussing public issues fully and freely, making informed political judgments and monitoring government to ensure that it is being conducted in the public interest.

The General Assembly hereby declares that it is the public policy of the State of Illinois that access by all persons to public records promotes the transparency and accountability of public bodies at all levels of government.

It is a fundamental obligation of government to operate openly and provide public records as expediently and efficiently as possible in compliance with this Act...

Sec 2. Pursuant to 5 ILCS 140/2(c), "public records" means all records, reports, forms, writings, letters, memoranda, books, papers, maps, photographs, cards, tapes, recordings, electronic data processing records, recorded information and all other documentary materials, regardless of physical form or characteristics, having been prepared, or having been or being used, received, possessed or under the control of any public body. Records that are not subject to release via the FOIA process include confidential and trade secret information.

The Open Meetings Act

General Provisions

(5 ILCS 120/) Open Meetings Act.

(5 ILCS 120/1) (from Ch. 102, par. 41)

Sec. 1. Policy. It is the public policy of this State that public bodies exist to aid in the conduct of the people's business and that the people have a right to be informed as to the conduct of their business. In order that the people shall be informed, the General Assembly finds and declares that it is the intent of this act to ensure that the actions of public bodies be taken openly and that their deliberations be conducted openly.

The General Assembly further declares it to be the public policy of this State that its citizens shall be given advance notice of and the right to attend all meetings at which any business of a public body is discussed or acted upon in any way. Exceptions to the public's right to attend exist only in those limited circumstances where the General Assembly has specifically determined that the public interest would be clearly endangered or the personal privacy or guaranteed rights of individuals would be clearly in danger of unwarranted invasion.

To implement this policy, the General Assembly declares:

- (1) it is the intent of this Act to protect the citizen's right to know; and
- (2) the provisions for exceptions to the open meeting requirements shall be strictly construed against closed meetings. (Source: P.A. 88-621, eff. 1-1-95.)

What is a Meeting?

Sec. 1.02. For the purposes of this Act:

"Meeting" means any gathering, whether in person or by video or audio conference, telephone call, electronic means (such as, without limitation, electronic mail, electronic chat, and instant messaging), or other means of contemporaneous interactive communication, of a majority of a quorum of the members of a public body held for the purpose of discussing public business or, for a 5-member public body, a quorum of the members of a public body held for the purpose of discussing public business...

If You Need Assistance

When individuals are just starting out in the assessment field, they may often feel overwhelmed by their duties. In addition to the Property Tax Code and the Illinois tax publications, there are many other resources available to the board member.

It is often helpful to talk with other board of review members in your area for information on handling troublesome situations. The CCAO for your county can be very helpful regarding how you can better perform work-related responsibilities. Also, there are numerous assessment classes available from professional appraisal and assessment organizations to give you the tools to better perform your job, and the department is available to provide technical assistance in many areas.

When the question is of a legal nature, such as interpreting the statutes, you should check with your state's attorney, who is charged with enforcing the statutes in your county.

Unit 12- Summary

As a Board of Review member, you should conduct yourself in an ethical manner at all times. Remember that you are not alone in tackling your job. There are numerous sources of assistance available to you.

You should be familiar with the provisions of the Freedom of Information Act and the Open Meetings Act.

Unit 12- Review Questions

1. List 4 important actions a Board of Review member must not do:

1. _____

2. _____

3. _____

4. _____

2. List two reference sources for Board of Review members:

3. Is it a violation of the Open Meetings Act for a BOR member to meet at the local diner with a complainant to discuss his assessment?

Exam Preparation

Examination Information

- The exam consists of 50 multiple choice questions.
- Each question is worth an equal number of points when the exam is graded.
- There is only one best answer for each question on the examination.
- Two hours are allotted for the completion of the exam.
- The exam is closed book. All class materials, papers, computers, and cellular devices must be removed from the table before taking the exam.
- Cellular phones may not be used as calculators.

Test-Taking Strategies

- Read each question thoroughly and choose the one best answer provided.
- Review the answer sheet for any skipped answers or multiple answers for the same question.
- Tips for taking a multiple-choice exam:
 - Some test-takers prefer to answer questions that they are confident in the answers first and choose to skip over harder questions or questions that involve mathematical calculations. If this is done, be sure to complete the correct answer on the answer sheet for the questions being answered. The answer sheets are graded by hand, so question numbers may be circled so that they can be easily identified during the second pass through the exam.
 - Be mindful of the time allotted. If a question is taking a lot of time to answer, move past it and come back to it at a later time.
 - Guessing an answer is better than leaving it blank if time becomes an issue.

Appendix A – Relevant Statutes from the Illinois Property Tax Code – 35 ILCS 200

Article 3. County Assessment Officials

Sec. 3-30. Supervisor of Assessments as clerk of the board of review.

Article 4. Assessment Officials – Other Provisions

Sec. 4-10. Compensation for Certified Illinois Assessing Officers.

Sec. 4-15. Compensation of local assessment officers holding other designations.

Article 5. Boards of Appeals

Sec. 5-5. Election of commissioners of board of review; counties of 3,000,000 or more.

Sec. 5-10. Oath of office.

Sec. 5-15. Board employees.

Article 6. Boards of Review

Sec. 6-5. Appointed boards of review.

Sec. 6-10. Examination requirement — Counties of 100,000 or more.

Sec. 6-15. Political makeup and compensation.

Sec. 6-20. Clerk of the board of review.

Sec. 6-25. Additional members.

Sec. 6-30. Board of review in commission counties.

Sec. 6-32. Examination requirement.

Sec. 6-34. Political makeup.

Sec. 6-35. Elected boards of review.

Sec. 6-40. Election from districts.

Sec. 6-45. Abolition of elected board of review.

Sec. 6-50. Majority vote.

Sec. 6-55. Oath of office.

Sec. 6-60. Rules and procedures.

Article 9. General Valuation Procedures

Division 1. Office operations

Sec. 9-5. Rules.

Sec. 9-20. Property record cards.

Sec. 9-65. Reassessment after platting.

Division 2. Assessment authority

Sec. 9-70. Assessment authority.

Sec. 9-75. Revisions of assessments; Counties of less than 3,000,000.

Sec. 9-80. Authority to revise assessments; Counties of less than 3,000,000.

Sec. 9-85. Revision of assessments by county assessor and board of review; Counties of 3,000,000 or more.

Division 3. Assessment books

- Sec. 9-95. Listing of property.
- Sec. 9-100. Assessment list; Delivery of books.
- Sec. 9-105. Makeup of assessment books by townships.

Division 4. Valuation procedures

- Sec. 9-145. Statutory level of assessment.
- Sec. 9-150. Classification of property.
- Sec. 9-155. Valuation in general assessment years.
- Sec. 9-160. Valuation in years other than general assessment years.
- Sec. 9-165. Definitions.
- Sec. 9-175. Owner on assessment date.
- Sec. 9-180. Pro-rata valuations; improvements or removal of improvements.
- Sec. 9-185. Change in use or ownership.
- Sec. 9-190. Damaged or destroyed property.
- Sec. 9-195. Leasing of exempt property.
- Sec. 9-200. Previously exempt property.
- Sec. 9-205. Equalization.
- Sec. 9-210. Equalization by chief county assessment officer; counties of less than 3,000,000.
- Sec. 9-215. General assessment years; counties of less than 3,000,000.
- Sec. 9-220. Division into assessment districts; assessment years; counties of 3,000,000 or more.
- Sec. 9-225. Division of county into four assessment districts.
- Sec. 9-230. Return of township or multi-township assessment books.
- Sec. 9-235. Failure to complete assessments.
- Sec. 9-240. Assessment book totals.
- Sec. 9-245. Return of books to board of review; counties of less than 3,000,000.
- Sec. 9-250. Abstract of assessment by county clerk.

Division 5. Omitted property

- Sec. 9-260. Assessment of omitted property; counties of 3,000,000 or more.
- Sec. 9-265. Omitted property; interest; change in exempt use or ownership.
- Sec. 9-270. Omitted property; limitations on assessment.
- Sec. 9-275. Erroneous homestead exemptions.

Article 10. Valuation Procedures for Special Properties

Division 1. Solar energy systems

- Sec. 10-5. Solar energy systems; definitions.
- Sec. 10-10. Valuation of solar energy systems.

Division 2. Residential property

- Sec. 10-15. Condominiums and cooperatives.
- Sec. 10-20. Repairs and maintenance of residential property.
- Sec. 10-23. Improvements to residential property; accessibility.
- Sec. 10-25. Model homes, townhomes, and condominium units.

Division 3. Residential developments

- Sec. 10-30. Subdivisions; counties of less than 3,000,000.
- Sec. 10-31. Subdivisions; counties of less than 3,000,000.
- Sec. 10-35. Subdivision common areas.

Division 4. Historic Residences

- Sec. 10-40. Historic Residence Assessment Freeze Law; definitions
- Sec. 10-45. Valuation during 8 year valuation period.
- Sec. 10-50. Valuation after 8 year valuation period.
- Sec. 10-55. Application process and application period.
- Sec. 10-60. Certificate of status.
- Sec. 10-65. Receipt of applications.
- Sec. 10-70. Computation of valuation.
- Sec. 10-75. Approval of municipal ordinances.
- Sec. 10-80. Rules and regulations.

Division 5. Airports and interstate bridges

- Sec. 10-90. Property used for airport purposes.
- Sec. 10-95. Application process.
- Sec. 10-100. Liability for prior year's taxes.
- Sec. 10-105. Interstate bridges.

Division 6. Farmland, open space, and forestry management plan

- Sec. 10-110. Farmland.
- Sec. 10-115. Department guidelines and valuations for farmland.
- Sec. 10-120. County Farmland Assessment Review Committee.
- Sec. 10-125. Assessment level by type of farmland.
- Sec. 10-130. Farmland valuation; counties of 3,000,000 or more.
- Sec. 10-135. Farmland not subject to equalization.
- Sec. 10-140. Other improvements.
- Sec. 10-145. Farm dwellings.
- Sec. 10-147. Former farm; open space.
- Sec. 10-150. Property under forestry management plan.
- Sec. 10-152. Vegetative filter strip assessment.
- Sec. 10-153. Non-clear cut assessment.
- Sec. 10-155. Open space land; valuation.
- Sec. 10-160. Open space; application process.
- Sec. 10-165. Land no longer used for open space.
- Sec. 10-166. Registered land or land encumbered by conservation rights; valuation.
- Sec. 10-167. Definition of public benefit; certification.

Sec. 10-168. Valuation of registered land or land encumbered by conservation rights; application process.

Sec. 10-169. Land no longer registered or encumbered by conservation rights.

Sec. 10-223. Former farm; open space.

Division 7. Coal

Sec. 10-200. Coal not subject to State equalization.

Division 9. Nurseries

Sec. 10-225. Stock of nurseries.

Division 11. Low-income housing

Sec. 10-235. Low income housing project valuation policy; intent.

Sec. 10-240. Definition of Section 515 low-income housing projects.

Sec. 10-245. Method of valuation of low-income housing projects.

Sec. 10-250. Certification procedure and effective date of implementation.

Sec. 10-255. Rules.

Sec. 10-260. Low-income housing.

Division 14. Valuation of certain leases of exempt property

Sec. 10-365. U.S. Military Public/Private Residential Developments.

Sec. 10-370. Definitions.

Sec. 10-375. Valuation.

Sec. 10-380. For taxable years 2006 through 2055...

Sec. 10-385. PPV leases; tax settlement agreements.

Division 15. Valuation of supportive living facilities

Sec. 10-390. Valuation of supportive living facilities.

Division 18. Wind energy property assessment

Sec. 10-615. Wind energy assessable property is not subject to equalization.

Division 20. Commercial solar energy systems

Sec. 10-720. Definitions.

Sec. 10-725. Improvement valuation of commercial solar energy systems in counties with fewer than 3,000,000 inhabitants.

Sec. 10-735. Commercial solar energy systems not subject to equalization.

Sec. 10-740. Survey for ground installed commercial solar energy systems; parcel identification numbers for property improved with a ground installed commercial solar energy system.

Sec. 10-750. Property assessed as farmland.

Article 12. Assessment Notice and Publication Provisions

Division 1. Initial Assessment Process

Sec. 12-5. Taxpayer entitled to statement of valuation.

- Sec. 12-10. Publication of assessments; counties of less than 3,000,000.
- Sec. 12-20. Publication of assessments; counties of 3,000,000 or more.
- Sec. 12-25. Contents of assessment list publication; payment.
- Sec. 12-30. Mailed notice of changed assessments; counties of less than 3,000,000.
- Sec. 12-35. Notice sent to address of mortgage lender.

Division 4. Revisions and corrections

- Sec. 12-40. Notice provisions; equalization by board of review.
- Sec. 12-45. Publication of certificates of error.
- Sec. 12-50. Mailed notice to taxpayer after change by board of review or board of appeals.
- Sec. 12-55. Notice requirement if assessment is increased; counties of 3,000,000 or more.
- Sec. 12-60. List of assessment charges; publications.

Article 13. Reassessment Procedures

- Sec. 13-5. Reassessment in disaster areas.
- Sec. 13-20. Review and equalization of assessments.

Article 14. Revisions and Corrections

- Sec. 14-5. Incorrect listing; refund.
- Sec. 14-10. Certificate of correction; counties of 3,000,000 or more.
- Sec. 14-15. Certificate of error; counties of 3,000,000 or more.
- Sec. 14-20. Certificate of error; counties of less than 3,000,000.
- Sec. 14-25. Certificate of error; tax exempt property.

Article 15. Exemptions

Non-homestead Exemptions

- Sec. 15-5. Creation of exemptions.
- Sec. 15-10. Exempt property; procedures for certification.
- Sec. 15-15. Obligation to file copies of leases or agreements.
- Sec. 15-20. Notification requirements after change in use or ownership.
- Sec. 15-25. Removal of exemptions.
- Sec. 15-35. Schools
- Sec. 15-37. Educational trade schools.
- Sec. 15-40. Religious purposes, orphanages, or school and religious purposes.
- Sec. 15-45. Cemetery purposes.
- Sec. 15-50. United States property.
- Sec. 15-55. State Property.
- Sec. 15-60. Taxing district property.
- Sec. 15-65. Charitable purposes.
- Sec. 15-66. Library systems and public library districts.
- Sec. 15-70. Fire protection purposes.
- Sec. 15-75. Municipal corporations.
- Sec. 15-80. Installment purchase of property by a governmental body.
- Sec. 15-85. Agricultural or horticultural societies.

- Sec. 15-86. Exemptions related to access to hospital and health care services by low-income and underserved individuals.
- Sec. 15-90. Military schools and academies.
- Sec. 15-95. Housing authorities.
- Sec. 15-100. Public transportation systems.
- Sec. 15-103. Bi-State Development Agency.
- Sec. 15-105. Park and conservation districts.
- Sec. 15-110. Municipal building corporations.
- Sec. 15-115. Municipal power agencies.
- Sec. 15-120. Municipal natural gas agencies.
- Sec. 15-125. Parking areas.
- Sec. 15-130. Municipal corporations providing railroad terminals.
- Sec. 15-135. School districts and community college districts.
- Sec. 15-140. Public water districts and water and drainage works.
- Sec. 15-141. Water commission property.
- Sec. 15-143. Metropolitan Water Reclamation Districts in counties with a population greater than 3,000,000.
- Sec. 15-145. Property of veterans' organizations.
- Sec. 15-150. Forest preserve districts.
- Sec. 15-151. Joliet Arsenal Development Authority.
- Sec. 15-155. Port districts.
- Sec. 15-160. Airport authorities and airports.

Homestead Exemptions

- Sec. 15-165. Veterans with disabilities.
- Sec. 15-167. Returning Veterans' Homestead Exemption.
- Sec. 15-168. Homestead exemption for persons with disabilities.
- Sec. 15-169. Homestead exemption for veterans with disabilities.
- Sec. 15-170. Senior citizens homestead exemption.
- Sec. 15-172. Senior Citizens Assessment Freeze Homestead Exemption.
- Sec. 15-173. Natural Disaster Homestead Exemption.
- Sec. 15-174. Community stabilization assessment freeze pilot program.
- Sec. 15-175. General homestead exemption.
- Sec. 15-176. Alternative general homestead exemption.
- Sec. 15-177. The long-time occupant homestead exemption.
- Sec. 15-180. Homestead improvements.

Other provisions

- Sec. 15-178. Reduction in assessed value for affordable rental housing construction or rehabilitation.
- Sec. 15-185. Exemption for leaseback property and qualified leased property.

Article 16. Review of Assessment Decisions

Division 1. General provisions

- Sec. 16-5. Information from assessors to board of review and board of appeals.

- Sec. 16-8. Books and records of chief county assessment officer.
- Sec. 16-10. Summons by the board of review or board of appeals.
- Sec. 16-15. Adjustments to prior year's assessments.

Division 2. Boards of Review in counties of less than 3,000,000 inhabitants

- Sec. 16-20. Powers and duties of boards of review.
- Sec. 16-25. Review after complaint by taxing bodies.
- Sec. 16-30. Board of review meetings.
- Sec. 16-35. Adjournment of boards of review.
- Sec. 16-40. Prohibition of per diem compensation.
- Sec. 16-45. Consolidated hearings.
- Sec. 16-50. Omitted property.
- Sec. 16-55. Complaints.
- Sec. 16-60. Equalization within counties — Publication and hearing.
- Sec. 16-65. Equalization process.
- Sec. 16-70. Determination of exemptions
- Sec. 16-75. Certificates of error.
- Sec. 16-80. Reduced assessment of homestead property.
- Sec. 16-85. Certification of assessment books.
- Sec. 16-90. Delivery of assessment books.

Division 3. Boards of Review; counties of 3,000,000 or more

- Sec. 16-95. Powers and duties of board of appeals or review; complaints.
- Sec. 16-100. Correction orders.
- Sec. 16-105. Time of meeting — Public records.
- Sec. 16-110. Notice of meetings — Filing complaints.
- Sec. 16-115. Filing complaints.
- Sec. 16-120. Decision on complaints.
- Sec. 16-125. Hearings.
- Sec. 16-130. Exemption procedures; board of appeals; board of review.
- Sec. 16-135. Omitted property; Notice provisions.
- Sec. 16-140. Omitted property.
- Sec. 16-145. Assessment list changes.
- Sec. 16-147. Reduced assessment of homestead property.
- Sec. 16-150. Certification of assessment books.
- Sec. 16-155. Use of certified assessments.

Division 4. Property Tax Appeal Board

- Sec. 16-160. Property Tax Appeal Board; process.
- Sec. 16-165. Forms for appeal.
- Sec. 16-170. Hearings
- Sec. 16-175. Subpoenas.
- Sec. 16-180. Procedure for determination of correct assessment.
- Sec. 16-183. Compulsory Sales
- Sec. 16-185. Decisions.
- Sec. 16-190. Record of proceedings and orders.

Sec. 16-191. Publications for Chief County Assessment Officers
Sec. 16-195. Review of decisions.

Division 5. Department of Revenue

Sec. 16-200. Review of farmland and coal assessments.
Sec. 16-205. Limitation on Department review of individual assessments.

Article 17. State Equalization Process

Sec. 17-15. Tentative equalization factor.
Sec. 17-25. Application of final equalization factor.

Article 18. Levy and Extension Process

Sec. 18-240. Certification of new property.
Sec. 18-155. Apportionment of taxes for district in two or more counties.
Sec. 18-170. Enterprise zone and River Edge Redevelopment Zone abatement.

Article 25. Penalties

Sec. 25-15. Knowing failure of local assessment officer to perform duties.
Sec. 25-20. Knowing failure of public officer to perform duties.
Sec. 25-25. Failure of officer to perform duties if no other penalty provided.
Sec. 25-40. Fraudulent return or schedule.
Sec. 25-45. Duty of state's attorney to prosecute.

Exercise A-1

Using the Property Tax Code to Make Your Job Easier

The following pages contain excerpts of the Illinois Compiled Statutes. The Property Tax Code is just one section. Within this code are several sections that specifically address items that are the responsibility of members of the Board of Review. The exercise will allow you to search for the correct answers for the questions asked and give you practice for looking up answers for common questions you may have in your role as Board of Review member.

For exam purposes, you will not need to memorize section numbers. The questions you may encounter will be topic-oriented.

The State of Illinois Compiled Statutes and Property Tax Code is available online at the following site: www.ilga.gov.

Exercise A-1

Cite the section governing the following:

1. Boards of Review, political makeup and compensation Section _____
2. Boards of Review in commission counties Section _____
3. Elected Boards of Review Section _____
4. Meetings of the Boards of Review Section _____
5. Omitted Property Section _____

Use the Property Tax Code sections indicated to answer the following.

6. Can the BOR issue a certificate of error for an error in judgement? _____ Section **16-75**
7. On what type of exemption does the board have the final decision? _____ Section **16-70**
8. What is the minimum number of signatures required on the affidavit for certification of the assessment books? _____ Section **16-85**
9. Is the BOR required to publish notice of an increase in assessment due to the application of an equalization factor? _____ Section **12-40**
10. What happens to the assessment books when the BOR has completed its work? _____

_____ Section **16-90**
11. Are members of the BOR required to take an oath of office? _____ Section **5-10**
6-55

12. Upon the request of the board, what types of information is the CCAO required to furnish to the board to assist it in the proper discharge of its duties? _____

Section **16-5**

13. When does the BOR adjourn? _____

Section **16-35**
16-150

14. What action is the board required to take after a formal complaint has been filed? _____

Section **16-55**

15. In commission counties, the county commissioners generally, constitute the Board of Review. Are the commissioners compensated for their work as members of the BOR? _____

Section **6-30**

16. What determines the educational requirements for a member of the board of review? _____

Section **6-10**
6-30
6-35

17. What is the political make-up of a BOR and how is it determined? _____

Section **6-15**

18. Are boards of review required by statute to make and publish reasonable rules governing their business? _____ Section **9-5**
19. Are there penalty provisions for failure of board members to perform their duties? _____ Section **25-15**
25-20
25-25
20. In commission counties, does an appointed BOR have to meet any requirements? _____ Section **6-30**
21. Who pays the property taxes on land leased from the state of Illinois? _____ Section **15-55**

***Board of Review
Basic Course***

Answer Key

Unit 1- Review Answers

True or False

1. F The Supervisor of Assessments (CCAO) has final authority of Homestead Exemptions
2. T The Board of Review is the final authority on assessed values in a county.
3. F No written notice to the taxpayer is required if the Board of Review *reduces* the assessed value.
4. F A Board of Review member who fails to perform his duties and is confronted must resign.
5. F The Board of Review has final authority on all Non-homestead exemptions.
6. F The requirements to serve on the Board of Review are the same in all counties except Cook County.
7. What is one reason that a Certificate of Error would not be issued?

For errors in judgement

List four duties of the Board of Review:

1. **Assess omitted property**
2. **Approve homestead exemptions**
3. **Place previously exempt property back on the tax rolls**
4. **Determine assessments on complaints**
5. **Hold hearings**
6. **Review Non-homestead Exemptions and forward to IDOR**
7. **Publish changes as required**
8. **Equalize assessments**
9. **Maintain lists of changes, meeting minutes, & accurate records**

Unit 2- Review Answers

1. Define ad valorem tax. **A tax that is based on the value of the property owned. It is assessed according to value.**

2. **Property tax** is the major source of tax revenue for local governments.

3. What are the two classifications of property?

Real

Personal

4. The largest share of property tax goes to **schools.**

5. List the three approaches to value.

Sales comparison or market approach

Cost approach

Income approach

6. What four steps are involved in the assessment of any property?

Identifying the real property

Listing it

Appraising it

Placing a value on the tax rolls

7. What two types of properties are assessed by the state?

Railroad operating property

Pollution control facilities

8. What happens if an individual does not pay his taxes?

The county treasurer prepares a delinquent tax list and publishes in a newspaper. If unpaid, the courts order a lien for unpaid taxes, penalty, and fees to be sold at a tax sale.

9. Who has the statutory authority to review assessments made by the township assessor and make changes when deemed necessary?

CCAO
Board of Review

For all non-commission counties except Cook:

10. List in order, the offices that handle the assessment books, from the time they are created until the taxes are extended.

County clerk
CCAO
Township assessor
CCAO
Board of review
County clerk

11. Property is valued as to its condition on **January 1**, the statutory assessment date.

12. The **Board of Review** makes the final decision on property values at the county level.

Unit 3- Review Answers

1. What are the three types of depreciation? Place a mark next to the one that is generally incurable.

Physical _____

Functional _____

Economic

2. What is the purpose of a cost factor?

To adjust the Cost Schedule values to the local labor and material rates

3. What is a mass appraisal system?

A system allowing the valuation of many properties as of January 1 of the assessment year, using standard procedures that provide uniformity.

Unit 4- Review Answers

1. What type of quality does the quality grade factor “D” represent and what is the factor applied from the schedules?

Inferior quality 82% or .82

2. A local assessor notices that an improvement has been greatly neglected and its physical condition is extremely poor. He or she notes that this improvement was originally built with excellent materials and workmanship. Which one of the following will the assessor adjust?

Cost

Quality grade

CDU rating used to determine the REL factor

3. Quality grade refers to the **quality of construction, workmanship and material used in a project**

True or False

1. F A PRC-2 is used for calculating land values.
2. F A frame house on a basement will not be adjusted for the type of foundation it has.
3. T All detached garages are calculated using the Summary of Other Buildings section on the PRC.
4. F The quality grade is used to determine a REL factor.
5. F To compute the value for an enclosed frame porch of 60 square feet and an enclosed frame porch of 40 square feet, you should add the square footage of the porches together and price out a porch of 100 square feet from the cost tables.

Unit 5- Review Answers and Exercises

Exercise 5-1

The best value for the subject property would be Sale 2, \$121,500. The reason Sale 2 is the best comparable is because this sale had the least number of adjustments (one less bathroom) for a small \$ difference. Sale 4 also had few adjustments, but the most substantial adjustment was for a full basement, which makes Sale 4 less comparable to the subject than Sale 2 (bathroom vs basement).

Exercise 5-2

<u>Site</u>	<u>Sales price</u>	<u>Sale date</u>	<u>Location</u>	<u>Physical features</u>
1	\$ 9,000	Current	Interior	Level - trees
2	\$ 8,500	Current	Corner	Level - trees
3	\$ 10,000	Current	Interior	Rolling - trees
4	\$ 9,000	1 year ago	Interior	Rolling - trees
5	\$ 8,000	Current	Interior	Level - no trees
6	\$ 6,500	1 year ago	Corner	Level - no trees
7	\$ 7,500	Current	Corner	Level - no trees

1. Based on the above sales, a site that sold today is worth \$ 1,000 more than a site that sold a year ago. (3 & 4) (6 & 7)
2. A site that is on rolling terrain is worth \$ 1,000 more than a site on level terrain. (1 & 3)
3. A site with trees is worth \$ 1,000 more than a site without trees. (1 & 5) (2 & 7)
4. An interior site is worth \$ 500 more than a corner site. (1 & 2) (5 & 7)

Unit 5- Review Answers

True or False

1. **T** When using the Sales Comparison or Market Approach, one never adjusts the subject property.
2. **F** Make a minus adjustment to the comparable property if it is inferior to the subject property.
3. **F** The market is showing an annual increase in value of 3%. A comparable property sold 2 years ago. It would have a minus adjustment of 6%.
4. **T** The comparable sale with the fewest adjustments is usually the best indicator of value for the subject property.
5. **T** Vacant land is most often valued using the Sales Comparison Approach to value.

Unit 6- Review Answers

Exercise 6-1

1. A commercial building recently sold for \$250,000. The annual income is \$30,000. Allowable expenses are \$6000 annually. What is the capitalization rate?

ANSWER 9.6% Income = \$30,000
 \$30,000 - \$6,000 = \$24,000 (net income)
 \$24,000 / \$250,000 = .096 = 9.6%

2. A parking lot provides its owner with a net operating income of \$16,740. The appropriate capitalization rate is 9.30%. What is the value of the parking lot?

ANSWER \$180,000 Income = \$16,740/ .093 = \$180,000

3. The capitalization rate for an office building is 11.37%. The value in a recent sale was \$452,600. What is the net operating income for the office building that an investor would expect?

ANSWER \$51,461 .1137 x \$452,600 = \$51,461

4. An apartment building recently sold for \$375,700. The annual income for the building is \$53,428. What is the capitalization rate?

ANSWER 14.22% \$53,428/\$375,700 = .1422

5. An apartment building has 20 units that rent for \$350 per month. The allowable expenses are \$150 per unit per month. The capitalization rate is 14.5%. What is the value of the property?

ANSWER \$331,034 \$350 x 20 x 12 = \$84,000 (Gross Income)
 \$150 x 12 x 20 = \$36,000 (Allowable Expenses)
 \$84,000 - \$36,000 = \$48,000 (Net Income)
 \$48,000/.1450 = \$331,034 (Value)

Unit 6- Review Answers

1. What is the formula for the Income Approach?

$$\frac{I}{R \times V}$$

2. A 100-space parking lot rents for \$30 a month per space. The Cap rate is 11.89%. What is the value of the parking lot?

$$100 \times 30 \times 12 = \underline{36,000} = \frac{\underline{\$302,775}}{11.89\%}$$

3. A two-story commercial building has a value of \$960,000. The building provides its owner with a monthly net income of \$6,000 per floor. What is the capitalization rate?

$$6,000 \times 2 = 12,000 \times 12 = \frac{\underline{\$144,000}}{960,000} = \underline{15\%}$$

4. Land used as a parking lot sold for \$270,000. The cap rate is 10.65%. What is the income of this parking lot?

$$\underline{10.65\% \times 270,000} = \underline{\$28,755}$$

5. A 11-unit apartment building has (6) 1-bedroom units, (4) 2-bedroom units, and (1) 3-bedroom units. The 3-bedroom units rent for \$450 per month, the 2-bedroom units rent for \$350 per month, and the 1-bedroom units rent for \$275 per month. What is the potential income of this apartment building?

$$\begin{aligned} 6 \times 275 \times 12 &= \$ 19,800 \\ 4 \times 350 \times 12 &= \$ 16,800 \\ 1 \times 450 \times 12 &= \underline{\$ 5,400} \\ &= \underline{\$ 42,000} \end{aligned}$$

Unit 7- Review Answers and Exercises

Exercise 7-1 Tax rates

	L	A	R
1.	\$660,000	\$30,000,000	<u>2.2000%</u>
2.	<u>\$400,000</u>	\$10,000,000	4.0000%
3.	\$55,000	<u>\$8,000,000</u>	.6875%
4.	<u>\$2,254,760</u>	\$95,480,000	2.3615%
5.	\$200,000	\$50,000,000	<u>.4000%</u>
6.	\$900,000	<u>\$120,000,000</u>	.7500%
7.	\$44,600	\$54,257,900	<u>.0822%</u>
8.	\$150,000	<u>\$42,253,521</u>	.3550%
9.	<u>\$83,436</u>	\$12,750,000	.6544%

Unit 7- Review Answers

1. If the levy for a local taxing body is \$60,000 and the EAV for the local taxing body is \$15,000,000, the tax rate for this taxing district will be:

.4 %

2. If the levy for a local taxing body is \$1,200,000 and the tax rate for the local taxing body is \$3.25/\$100 EAV, the equalized assessed valuation for this taxing district will be:

\$ 36,923,077

3. The equalized assessed valuation for a local taxing body is \$26,660,000 and the tax rate is \$2.95/\$100 EAV. The levy for this taxing body will be:

\$ 786,470

4. The EAV for a local taxing body is \$65,000,000 and the levy is \$22,750. The tax rate for this taxing body will be:

.035 %

5. If the levy for a local taxing body is \$75,000 and the EAV for the local taxing body is \$15,000,000, the tax rate for this taxing district will be:

\$.50 / \$100

Unit 8- Review Answers

8. Who has the final, local authority on matters of Homestead Exemptions?

Board of Review

9. Name the entity that has the final approval authority for all Non-homestead Exemptions:
Illinois Department of Revenue

10. List four different types of non-homestead properties that could be considered exempt.

School Property and other taxing district property held for future use

Property used exclusively for religious or charitable purposes

Property belonging to the State or Federal government

Property used as a cemetery, hospital, fire protection

11. If a Non-homestead Exemption would result in a reduction of assessed value of \$100,000 the following taxing districts must be notified.

Municipality

School District

Community College District

Fire Protection District

Unit 9- Review Questions and Exercises

Exercise 9-1

Assessed Value	Sales Price	Sales Ratio
\$10,000	\$ 35,000	28.57%
\$17,500	\$ 42,500	<u>41.18%</u>
\$ 1,900	\$ 12,000	15.83%
\$ 9,000	\$ 26,000	<u>34.62%</u>
\$ 9,000	\$ 31,000	29.03%
\$ 1,400	\$ 8,000	<u>17.50%</u>
\$ 7,200	\$ 23,000	31.30%
\$ 8,000	\$ 24,500	<u>32.65%</u>
\$ 5,600	\$ 19,500	28.72%
\$14,000	\$ 50,000	<u>28.00%</u>
\$19,000	\$ 67,000	28.36%

Sale ratios ranked	Formulas
1 <u>15.83</u> lowest	Sales Ratio = $\frac{\text{Assessed Value}}{\text{Sales Price}} \times 100$ gives you %
2 <u>17.50</u>	
3 <u>28.00</u>	
4 <u>28.36</u>	
5 <u>28.57</u>	
6 <u>28.72</u>	Median is #6, the value right in the middle
7 <u>29.03</u>	<u>28.72</u>
8 <u>31.30</u>	
9 <u>32.65</u>	*Ignore plus or minus signs when subtracting the median from the sales ratios.
10 <u>34.62</u>	
11 <u>41.18</u> highest	

Unit 9- Review Questions

1. Name four types of properties that are not affected by equalization factors at the local level.

1. **Farmland & Farm buildings**
2. **Railroads & Railroad right-of-way**
3. **Wind Turbines**
4. **Coal Rights**

2. Name four types of sales that would not be used in a sales ratio study.

1. **Farm homesites, residences, land and buildings**
2. **State-assessed property**
3. **Sales between related parties**
4. **Sales conveying less than full title (or government entities, or not advertised, or sales using a warranty deed or trustee deed)**

True or False

1. T or F Equalization means a factor is applied to each jurisdiction so that all jurisdictions are assessed at the same average percentage of market value.
2. T or F The state equalization factor is always 1.0000.
3. T or F Equalization will not correct inequities in individual assessments.
4. T or F A Coefficient of Dispersion is a measure of uniformity of assessments.
5. T or F Form PTAX-203, Real Estate Transfer Declaration (RETD) is the primary source of information used in a sales ratio study.

Unit 10- Review Answers

True or False

1. **F** A formal Assessment Complaint can be filed with the Township Assessor.
2. **T** The Board of Review is the final authority on assessed values in a County.
3. **F** If a taxing district believes an assessment is too low, it must be discussed with the Township Assessor before filing an Assessment Complaint.
4. **T** Typically, the time to file an Assessment Complaint is within 30 calendar days of the publication of assessed values.
5. **T** If the taxpayer does not agree with a Board of Review decision, the taxpayer can appeal that decision to the Illinois Property Tax Appeal Board.

Unit 11- Review Answers

True or False

1. **T** A taxpayer has 30 days from the postmarked date of the Board of Review's written decision to file an appeal with PTAB.
2. **F** If the requested reduction in the assessed value is \$100,000 or greater, the taxpayer must notify the taxing districts.
3. **F** Evidence can be submitted up to 24 hours before a hearing is scheduled to begin.
4. **T** A stipulation is an agreement among the parties to the assessed values of the subject property.
5. **F** All evidence must be submitted by the taxpayer at the time the appeal is filed with the Property Tax Appeal Board.
6. **F** The Property Tax Appeal Board often hears Assessment Complaints directly from taxpayers before they go to the BOR.

Unit 12- Review Answers

1. List 4 important actions that a Board of Review member must **not** do.
 - **Promote the appearance of impropriety**
 - **Use any professional designations unless authorized to do so**
 - **Accept any fee appraisals in which there is an unrevealed personal interest or bias**
 - **Accept any compensation based on a predetermined opinion, conclusion or recommendation**
2. List two reference sources for board of review members:
The CCAO; other area BOR members; The Property Tax Code; Continuing Education classes; State's Attorney
3. Is it a violation of the Open Meetings Act for a BOR member to meet at the local diner with a complainant to discuss his assessment?
No, not as long as the meeting does not include two or more BOR members.

Appendix A Exercise A-1

Cite the section and paragraph governing the following:

1. Boards of Review, political makeup and compensation Section **5-5;6-15**
2. Boards of Review in commission counties Section **6-30**
3. Elected Boards of Review Section **6-35**
4. Meetings of the Boards of Review Section **16-30**

5. Omitted Property Section **16-50**

6. Can the BOR issue a certificate of error for an error in judgement? **No.** Section **16-75**

7. On what type of exemption does the board have the final decision? **The Homestead exemption** Section **16-70**

8. What is the minimum number of signatures required on the affidavit for certification of the assessment books? **Two.** Section **16-85**

9. Is the BOR required to publish notice of an increase in assessment due to the application of an equalization factor? **Yes.** Section **12-40**

10. What happens to the assessment books when the BOR has completed its work? **The BOR shall deliver one set of books to the county clerk and one set to the CCAO.** Section **16-90**

11. Are members of the BOR required to take an oath of office? **Yes** Section **5-10**
6-55

12. Upon the request of the board, what types of information is the CCAO required to furnish to the board to assist it in the proper discharge of its duties? **All books, papers and information in his or her office requested by the Board to assist it in the proper discharge of its duties.** Section **16-5**

13. When does the BOR adjourn? **When the work is completed but no later than March 15th.** Section **16-35**
16-150

14. What action is the board required to take after a formal complaint has been filed? **The Board shall review the assessment and correct it, as appears to be just.** Section **16-55**

15. In commission counties, the county commissioners generally, constitute the Board of Review. Are the commissioners compensated for their work as members of the BOR? **No** Section **6-30**
16. What determines the educational requirements for a member of the board of review? **The type of government in a county; population; county board resolution; and whether the county has an elected or appointed BOR.** Section **6-10**
6-30
6-35
17. What is the political make-up of a BOR and how is it determined? **3 members, 2 affiliated with the political party polling the highest vote in a contested election for county office in that county, the third member must be of a different party.** Section **6-15**
18. Are boards of review required by statute to make and publish reasonable rules governing their business? **Yes.** Section **9-5**
19. Are there penalty provisions for failure of board members to perform their duties? **Yes** Section **25-15**
25-20
25-25
20. In commission counties, does an appointed BOR have to meet any requirements? **Yes** Section **6-30**
21. Who pays the property taxes on land leased from the State of Illinois? **The lessee.** Section **15-55**