

***Board of Review
Basic Course
1-BR 001-035***

PTAX 1-BR (R-02/2020)

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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 farm land, 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 of 2018 refers to assessments based on January 1, 2018 values; the taxes are billed in calendar year 2019.

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.

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.

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 uses 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>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:

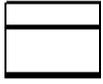
An exam administered by IDOR is required prior to appointment to a Board of Review. The exam results are good for three years following the date in which the exam was passed or as long as the board member is in continuous service.

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.

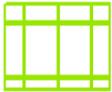
Cook County Board of Review members are required to successfully complete a basic course in assessment practices within one year of taking office. The Department has approved this course, “I-BR Board of Review—Basic Course”, to meet this educational requirement.

Board of Review Qualifications

The statutory qualifications for board of review members are under Article 6 of the Property Tax Code (35 ILCS 200/). The following Board of Review qualifications are based on the 2010 Federal Decennial Census for the 2012 tax year.



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 as 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, Mason, Shelby, 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.

R-1/1/2012

Exercise 1-1

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.

If you are taking this course as an in-person class, feel free to work as a group. There may be more than one answer to each question.

The State of Illinois Compiled Statutes and Property Tax Code is available online at the following site:

<http://www.ilga.gov/legislation/ilcs/ilcs.asp>

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**

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Article 5. Boards of Appeals

Sec. 5-5. Election of commissioners of board of review; counties of 3,000,000 or more.

(a) In counties with 3,000,000 or more inhabitants, on the first Tuesday after the first Monday in November 1994, 2 commissioners of the board of appeals shall be elected to hold office from the first Monday in December following their election and until the first Monday in December 1998. In case of any vacancy, the chief judge of the circuit court or any judge of that circuit designated by the chief judge shall fill the vacancy by appointment. The commissioners shall be electors in the particular county at the time of their election or appointment and shall hold no other lucrative public office or public employment. Each commissioner shall receive compensation fixed by the county board, which shall be paid out of the county treasury and which shall not be changed during the term for which any commissioner is elected or appointed. Effective the first Monday in December 1998, the board of appeals is abolished. The board of appeals shall maintain sufficient evidentiary records to support all decisions made by the board of appeals. All records, data, sales/ratio studies, and other information necessary for the board of review elected under subsection (c) to perform its functions and duties shall be transferred by the board of appeals to the board of review on the first Monday in December 1998. (b) (Blank). (c) In each county with 3,000,000 or more inhabitants, there is created a board of review. The board of review shall consist of 3 commissioners, one elected from each election district in the county at the general election in 1998 to hold office for a term beginning on the first Monday in December following their election and until their respective successors are elected and qualified. No later than June 1, 1996, the General Assembly shall establish the boundaries for the 3 election districts in each county with 3,000,000 or more inhabitants. The election districts shall be compact, contiguous, and have substantially the same population based on the 1990 federal decennial census. One district shall be designated as the first election district, one as the

second election district, and one as the third election district. The commissioner from each district shall be elected to a term of 4 years. In the year following each federal decennial census, the General Assembly shall reapportion the election districts to reflect the results of the census. The reapportioned districts shall be compact, contiguous, and contain substantially the same population. The Commissioner from the first district shall be elected to terms of 4 years, 4 years, and 2 years. The commissioner from the second district shall be elected to terms of 4 years, 2 years, and 4 years. The commissioner from the third district shall be elected to terms of 2 years, 4 years, and 4 years. In case of vacancy, the chief judge of the circuit court or any judge of the circuit court designated by the chief judge shall fill the vacancy by appointment of a person from the same political party. If the vacancy is filled with more than 28 months remaining in the term, the appointed commissioner shall serve until the next general election, at which time a commissioner shall be elected to serve for the remainder of the term. If a vacancy is filled with 28 months or less remaining in the term, the appointment shall be for the remainder of the term. No commissioner may be elected or appointed to the board of review unless he or she has resided in the election district he or she seeks to represent for at least 2 years before the date of the election or appointment. In the election following each federal decennial census and board of review redistricting, a candidate for commissioner may be elected from any election district that contains a part of the election district in which he or she resided at the time of the redistricting and re-elected if a resident of the new district he or she represents for 18 months prior to re-election. The commissioners shall hold no other lucrative public office or public employment. Each commissioner shall receive compensation fixed by the county board, which shall be paid from the county treasury. Compensation for each commissioner shall be equitable and shall not be changed during the term for which that commissioner is elected or appointed. The county shall provide suitable office space for the board of review. For the year beginning on the first Monday in December 1998 and ending the first Monday in December 1999, and every fourth year thereafter, the chair of the board shall be the commissioner elected from the first district. For the year beginning the first Monday in December 1999 and ending the first Monday in December 2000, and every fourth year thereafter, the chair of the board shall be the commissioner elected from the second district. For the year beginning the first Monday in December 2000 and ending the first Monday in December 2001, and every fourth year thereafter, the chair shall be the commissioner elected from the third district. For the year beginning the first Monday in December 2001 and ending the first Monday in December 2002, and every fourth year thereafter, the chair of the board shall be determined by lot. On and after the first Monday in December 1998, any reference in this Code to a board of appeals shall mean the board of review created under this subsection, and any reference to a member of a board of review shall mean a commissioner of a board of review. Whenever it may be necessary for purposes of determining its jurisdiction, the board of review shall be deemed to succeed to the powers and duties of the former board of appeals; provided that the board of review shall also have all of the powers and duties granted to it under this Code. All action of the board of review shall be by a majority vote of its commissioners. (Source: P.A. 93-574, eff. 8-21-03.)

Sec. 5-10. Oath of office. Each member of the board of review or commissioner of the board of appeals created by this Code shall, before entering upon the duties of his or her office, take and subscribe to the following oath:

State of Illinois County of I do solemnly swear (or affirm) that I will as (a member of the board of review) (a commissioner of the board of appeals) faithfully perform all the duties of that office as required by law; that I will fairly and impartially review the assessments of all property to the extent authorized by this Code; that I will correct all assessments which should be corrected; that I will raise or lower (or in the case of commissioners of the board of appeals, will direct the county assessor to change, correct, alter or modify) assessments as justice may require; and that I will do all acts necessary and within my authority to procure a full, fair and impartial assessment of all property. Dated (Source: P.A. 88-455; 89-126, eff. 7-11-95; 89-671, eff. 8-14-96.)

Article 6. Boards of Review

Sec. 6-5. Appointed boards of review.

In counties under township organization with less than 3,000,000 inhabitants in which no board of review is elected under Section 6-35, there shall be an appointed board of review to review the assessments made by the supervisor of assessments. When there is no existing appointed board of review, the chairman of the county board shall appoint, with approval of the county board, 3 citizens of the county to comprise the board of review for that county, 2 to serve for a one-year term commencing on the following June 1, and one to serve for a 2-year term commencing on the same date. When an appointed board of review already exists, successors shall be appointed and qualified to serve for terms of 2 years commencing on June 1 of the year of appointment and until their successors are appointed and qualified. Vacancies shall be filled in like manner as original appointments, for the balance of the unexpired term. Members of the county board may be appointed to the board of review. A member of the board of review may be reappointed. No person may serve on the board of review who is not qualified by experience and training in property appraisal and property tax administration. (Source: P.A. 86-905; 87-1189; 88-455.)

Sec. 6-10. Examination requirement - Counties of 100,000 or more.

In any county to which Section 6-5 applies and which has 100,000 or more inhabitants, no person may serve on the board of review who has not passed an examination prepared and administered by the Department to determine his or her competence to hold the office. The examination shall be conducted by the Department at some convenient location in the county. The Department may provide by rule the maximum time that the name of a person who has passed the examination will be included on a list of persons eligible for appointment or election. The county board of any other county may, by resolution, impose a like requirement in its county. In counties with less than 100,000 inhabitants, the members of the board of review shall within one year of taking office successfully complete a basic course in assessment practice approved by the Department. In counties with 3,000,000 or more inhabitants, the members of the board of review shall successfully complete a basic course in assessment practice, approved by the Department, within one year after taking office. (Source: P.A. 88-455; incorporates 88-221; 88-670, eff. 12-2-94; 89-126, eff. 7-11-95; 89-671, eff. 8-14-96.)

Sec. 6-15. Political makeup and compensation.

The board of review appointed under Section 6-5 shall consist of 3 members, 2 of whom are affiliated with the political party polling the highest vote for any county office in the county at the last general election prior to any appointment made under this Section. The third member shall not be affiliated with that same party. Each member of the board of review shall receive an annual salary to be fixed by the county board and paid out of the county treasury. (Source: P.A. 98-322, eff. 8-12-13.)

Sec. 6-20. Clerk of the board of review.

(a) In counties with a board of review appointed under Section 6-5, the clerk of the board of review shall collect and analyze property transfers and property appraisals, and pursue other activities the board considers proper and necessary to aid the Board in the determination of the percentage relationship, for each assessment district, between the valuations at which locally assessed property is listed and 33 1/3% of the estimated fair cash value of such property, or the values determined in accordance with Sections 10-110 through 10-140, or the percentages provided by a county ordinance adopted under Section 4 of Article IX of the Constitution of Illinois.

(b) In counties with 3,000,000 or more inhabitants, the county assessor shall annually make available to the board of appeals (until the first Monday in December 1998 and the board of review beginning on the first Monday in December 1998 and thereafter) information utilized in the assessment of property, including, but not limited to, reports generated from the multiple regression equation and sales/ratio studies, if any. The county assessor shall make available to the board of appeals (until the first Monday in December 1998 and the board of review beginning on the first Monday in December 1998 and thereafter), upon request by any member of the board, data used in compilation of the reports and studies. The Department shall make available to the board of appeals (until the first Monday in December 1998 and the board of review beginning on the first Monday in December 1998 and thereafter) sales/ratio studies conducted by the Department.

(Source: P.A. 88-455; 89-126, eff. 7-11-95; 89-671, eff. 8-14-96.)

Sec. 6-25. Additional members.

In counties with a board of review appointed under Section 6-5, when the county board declares by resolution that the number of complaints filed with the board of review has created an emergency situation and caused a need for an expanded board of review, the chairman of the county board may appoint additional qualified members to the board of review for the sole purpose of holding separate hearings on complaints. The additional members shall not take part in the intra-county equalization process of the board of review under Section 16-60 or Section 16-65. If a board of review is expanded under this Section in Lake, DuPage, McHenry, or Kane County, then the chairman of that county board may appoint qualified residents of counties that are directly adjacent to that chairman's county to serve as additional members of the expanded board of review. (Source: P.A. 96-825, eff. 11-25-09.)

Sec. 6-30. Board of review in commission counties.

In counties not under township organization with less than 3,000,000 inhabitants in which no board of review is elected under Section 6-35, the board of county commissioners shall constitute the board of review. They shall have all the powers and perform all the duties conferred on or required by boards of review. County commissioners shall receive no additional compensation for serving on the board of review. County commissioners serving as the board of review must meet the examination requirements of Section 6-32. If any member of the board of county commissioners fails to meet the examination requirements, the board of county commissioners shall appoint a board of review. Members of the county commissioners who meet the requirements of Section 6-32 may serve on the appointed board of review but shall not receive additional compensation. The board of county commissioners shall appoint a 3-member board of review if (i) the board of county commissioners so chooses or (ii) any member of the board of county commissioners fails to meet the examination requirements of Section 6-32. No person may serve on an appointed board of review under this Section unless he or she meets the examination requirements of Section 6-32. Members of a board of review appointed by the board of county commissioners shall receive a per diem for their services as established by the board of county commissioners.

A board of review appointed by the board of county commissioners shall serve at the pleasure of the board of the county commissioners. If the board of review is appointed because any member of the board of county commissioners fails to meet the examination requirements of Section 6-32 and all members subsequently fulfill the requirements, the board of county commissioners may terminate the authority of the sitting board of review, as soon as it completes its work for a tax year and serve as the board of review.

(Source: P.A. 90-552, eff. 1-1-99; 91-732, eff. 1-1-01.)

Sec. 6-32. Examination requirement.

In any county to which Section 6-30 applies, no person may serve on a board of review who has not passed an examination prepared and administered by the Department to determine his or her competence to hold the office. The Department shall conduct examinations for various counties in a convenient location in the region. A candidate appearing at the examination shall indicate to the Department the name of the county the results shall be certified to if he or she successfully passes the examination. The Department shall certify the list to each county from which candidates have appeared at the examination location. Within one year after the effective date of this amendatory Act of 1997, the Department shall conduct an examination at least once in each commission county for which the chairman of the County Board of Commissioners requests an examination. The Department may provide by rule the maximum time that the name of a person who has passed the examination shall be included on a list of persons eligible to serve on the board of review. (Source: P.A. 90-552, eff. 1-1-99.)

Sec. 6-34. Political makeup.

If the board of county commissioners appoints a board of review as prescribed in Section 6-30, the board of review shall consist of 2 members affiliated with the political party polling the highest vote for any county office in the county and one member of the party polling the second highest vote for the same county office at the last general election. (Source: P.A. 90-552, eff. 1-1-99.)

Sec. 6-35. Elected boards of review.

In counties with 150,000 or more and less than 3,000,000 inhabitants which had an elected board of review on January 1, 1993, the board of three persons shall continue in office. Every two years, at the regular election of county officers in such counties, one member of the board of review shall be elected to succeed the member whose term expires in that year. Each member shall hold office for a term of 6 years and until a successor is elected and qualified. The persons so elected shall qualify within 10 days after the canvass of the vote is completed. They shall hold no other lucrative public office or public employment. Each member shall receive an annual salary to be fixed by the county board and paid out of the county treasury. In case of any vacancy in the board of review or the failure of any person elected to that office to qualify, the vacancy shall be filled by appointment as provided in the general election law until a successor is elected and has qualified. The member having the shortest term to serve shall be the chairman of the board. (Source: P.A. 86-181; 88-455.)

Sec. 6-40. Election from districts.

In all counties which elect a board of review, except counties with a county assessor elected under Section 3-45 and except counties with a board of review elected under Section 5-5, members shall be elected from 3 districts which are substantially equal in number of inhabitants and, to the extent practicable, equal in geographic area. On or before January 1 of the first year following a decennial census in which board members will be elected, the supervisor of assessments shall prepare and submit to the county board a map of the districts, designating each district as 1, 2 or 3. The county Board shall adopt the map or make changes as it deems necessary and adopt the revised map on or before January 31. If no map is adopted by January 31, the map initially submitted by the supervisor of assessments shall constitute the districts from which members of the board of review shall be elected. As each term of a member of the board of review expires, a new member shall be elected from a district, beginning with district 1 and proceeding through district 3. (Source: P.A. 88-455; 89-126, eff. 7-11-95.)

Sec. 6-45. Abolition of elected board of review.

If any county contains within its limits 3,000,000 or more inhabitants, as determined by the last Federal decennial or special census, that county shall at once come under the provisions of this Code relating to counties of that population, and at the next ensuing regular election of county officers, a county assessor shall be elected, and all provisions of this Code relating to counties with 3,000,000 or more inhabitants shall then immediately apply to that county.

In counties having an elected board of review as provided by law for counties with 150,000 or more but less than 3,000,000 inhabitants, the county board may by resolution have submitted to the legal voters of the county at any regular election, the question of abolishing the elected board of review. The county board shall certify the question to the proper election officials, who shall submit the question to the voters. Such referendum shall be held and returns made all in the manner now provided by the general election law and the question shall be in substantially the following form:

Shall the elected board of review be abolished YES
and be replaced by an appointed board? NO

If a majority of the voters voting on the question vote in favor of the proposition, the elected board of review shall be abolished to take effect on June 1 following the election. On that date, all records, books and papers pertaining to the elected board shall be transferred and delivered by the board to its successor in office. There-after all the powers and duties conferred upon appointed boards of review in counties with less than 3,000,000 inhabitants, shall be exercised and performed in such counties so voting, by appointed boards of review as provided by law for counties with less than 3,000,000 inhabitants. (Source: P.A. 88-455; 89-126, eff. 7-11-95.)

Sec. 6-50. Majority vote.

Board of review action may be taken by a majority vote of the board. (Source: P.A. 76-1322; 88-455.)

Sec. 6-55. Oath of office.

Each member of the board of review shall, before entering upon the duties of office, take and subscribe to the oath required under Section 5-10. (Source: P.A. 88-455.)

Sec. 6-60. Rules and procedures.

The board of review in every county with less than 3,000,000 inhabitants must make available to the public a detailed description of the rules and procedures for hearings before the board. This description must include an explanation of any applicable burdens of proof, rules of evidence, timelines, and any other procedures that will allow the taxpayer to effectively present his or her case before the board. If a county Internet

website exists, the rules and procedures must also be published on that website. (Source: P.A. 96-122, eff. 1-1-10.)

TITLE 3. VALUATION AND ASSESSMENT

Article 9. General Valuation Procedures

Division 1. Office operations

Sec. 9-5. Rules.

Each county assessor, board of appeals, and board of review shall make and publish reasonable rules for the guidance of persons doing business with them and for the orderly dispatch of business.

In counties with fewer than 3,000,000 inhabitants, these rules shall not require specific proof to be offered nor limit the nature of evidence which may be offered as a condition of filing an assessment complaint under Section 16-55.

In counties with 3,000,000 or more inhabitants, the county assessor and board of appeals (ending the first Monday in December 1998 and the board of review beginning the first Monday in December 1998 and thereafter), jointly shall make and prescribe rules for the assessment of property and the preparation of the assessment books by the township assessors in their respective townships and for the return of those books to the county assessor. (Source: P.A. 88-455; 89-126, eff. 7-11-95; 89-671, eff. 8-14-96, P.A. 98-322, eff. 8-12-13.)

Sec. 9-10. Office hours.

\ The offices of the chief county assessment officer shall be open all the year during business hours to hear or receive complaints or suggestions that property has not been properly assessed. (Source: Laws 1939, p. 886; P.A. 88-455.)

Sec. 9-15. Annual meeting of supervisor of assessments.

In all counties of township organization having a supervisor of assessments, the supervisor of assessments shall, by January 1 of each year, assemble all assessors and their deputies for consultation and shall instruct them in uniformity of their functions. The instructions shall be in writing and available to the public. Notice of the annual assembly shall be published not more than 30 nor less than 10 days before the assembly in a newspaper published in the township or the tax assessment district, and if there is no such newspaper, in a newspaper published in the county and in general circulation in the township or tax assessment district. At the time of publishing the notice, a press release giving notice of the assembly shall be given to each newspaper published in the county and to each commercial broadcasting station whose main office is located in the county. The assembly is open to the public.

Any assessor or deputy assessor who willfully refuses or neglects to observe or follow instructions of the supervisor of assessments, which are in accordance with law, shall be guilty of a Class B misdemeanor. Any supervisor of assessments who willfully gives directions which are not in accordance with law is guilty of a Class B misdemeanor. (Source: P.A. 84-837; 88-455.)

Sec. 9-20. Property record cards.

In all counties, all property record cards maintained by a township assessor, multi-township assessor, or chief county assessment officer shall be public records, and shall be available for public inspection during business hours, subject to reasonable rules and regulations of the custodian of the records. Upon request and payment of such reasonable fee established by the custodian, a copy or printout shall be provided to any person.

Property record cards may be established and maintained on electronic equipment or microfiche, and that system may be the exclusive record of property information. (Source: P.A. 83-1312; 88-455.)

Sec. 9-25. Township property record cards.

In counties under township organization, the township assessors and multi-township assessors shall allow the supervisor of assessments to make a duplicate copy of any or all records compiled and maintained by the township assessor and multi-township assessor. The supervisor of assessments shall make and maintain a complete set of property record cards. The township or multi-township assessor shall supply the supervisor of assessments with a copy of all new property record cards as they are added to the tax rolls. (Source: P.A. 84-837; 88-455.)

Sec. 9-30. Property records systems - Townships and multi-townships.

The township or multi-township assessor may spend funds for the preparation, establishment and maintenance of a detailed property record system which would provide information useful to assessment officials. The assessor also may enter into contracts with persons, firms or corporations for the preparation and establishment of the record system. The property record system shall include up-to-date and complete tax maps, ownership lists, valuation standards and property record cards, including appraisals, for all or any part of the property in the township or multi-township assessment district in accordance with reasonable rules and procedures prescribed by the Department, but the system and records shall not be considered to be assessments nor limit the powers and duties of assessing officials. The record shall be available to all assessing officials and to the public. (Source: P.A. 82-554; 88-455.)

Sec. 9-35. County tax maps - Supervisor of assessments.

Except as provided in Section 5-1108 of the Counties Code, each supervisor of assessments shall prepare and maintain, in accordance with rules and procedures prescribed by the Department, tax maps and up-to-date lists of property owners' names and addresses and property record cards for all of the property in the county and shall procure at regular intervals from the records maintained by the county recorder information relating to transfers of property. The supervisor of assessments shall not, however, duplicate the work of any full-time township assessor or multi-township assessor who maintains up-to-date and complete tax maps, ownership lists and property record cards in accordance with rules and procedures prescribed by the Department.

This shall not preclude the maintenance of duplicate records in the supervisor of assessments' office. This Section shall not prohibit the preparation and setting up of a property record system (including appraisals) and property record cards as provided for in other Acts, but such system and records shall not be considered to be assessments nor limit the powers and duties of the assessors as provided by this Code. Systems and records or copies of them set up under other Acts may be maintained by the supervisor of assessments in his or her office. In preparing the original tax maps, lists and property record cards, he or she shall consult with the Department and the Department shall furnish to the officer such supplies and equipment as may, in its judgment, be necessary to set up the original set of maps, lists and records required by this Section. (Source: P.A. 86-482; 86-1475; 88-455.)

Sec. 9-40. County tax maps; County assessor.

In any county with less than 3,000,000 inhabitants which elects a county assessor under Section 3-45, the county assessor shall, except as provided in Section 5-1108 of the Counties Code, prepare and maintain tax maps, up-to-date lists of property owners' names and addresses, and property record cards for all of the property in the county. Those documents shall be prepared and maintained in accordance with rules and procedures prescribed by the Department. The county assessor also shall procure at regular intervals from the records maintained by the recorder information relating to transfers of property. The county assessor shall not duplicate the work of any fulltime township assessor who maintains up-to-date and complete tax maps, ownership lists and property record cards in accordance with rules and procedures prescribed by the Department, but this shall not preclude the maintenance of duplicate copies of those records in the county assessor's office. This Section does not prohibit the preparation and setting up of a property record system (including appraisals) and property record cards as provided for in other Acts, but the system and records shall not be considered to be assessments nor limit the powers and duties of the assessors under this Code. Systems and records or copies of them set up under such other Acts may be maintained by the county assessor in his or her office. In preparing the original tax maps, lists and property record cards, the county assessor shall consult with the Department. The Department shall furnish to that officer supplies and equipment as may, in its judgment, be necessary to set up the original set of maps, lists and records required by this Section. (Source: P.A. 86-1475; 88-455.)

Sec. 9-45. Property index number system.

The county clerk in counties of 3,000,000 or more inhabitants and, subject to the approval of the county board, the chief county assessment officer or recorder, in counties of less than 3,000,000 inhabitants, may establish a property index number system under which property may be listed for purposes of assessment, collection of taxes or automation of the office of the recorder. The system may be adopted in addition to, or instead of, the method of listing by legal description as provided in Section 9-40. The system shall describe property by township, section, block, and parcel or lot, and may cross-reference the street or post office address, if any, and street code number, if any.

The county clerk, county treasurer, chief county assessment officer or recorder may establish and maintain cross indexes of numbers assigned under the system with the complete legal description of the properties to which the numbers relate. Index numbers shall be assigned by the county clerk in counties of 3,000,000 or more inhabitants, and, at the direction of the county board in counties with less than 3,000,000 inhabitants, shall be assigned by the chief county assessment officer or recorder. Tax maps of the county clerk, county treasurer or chief county assessment officer shall carry those numbers. The indexes shall be open to public inspection and be made available to the public. Any property index number system established prior to the effective date of this Code shall remain valid. However, in counties with less than 3,000,000 inhabitants, the system may be transferred to another authority upon the approval of the county board. Any real property used for a power generating or automotive manufacturing facility located within a county of less than 1,000,000 inhabitants, as to which litigation with respect to its assessed valuation is pending or was pending as of January 1, 1993, may be the subject of a real property tax assessment settlement agreement among the taxpayer and taxing districts in which it is situated. In addition, any real property that is (i) used for natural gas extraction and fractionation or olefin and polymer manufacturing and (ii) located within a county of less than 1,000,000 inhabitants may be the subject of a real property tax assessment settlement agreement among the taxpayer and taxing districts in which the property is situated if litigation is or was pending as to its assessed valuation as of January 1, 2003 or thereafter. Other appropriate authorities, which may include county and State boards or officials, may also be parties to such agreements. Such agreements may include the assessment of the facility or property for any years in dispute as well as for up to 10 years in the future. Such agreements may provide for the settlement of issues relating to the assessed value of the facility and may provide for related payments, refunds, claims, credits against taxes and liabilities in respect to past and future taxes of taxing districts, including any fund created under Section 20-35 of this Act, all implementing the settlement agreement. Any such agreement may provide that parties thereto agree not to challenge assessments as provided in the agreement. An agreement entered into on or after January 1, 1993 may provide for the classification of property that is the subject of the agreement as real or personal during the term of the agreement and thereafter. It may also provide that taxing districts agree to reimburse the taxpayer for amounts paid by the taxpayer in respect to taxes for the real property which is the subject of the agreement to the extent levied by those respective districts, over and above amounts which would be due if the facility were to be assessed as provided in the agreement. Such reimbursement may be provided in the agreement to be made by credit against taxes of the taxpayer. No credits shall be applied against taxes levied with respect to debt service or lease payments of a taxing district. No referendum approval or appropriation shall be required for such an agreement or such credits and any such obligation shall not constitute indebtedness of the taxing district for purposes of any statutory limitation. The county collector shall treat credited amounts as if they had been received by the collector as taxes paid by the taxpayer and as if remitted to the district. A county treasurer who is a party to such an agreement may agree to hold amounts paid in escrow as provided in the agreement for possible use for paying taxes until conditions of the agreement are met and then to apply these amounts as provided in the agreement.

No such settlement agreement shall be effective unless it shall have been approved by the court in which such litigation is pending. Any such agreement which has been entered into prior to adoption of this amendatory Act of 1988 and which is contingent upon enactment of authorizing legislation shall be binding and enforceable. (Source: P.A. 96-609, eff. 8-24-09.)

Sec. 9-50. Maps and plats.

The chief county assessment officer may make or purchase maps and plats that will facilitate the business of his or her office. The maps and plats shall always remain in the office and will be open and accessible to the public. (Source: Laws 1939, p. 886; P.A. 88-455.)

Sec. 9-55. Survey by owner.

When a property is divided into parcels so that it cannot be described without describing it by metes and bounds, it is the duty of the owner to have the land surveyed and platted into lots. The platting shall be in accord with the Plat Act. The plat shall be certified and recorded. Any unit of local government responsible for issuing building permits may require, by ordinance, that the plat be certified and recorded before the building permit is issued, unless a subdivision plat is not required under subsection (b) of Section 1 of the Plat Act. The description of property, in accordance with the number and description in the plat, shall be a valid description of the property described. However, no plat of a subdivision, vacation or dedication of a tract of land shall be approved by a city, incorporated town or village officer, nor shall any recorder record a plat, unless a statement from the county clerk is endorsed thereon showing that he or she finds no delinquent general taxes, unpaid current general taxes, delinquent special assessments or unpaid current special assessments against the tract of land. No officer of a city, village or incorporated town shall approve the plat of a subdivision of a tract of land until all deferred installments of outstanding unpaid special assessments are either certified as paid by the proper collector, or a division thereof is made in accord with the proposed subdivision and duly approved by the court that confirmed the special assessment. (Source: P.A. 90-788, eff. 8-14-98.)

Sec. 9-65. Reassessment after platting.

Except as otherwise provided by Section 10-30 with respect to assessments made in counties with less than 3,000,000 inhabitants, whenever acreage property has been subdivided into lots and the subdivision has been recorded, the lots shall be reassessed and placed upon the assessor's books, replacing the acreage property, as of the first day of January immediately following the date of the recording or filing of the subdivision. (Source: P.A. 83-358; 83-837; 83-1362; 88-455.)

Division 2. Assessment authority

Sec. 9-70. Assessment authority.

The Department shall assess all pollution control facilities, low sulfur dioxide emission coal fueled devices, and property owned or used by railroad companies operating within this State, except non-carrier real estate. Local assessment officers shall assess all other property not exempted from taxation. (Source: P.A. 81-838; 88-455.)

Sec. 9-75. Revisions of assessments; Counties of less than 3,000,000.

The chief county assessment officer of any county with less than 3,000,000 inhabitants, or the township or multi-township assessor of any township in that county, may in any year revise and correct an assessment as appears to be just. Notice of the revision shall be given in the manner provided in Section 12-10 and 12-30 to the taxpayer whose assessment has been changed. (Source: P.A. 81-838; 88-455.)

Sec. 9-80. Authority to revise assessments; Counties of less than 3,000,000.

The chief county assessment officer in counties with less than 3,000,000 inhabitants shall have the same authority as the township or multi-township assessor to assess and to make changes or alterations in the assessment of property and shall assess and make such changes or alterations in the assessment of property as though originally made. Changes by the chief county assessment officer in valuations shall be noted in a column provided, and no change shall be made in the original assessor's figures.

When the chief county assessment officer or his or her deputy views property for the purposes of assessing the property or determining whether a change or alteration in the assessment of the property is required, he or she shall give notice to the township assessor by U.S. Mail at least 5 days but not more than 30 days prior to the viewing, so that the assessor may arrange to be present at the viewing, except if the township or multi-township assessor fails to timely return the assessment books or workbooks as required by Section 9-230. He or she shall also give notice to owners of the properties by means of notices in a paper of general circulation in the township. The notices shall state the chief county assessment officer's intention to view the property but need not specify the date and time of the viewing. When the chief county assessment officer or his or her deputy is present at the property to be viewed, immediately prior to the viewing, he or she shall make a reasonable effort to ascertain if the owner or his or her representative, or the assessor, are on the premises and to inform them of his or her intention to view the property. Failure to provide notice to the township assessor and owner shall not of and by itself invalidate any change in an assessment. A viewing under this Section and Section 9-155 means actual viewing of the visible property in its entirety from, on or at the site of the property.

All changes and alterations in the assessment of property shall be subject to revision by the board of review in the same manner that original assessments are reviewed. (Source: P.A. 96-486, eff. 8-14-09.)

Sec. 9-85. Revision of assessments by county assessor and board of review; Counties of 3,000,000 or more.

In counties with 3,000,000 or more inhabitants, the county assessor shall have authority annually to revise the assessment books and correct them as appears to be just; and on complaint in writing in proper form by any taxpayer, and after affording the taxpayer an opportunity to be heard thereon, he or she shall do so at any time, until the assessment is verified. An entry upon the assessment books does not constitute an assessment until the assessment is verified.

When a notice is to be mailed under Section 12-55 and the address that appears on the assessor's records is the address of a mortgage lender or the trustee, where title to the property is held in a land trust, or in any event whenever the notice is mailed by the assessor to a taxpayer at or in care of the address of a mortgage lender or a trustee where the title to the property is held in a land trust, the mortgage lender or the trustee within 15 days of the mortgage lender's or the trustee's receipt of such notice shall mail a copy of the notice to each mortgagor of the property referred to in the notice at the last known address of each mortgagor as shown on the records of the mortgage lender, or to each beneficiary as shown on the records of the trustee.

All changes and alterations pursuant to Section 16-95 or Section 16-120 in the assessment of property shall be subject to revision and entry into the assessment books by the board of appeals (until the first Monday in December 1998 and the board of review beginning the first Monday in December 1998 and thereafter) in the same manner as the original assessments. (Source: P.A. 88-455; 89-126, eff. 7-11-95; 89-671, eff. 8-14-96.)

Division 3. Assessment books

Sec. 9-90. Procuring assessment books.

The county clerk shall procure all necessary books and blanks required by this Code to be used in the assessment of property and collection of taxes, at the expense of the county. (Source: Laws 1939, p. 886; P.A. 88-455.)

Sec. 9-95. Listing of property.

All property subject to taxation under this Code, including property becoming taxable for the first time, shall be listed by the proper legal description in the name of the owner, and assessed at the times and in the manner provided in Sections 9-215 through 9-225, and also in any year that the Department orders a reassessment (to the extent the reassessment is so ordered), with reference to the amount owned on January 1 in the year for which it is assessed, including all property purchased that day. The assessment, as modified or equalized or changed as provided by law, shall be the assessment upon which taxes shall be levied and extended during the general assessment period for which the assessment is made, or during the remainder of that general assessment period for any property reassessed by order of the Department. No assessment shall be considered illegal by reason of not having been listed or assessed in the name of the owner or owners. (Source: P.A. 85-1221; 86-1481; 88-455.)

Sec. 9-100. Assessment list; Delivery of books.

Before January 1 in each year of the general assessment, as provided in Sections 9-215 through 9-225, each county clerk shall make up the list of property to be assessed for taxes for the townships or taxing districts in the county, in books for that purpose. Annually, before January 1, he or she shall make up lists of properties which are taxable, or which become taxable for the first time, and which are not already listed, and make up lists of properties which have been subdivided and not listed by the proper description. The county clerk shall enter in the proper column, opposite the respective parcels, the name of the owner, or other such persons, so far as he is able to ascertain the names. The lists shall contain columns to show the number of acres or lots improved, and the assessed value; the assessed value of improvements; the total value; and other information as may be required. The county clerk shall also have prepared and ready for delivery all blanks necessary in the assessment of property and shall deliver those blanks to the assessors along with the assessment books or lists. The books or lists may be completed and delivered by townships or taxing districts without waiting for the completion of all the books or lists, but all assessment books or lists shall be delivered by the county clerk to the chief county assessment officer on or before January 1. The books or lists shall be made in duplicate. (Source: P.A. 86-1481; 88-455.)

Sec. 9-105. Makeup of assessment books by townships.

The books for the assessment of property, in counties not under township organization, shall be made up by congressional townships, but parts or fractional townships may be added to full townships, at the discretion of the county board. In counties under township organization, the books shall be made to correspond with the organized townships. Separate books shall be made for the assessment of property and the collection of all taxes and special assessments thereon, within the corporate limits of cities, incorporated towns and villages, if ordered by the county board. (Source: Laws 1939, p. 886; P.A. 88-455.)

Sec. 9-110. Railroad assessment book.

The county clerk shall procure, at the expense of the county, a record book in a form prescribed by the Department, in which to enter railroad property as listed for taxation, and shall enter the valuations assessed, corrected and equalized in the manner provided by law. The county clerk shall extend all the taxes for which the property is liable against its equalized assessed value. At the time fixed by law for delivering tax books to the county collector, the clerk shall attach a warrant, under his or her seal of office, and deliver the book to the county collector. The county collector shall collect the taxes charged against railroad property and pay over and account for the taxes in the manner provided in other cases. The book shall be returned by the collector and filed in the office of the county clerk. The taxes on all railroad property shall be extended as on other property, and shall be subject to the same penalties, dates of payment and methods of enforcement as other property taxes. (Source: Laws 1945, p. 1212; P.A. 88-455.)

Sec. 9-115. Parcels in more than one taxing district.

When any property is situated in more than one township or taxing district, or is situated and assessed in any drainage district, for drainage purposes, the portion in each township or taxing district shall be listed separately. The lands in any drainage district shall be listed so as to correspond, as nearly as possible, to the respective subdivisions and descriptions in the latest assessment roll of the drainage district. (Source: Laws 1939, p. 886; P.A. 88-455.)

Sec. 9-120. Combined listings.

When a whole section, half section, quarter section, or half-quarter section of property, belongs to the same owner, it may, and shall, at the request of the owner or his or her agent, be listed as one tract, and when all lots in the same block belong to the same owner they may, and shall, at the request of the owner or his or her agent, be listed as a block. When several adjoining lots in the same block belong to the same owner, they may, and shall, at the request of the owner or his or her agent, be included in one description. However, this Section shall not apply to property on which delinquent or forfeited taxes are outstanding. (Source: Laws 1939, p. 886; P.A. 88-455.)

Sec. 9-125. Verification of assessment lists.

The county clerk shall compare the lists of property with the list of taxable property on file in his or her office. (Source: Laws 1939, p. 886; P.A. 88-455.)

Sec. 9-130. Delivery of assessment books.

The chief county assessment officer shall call upon the county clerk on or before the first day of January in each year and receive the assessment books and blanks as prepared by the county clerk for the assessment of property for that year. (Source: P.A. 86-678; 88-455.)

Sec. 9-135. Correction of assessment lists.

If the assessor or chief county assessment officer finds that any property subject to taxation, or special assessment, has not been returned to him or her by the clerk, or has not been described in the subdivisions or manner required by this Code, he or she shall correct the return of the clerk, and shall list and assess the property in the manner required by law. The assessor or chief county assessment officer shall, also, from time to time, make alterations in the description of property as he or she may find necessary. When property has been subdivided since the making of the general assessment, the assessor or chief county assessment officer shall from time to time correct the descriptions so that they correspond to the subdivision and distribute the assessment in the proper proportions among the parcels into which the land has been subdivided; and in case of a vacation of a subdivision readjust the description of the assessment accordingly. (Source: Laws 1939, p. 886; P.A. 88-455.)

Sec. 9-140. Loss or destruction of assessment books.

When all or any part of the assessment rolls or collectors' books of any county, or other taxing district are lost or destroyed by any means whatever, a new assessment, or new books, as the case may require, shall be made under the direction of the county board.

The board shall, in those cases, fix reasonable times and dates for performing the work of assessment, equalization, levy, extension and collection of taxes, and paying over the same, or making new books, as the circumstances of the case may require. All provisions of this Code apply to the dates fixed by the county board, in the same manner that they apply to the dates for similar purposes, as fixed by this Code. The presiding officer of the county board may select and appoint persons, with the advice and consent of the county board, when he or she finds it necessary, to carry out provisions of this section. (Source: P.A. 78-1128; 88-455.)

Division 4. Valuation procedures

Sec. 9-145. Statutory level of assessment.

Except in counties with more than 200,000 inhabitants which classify property for purposes of taxation, property shall be valued as follows:

(a) Each tract or lot of property shall be valued at 33 1/3% of its fair cash value.

(b) Each taxable leasehold estate shall be valued at 33 1/3% of its fair cash value.

(c) Each building or structure which is located on the right of way of any canal, railroad or other company leased or granted to another company or person for a term of years, shall be valued at 33 1/3% of its fair cash value.

(d) Any property on which there is a coal or other mine, or stone or other quarry, shall be valued at 33 1/3% of its fair cash value. Oil, gas and other minerals, except coal, shall have value and be assessed separately at 33 1/3% of the fair cash value of such oil, gas and other minerals. Coal shall be assessed separately at 33 1/3% of the coal reserve economic value, as provided in Sections 10-170 through 10-200.

(e) In the assessment of property encumbered by public easement, any depreciation occasioned by such easement shall be deducted in the valuation of such property. Any property dedicated as a nature preserve or as a nature preserve buffer under the Illinois Natural Areas Preservation Act, for the purposes of this paragraph, is encumbered by a public easement and shall be depreciated for assessment purposes to a level at which its valuation shall be \$1 per acre or portion thereof.

This Section is subject to and modified by Sections 10-110 through 10-140 and 11-5 through 11-65. (Source: P.A. 91-497, eff. 1-1-00.)

Sec. 9-150. Classification of property.

Where property is classified for purposes of taxation in accordance with Section 4 of Article IX of the Constitution and with such other limitations as may be prescribed by law, the classification must be established by ordinance of the county board. If not so established, the classification is void. (Source: P.A. 78-700; 88-455.)

Sec. 9-155. Valuation in general assessment years.

On or before June 1 in each general assessment year in all counties with less than 3,000,000 inhabitants, and as soon as he or she reasonably can in each general assessment year in counties with 3,000,000 or more inhabitants, or if any such county is divided into assessment districts as provided in Sections 9-215 through 9-225, as soon as he or she reasonably can in each general assessment year in those districts, the assessor, in person or by deputy, shall actually view and determine as near as practicable the value of each property listed for taxation as of January 1 of that year, or as provided in Section 9-180, and assess the property at 33 1/3% of its fair cash value, or in accordance with Sections 10-110 through 10-140 and 10-170 through 10-200, or in accordance with a county ordinance adopted under Section 4 of Article IX of the Constitution of Illinois. The assessor or deputy shall set down, in the books furnished for that purpose the assessed valuation of properties in one column, the assessed value of improvements in another, and the total valuation in a separate column. (Source: P.A. 86-1481; 87-1189; 88-455.)

Sec. 9-160. Valuation in years other than general assessment years.

On or before June 1 in each year other than the general assessment year, in all counties with less than 3,000,000 inhabitants, and as soon as he or she reasonably can in counties with 3,000,000 or more inhabitants, the assessor shall list and assess all property which becomes taxable and which is not upon the general assessment, and also make and return a list of all new or added buildings, structures or other improvements of any kind, the value of which had not been previously added to or included in the valuation of the property on which such improvements have been made, specifying the property on which each of the improvements has been made, the kind of improvement and the value which, in his or her opinion, has been added to the property by the improvements. The assessment shall also include or exclude, on a proportionate basis in accordance with the provisions of Section 9-180, all new or added buildings, structures or other improvements, the value of which was not included in the valuation of the property for that year, and all improvements which were destroyed or removed. In case of the destruction or injury by fire, flood, cyclone, storm or otherwise, or removal of any structures of any kind, or of the destruction of or any injury to orchard timber, ornamental trees or groves, the value of which has been included in any former valuation of the property, the assessor shall determine as near as practicable how much the value of the property has been diminished, and make return thereof.

Beginning January 1, 1996, the authority within a unit of local government that is responsible for issuing building or occupancy permits shall notify the chief county assessment officer, by December 31 of the assessment year, when a full or partial occupancy permit has been issued for a parcel of real property. The chief county assessment officer shall include in the assessment of the property for the current year the proportionate value of new or added improvements on that property from the date the occupancy permit was issued or from the date the new or added improvement was inhabitable and fit for occupancy or for intended customary use until December 31 of that year. If the chief county assessment officer has already certified the books for the year, the board of review or interim board of review shall assess the new or added improvements on a proportionate basis for the year in which the occupancy permit was issued or the new or added improvement was inhabitable and fit for occupancy or for intended customary use. The proportionate value of the new or added improvements may be assessed by the board of review or interim board of review as omitted

property pursuant to Sections 9-265, 9-270, 16-50 and 16-140 in a subsequent year on a proportionate basis for the year in which the occupancy permit was issued or the new or added improvement was inhabitable and fit for occupancy or for intended customary use if it was not assessed in that year. (Source: P.A. 91-486, eff. 1-1-00.)

Sec. 9-165. Definitions.

As used in Sections 9-160 and 9-180:

"Municipality" means a city, village or incorporated town.

"Governing body" means (a) the corporate authorities of a municipality with respect to territory within its corporate limits and (b) the county board with respect to territory in the county not within the corporate limits of any municipality.

"Occupancy permit" means the certificate or permit, by whatever name denominated, which a municipality or county, under its authority to regulate the construction of buildings, issues as evidence that all applicable requirements have been complied with and requires before any new, reconstructed or remodeled building may be lawfully occupied. (Source: P.A. 91-357, eff. 7-29-99; 91-486, eff. 1-1-00.)

Sec. 9-175. Owner on assessment date.

The owner of property on January 1 in any year shall be liable for the taxes of that year, except that when coal has been separated from the land by deed or lease, the owner or lessee of the coal shall be liable for the taxes on the coal in the year of first production and each year thereafter until production ceases. Subject to the provisions of Section 20-210 for payment of current taxes on a specified part or undivided share of property, in all cases of property having more than one owner as of January 1 of any year, each owner is liable jointly and severally in any action under Section 21-440 for all taxes of that year. (Source: P.A. 86-949; 87-818; 88-455.)

Sec. 9-180. Pro-rata valuations; improvements or removal of improvements.

The owner of property on January 1 also shall be liable, on a proportionate basis, for the increased taxes occasioned by the construction of new or added buildings, structures or other improvements on the property from the date when the occupancy permit was issued or from the date the new or added improvement was inhabitable and fit for occupancy or for intended customary use to December 31 of that year. The owner of the improved property shall notify the assessor, within 30 days of the issuance of an occupancy permit or within 30 days of completion of the improvements, on a form prescribed by that official, and request that the property be reassessed. The notice shall be sent by certified mail, return receipt requested and shall include the legal description of the property.

When, during the previous calendar year, any buildings, structures or other improvements on the property were destroyed and rendered uninhabitable or otherwise unfit for occupancy or for customary use by accidental means (excluding destruction resulting from the willful misconduct of the owner of such property), the owner of the property on January 1 shall be entitled, on a proportionate basis, to a diminution of assessed valuation for such period during which the improvements were uninhabitable or unfit for occupancy or for customary use. The owner of property entitled to a diminution of assessed valuation shall, on a form prescribed by the assessor, within 90 days after the destruction of any improvements or, in counties with

less than 3,000,000 inhabitants within 90 days after the township or multi-township assessor has mailed the application form as required by Section 9-190, file with the assessor for the decrease of assessed valuation. Upon failure so to do within the 90-day period, no diminution of assessed valuation shall be attributable to the property. Computations under this Section shall be on the basis of a year of 365 days.(Source: P.A. 91-486, eff. 1-1-00.)

Sec. 9-185. Change in use or ownership.

The purchaser of property on January 1 shall be considered as the owner on that day. However, when a fee simple title or lesser interest in property is purchased, granted, taken or otherwise transferred for a use exempt from taxation under this Code, that property shall be exempt from taxes from the date of the right of possession, except that property acquired by condemnation is exempt as of the date the condemnation petition is filed. Whenever a fee simple title or lesser interest in property is purchased, granted, taken or otherwise transferred from a use exempt from taxation under this Code to a use not so exempt, that property shall be subject to taxation from the date of purchase or conveyance. It shall be the obligation of the titleholder of record in such cases where there is a change in use or a change in a leasehold estate or, in cases where there has been a purchase, grant, taking or transfer, it is the obligation of the transferee to notify the chief county assessment officer within 30 days of that action. Failure to give the notification, resulting in the assessing official continuing to list the property as exempt in subsequent years, shall cause the property to be considered omitted property for the purpose of this Code. In those cases, the county collector is authorized to issue a tax bill to the person holding title to the property in that part of the year during which it was not exempt from taxation for that part of the year and to accept payment of the bill as full and final settlement of tax liability for the year involved. (Source: P.A. 86- 949; 87-818; 88-455.)

Sec. 9-190. Damaged or destroyed property.

(a) When a property in a county with less than 3,000,000 inhabitants has been destroyed or rendered uninhabitable or otherwise unfit for occupancy or customary use by natural disaster or accidental means, the township assessor shall send to the owner by certified mail an application form for reduction of the assessed valuation of that property as provided in Section 9-180.

(b) Whenever an official, employee, or other representative of a municipal fire department, fire protection district, volunteer fire protection association, or emergency services and disaster agency of a political subdivision of this State is required by law to make an official report to another government official or agency concerning a natural disaster or accident that is likely to cause real property to have a diminished assessed valuation, that official, employee, or representative shall make a copy of the report available to the property owner on the owner's request and shall insure that the report contains the following notice:

NOTICE TO PROPERTY OWNER

If your property has been damaged you may be eligible for a decrease in the assessed valuation of your property, which could result in lower property taxes. Contact your local assessor for more information.

(c) Regardless of whether an official report concerning the natural disaster or accident is issued under subsection (b), the property owner may notify the township assessor of the property's destruction, uninhabitability, or unfitness for occupancy or normal use. (Source: P.A. 87-818; 88-455; incorporates 88-221; 88-670, eff. 12-2-94.)

Sec. 9-195. Leasing of exempt property.

(a) Except as provided in Sections 15-35, 15-55, 15-60, 15-100, 15-103, and 15-185, when property which is exempt from taxation is leased to another whose property is not exempt, and the leasing of which does not make the property taxable, the leasehold estate and the appurtenances shall be listed as the property of the lessee thereof, or his or her assignee. Taxes on that property shall be collected in the same manner as on property that is not exempt, and the lessee shall be liable for those taxes. However, no tax lien shall attach to the exempt real estate. The changes made by this amendatory Act of 1997 and by this amendatory Act of the 91st General Assembly are declaratory of existing law and shall not be construed as a new enactment. The changes made by Public Acts 88-221 and 88-420 that are incorporated into this Section by this amendatory Act of 1993 are declarative of existing law and are not a new enactment.

(b) The provisions of this Section regarding taxation of leasehold interests in exempt property do not apply to any leasehold interest created pursuant to any transaction described in subsection (e) of Section 15-35, subsection (c-5) of Section 15-60, subsection (b) of Section 15-100, Section 15-103, or Section 15-185.

(Source: P.A. 92-844, eff. 8-23-02; 92-846, eff. 8-23-02; 93-19, eff. 6-20-03.)

Sec. 9-200. Previously exempt property.

Property that is purchased, granted, taken or otherwise transferred from a use exempt from taxation under this Code to a use not so exempt shall be subject to taxation from the date of change of use, purchase or conveyance. In those cases, the county collector may issue a tax bill to the person holding title to the property for that part of the year during which it was not exempt and may accept payment of the bill as full and final settlement of tax liability for that year. (Source: P.A. 86-1481; 88-455.)

Sec. 9-205. Equalization.

When deemed necessary to equalize assessments between or within townships or between classes of property, or when deemed necessary to raise or lower assessments within a county or any part thereof to the level prescribed by law, changes in individual assessments may be made by a township assessor or chief county assessment officer, under Section 9-75, by application of a percentage increase or decrease to each assessment. (Source: P.A. 81-1034; 88-455.)

Sec. 9-210. Equalization by chief county assessment officer; counties of less than 3,000,000.

The chief county assessment officer in a county with less than 3,000,000 inhabitants shall act as an equalizing authority for each county in which he or she serves. The officer shall examine the assessments in the county and shall equalize the assessments by increasing or reducing the entire assessment of property in the county or any area therein or of any class of property, so that the assessments will be at 33 1/3% of fair cash value. The equalization process and analysis described in this Section shall apply to all property except farm and coal properties assessed under Sections 10-110 through 10-140 and 10-170 through 10-200. For each township or assessment district in the county, the supervisor of assessments shall annually determine the percentage relationship between the estimated 33 1/3% of the fair cash value of the property and the assessed valuations at which the property is listed for each township, multi-township or assessment district. To make this analysis, he or she shall use property transfers, property appraisals, and other means as he or she deems proper and reasonable.

With the ratio determined for each township or assessment district, the supervisor of assessments shall then determine the percentage to be added to or deducted from the aggregate assessments in each township or assessment district, other than property assessed under Sections 10-110 through 10-140 and 10-170 through 10-200, to produce a ratio of assessed value to fair cash value of 33 1/3%. That percentage shall be issued as an equalization factor for each township or assessment district within each county served by the chief county assessment officer. The assessment officer shall then change the assessment of each parcel of property by application of the equalization factor. (Source: P.A. 88-455; 88-670, eff. 12-2-94.)

Sec. 9-215. General assessment years; counties of less than 3,000,000.

Except as provided in Sections 9-220 and 9-225, in counties having the township form of government and with less than 3,000,000 inhabitants, the general assessment years shall be 1995 and every fourth year thereafter. In counties having the commission form of government and less than 3,000,000 inhabitants, the general assessment years shall be 1994 and every fourth year thereafter. (Source: P.A. 86-1481; 87-1189; 88-455.)

Sec. 9-220. Division into assessment districts; assessment years; counties of 3,000,000 or more.

(a) Notwithstanding any other provision in this Code to the contrary, until January 1, 1996, the county board of a county with 3,000,000 or more inhabitants may by resolution divide the county into any number of assessment districts. If the county is organized into townships, the assessment districts shall follow township lines. The assessment districts shall divide, as near as practicable, the work of assessing the property in the county into equal parts but neither the area nor the number of parcels need be equal in the assessment districts. The resolution shall number the assessment districts and provide for a general reassessment of each district at regular intervals determined by the county board.

(b) Beginning January 1, 1996, in counties with 3,000,000 or more inhabitants, assessment districts shall be subject to general reassessment according to the following schedule:

(1) The first assessment district shall be subject to general reassessment in 1997 and every 3 years thereafter.

(2) The second assessment district shall be subject to general reassessment in 1998 and every 3 years thereafter.

(3) The third assessment district shall be subject to general reassessment in 1996 and every 3 years thereafter.

The boundaries of the 3 assessment districts are as follows: (i) the first assessment district shall be that portion of the county located within the boundaries of a municipality with 1,000,000 or more inhabitants, (ii) the second assessment district shall be that portion of the county that lies north of State Route 64 (North Avenue) and outside the boundaries of a municipality with 1,000,000 or more inhabitants, and (iii) the third assessment district shall be that portion of the county that lies south of State Route 64 (North Avenue) and outside the boundaries of a municipality with 1,000,000 or more inhabitants. (Source: P.A. 88-455; 89-126, eff. 7-11-95.)

Sec. 9-225. Division of county into four assessment districts. Resolutions of any county board dividing the county into four assessment districts, if adopted before January 1, 1990, shall remain valid thereafter unless and until repealed by the county board.

The county board of any county may, by resolution adopted after January 1, 1992, divide the county into 4 assessment districts. The county clerk shall forward a copy of the resolution to the Department. The assessment districts shall follow township lines if the county is organized into townships, and shall divide, as near as may be, the work of assessing the property in the county into 4 equal parts. Neither the area nor the number of parcels of property need be equal in the 4 assessment districts. The resolution shall number the assessment districts 1 to 4 inclusive. The general assessment years for assessment district number 1 shall be 1992 and every fourth year thereafter; for assessment district number 2, the general assessment years shall be 1993 and every fourth year thereafter; for assessment district number 3, the general assessment years shall be 1994 and every fourth year thereafter; and for assessment district number 4, the general assessment years shall be 1995 and every fourth year thereafter. However, the general assessments shall not include property constituting a farm which is assessed under Sections 10-110 through 10-140. The county board of any county divided into assessment districts under this paragraph may provide by resolution for the assessment of the entire county in the general assessment year provided by law for that county and for the dissolution of the assessment district after the first such assessment. (Source: P.A. 86-1481; 87-1189; 88-455.)

Sec. 9-230. Return of township or multi-township assessment books.

(a) The township or multi-township assessors in counties with less than 600,000 inhabitants, based on the 2000 federal decennial census, shall, on or before June 15 of the assessment year, return the assessment books or workbooks to the supervisor of assessments. The township or multi-township assessors in counties with 600,000 or more but no more than 700,000 inhabitants, based on the 2000 federal decennial census, shall, on or before July 15 of the assessment year, return the assessment books or workbooks to the supervisor of assessments. The township or multi-township assessors in counties with less than 3,000,000 inhabitants, but more than 700,000 inhabitants, based on the 2000 federal decennial census,

shall, on or before November 15 of the assessment year, return the assessment books or workbooks to the supervisor of assessments. If a township or multi-township assessor in a county with less than 3,000,000 inhabitants, based on the 2000 federal decennial census, does not return the assessment books or work books within the required time, the supervisor of assessments may take possession of the books and complete the assessments pursuant to law. Each of the books shall be verified by affidavit by the assessor substantially as follows: State of Illinois)) ss. County of) I do solemnly swear that the book or books.... in number, to which this affidavit is attached, contains a complete list of all of the property in the township or multi-township or assessment district herein described subject to taxation for the year so far as I have been able to ascertain, and that the assessed value set down in the proper column opposite the descriptions of property is a just and equal assessment of the property according to law. Dated (b) If the supervisor of assessments determines that the township or multi-township assessor has not completed the assessments as required by law before returning the assessment books under this Section, the county board may submit a bill to the township board of trustees for the reasonable costs incurred by the supervisor of assessments in completing the assessments. The moneys collected under this subsection may be used by the supervisor of assessments only for the purpose of recouping costs incurred in completing the assessments. (Source: P.A. 96-486, eff. 8-14-09; 97-797, eff. 1-1-13.)

Sec. 9-235. Failure to complete assessments.

If the board of review, in any county under township organization with less than 3,000,000 inhabitants, fails to complete its work for the assessment year by the next January 1, the supervisor of assessments shall issue work books to the township assessors until the board of review completes its work. (Source: P.A. 85-1253; 88-455.)

Sec. 9-240. Assessment book totals.

The assessor and chief county assessment officer shall add up and note the aggregate of each column in the assessment books; and shall also add in each book, under proper headings, a tabular statement, showing the footings of the several columns upon each page; and shall add up and set down the total of each column. When the assessor or chief county assessment officer returns several assessment books, he or she shall, in addition to this tabular statement, return a similar statement showing the totals of all the books. (Source: P.A. 83-121; 88-455.)

Sec. 9-245. Return of books to board of review; counties of less than 3,000,000.

In counties with less than 3,000,000 inhabitants, the chief county assessment officer shall on or before the third Monday in June of the assessment year, return the assessment books to the board of review verified by affidavit, substantially in the following form:

State of Illinois)

) ss.

.....County)

I,....., chief county assessment officer do solemnly swear that this book contains a correct and full list of all the property subject to taxation in, so far as I have been able to ascertain the same; and that the assessed value set down in the column opposite the descriptions of property is a just and equitable assessment under the law, to the best of my knowledge and belief, and that the footings of the columns and the accompanying tabular statement, are correct to the best of my knowledge and belief.

Dated..... (Source: P.A. 83-121; 88-455.)

Sec. 9-250. Abstract of assessment by county clerk.

Annually, upon receipt of the assessment books from the board of review or board of appeals, each county clerk shall make out and, within 30 days, transmit to the Department, on forms provided or approved by the Department, an abstract of the assessment of property. The values to be given in the abstracts shall be the assessed valuations. (Source: Laws 1943, vol. 1, p. 1136; P.A. 88-455.)

Sec. 9-255. Statement of incomplete assessments.

In case of the failure of any assessor to certify the assessment within the time specified in this Act, each county clerk shall transmit to the Department a statement of the assessment in all the townships or districts from which returns have been received, together with a statement of the amount of taxable property assessed in the defaulting townships or districts for the previous year. (Source: Laws 1943, vol. 1, p. 1136; P.A. 88-455.)

Division 5. Omitted property

Sec. 9-260. Assessment of omitted property; counties of 3,000,000 or more.

(a) After signing the affidavit, the county assessor shall have power, when directed by the board of appeals (until the first Monday in December 1998 and the board of review beginning the first Monday in December 1998 and thereafter), or on his or her own initiative, subject to the limitations of Sections 9-265 and 9-270, to assess properties which may have been omitted from assessments for the current year and not more than 3 years prior to the current year for which the property was liable to be taxed, and for which the tax has not been paid, but only on notice and an opportunity to be heard in the manner and form required by law, and shall enter the assessments upon the assessment books. Any notice shall include (i) a request that a person receiving the notice who is not the current taxpayer contact the office of the county assessor and explain that the person is not the current taxpayer, which contact may be made on the telephone, in writing, or in person upon receipt of the notice, and the name, address, and telephone number of the appropriate personnel in the office of the county assessor to whom the response should be made. Any time period for the review of an omitted assessment included in the notice shall be consistent with the time period established by the assessor in accordance with subsection (a) of Section 12-55.

No charge for tax of previous years shall be made against any property if (1) the assessor failed to notify the board of review of the omitted assessment in accordance with subsection (a-1) of this Section; (2) the property was last assessed as unimproved, the owner of such property gave notice of subsequent improvements and requested a reassessment as required by Section 9-180, and reassessment of the property was not made within the 16 month period immediately following the receipt of that notice; (3) the owner of the property gave notice as required by Section 9-265; (4) the assessor received a building permit for the property evidencing that new construction had occurred or was occurring on the property but failed to list the improvement on the tax rolls; (5) the assessor received a plat map, plat of survey, ALTA survey, mortgage survey, or other similar document containing the omitted property but failed to list the improvement on the tax rolls; (6) the assessor received a real estate transfer declaration indicating a sale from an exempt property owner to a non-exempt property owner but failed to list the property on the tax rolls; or (7) the property was the subject of an assessment appeal before the assessor or the board of review that had included the intended omitted property as part of the assessment appeal and provided evidence of its market value. (a-1) After providing notice and an opportunity to be heard as required by subsection (a) of this Section, the assessor shall render a decision on the omitted assessment, whether or not the omitted assessment was contested, and shall mail a notice of the decision to the taxpayer of record or to the party that contested the omitted assessment. The notice of decision shall contain a statement that the decision may be appealed to the board of review. The decision and all evidence used in the decision shall be transmitted by the assessor to the board of review on or before the dates specified in accordance with Section 16-110. (b) Any taxes based on the omitted assessment of a property pursuant to Sections 9-260 through 9-270 and Sections 16-135 and 16-140 shall be prepared and mailed at the same time as the estimated first installment property tax bill for the preceding year (as described in Section 21-30) is prepared and mailed. The omitted assessment tax bill is not due until the date on which the second installment property tax bill for the preceding year becomes due. The omitted assessment tax bill shall be deemed delinquent and shall bear interest beginning on the day after the due date of the second installment (as described in Section 21-25). Any taxes for omitted assessments deemed delinquent after the due date of the second installment tax bill shall bear interest at the rate of 1.5% per month or portion thereof until paid or forfeited (as described in Section 21-25). (c) The assessor shall have no power to change the assessment or alter the assessment books in any other manner or for any other purpose so as to change or affect the taxes in that year, except as ordered by the board of appeals (until the first Monday in December 1998 and the board of review beginning the first Monday in December 1998 and thereafter). The county assessor shall make all changes and corrections ordered by the board of appeals (until the first Monday in December 1998 and the board of review beginning the first Monday in December 1998 and thereafter). The county assessor may for the purpose of revision by the board of appeals (until the first Monday in December 1998 and the board of review beginning the first Monday in December 1998 and thereafter) certify the assessment books for any town or taxing district after or when such books are completed. (Source: P.A. 96-1553, eff. 3-10-11.)

Sec. 9-265. Omitted property; interest; change in exempt use or ownership.

If any property is omitted in the assessment of any year or years, not to exceed the current assessment year and 3 prior years, so that the taxes, for which the property was liable, have not been paid, or if by reason of defective description or assessment, taxes on any property for any year or years have not been paid, or if any taxes are refunded under subsection (b) of Section 14-5 because the taxes were assessed in the wrong person's name, the property, when discovered, shall be listed and assessed by the board of review or, in counties with 3,000,000 or more inhabitants, by the county assessor either on his or her own initiative or when so directed by the board of appeals or board of review. The board of review in counties with less than 3,000,000 inhabitants or the county assessor in counties with 3,000,000 or more inhabitants may develop reasonable procedures for contesting the listing of omitted property under this Division. For purposes of this Section, "defective description or assessment" includes a description or assessment which omits all the improvements thereon as a result of which part of the taxes on the total value of the property as improved remain unpaid. In the case of property subject to assessment by the Department, the property shall be listed and assessed by the Department. All such property shall be placed on the assessment and tax books. The arrearages of taxes which might have been assessed, with 10% interest thereon for each year or portion thereof from 2 years after the time the first correct tax bill ought to have been received, shall be charged against the property by the county clerk. When property or acreage omitted by either incorrect survey or other ministerial assessor error is discovered, and the owner has paid its tax bills as received for the year or years of omission of the parcel, then the interest authorized by this Section shall not be chargeable to the owner. However, nothing in this Section shall prevent the collection of the principal amount of back taxes due and owing. If any property listed as exempt by the chief county assessment officer has a change in use, a change in leasehold estate, or a change in titleholder of record by purchase, grant, taking or transfer, it shall be the obligation of the transferee to notify the chief county assessment officer in writing within 90 days of the change. If mailed, the notice shall be sent by certified mail, return receipt requested, and shall include the name and address of the taxpayer, the legal description of the property, and the property index number of the property when an index number exists. If notice is provided in person, it shall be provided on a form prescribed by the chief county assessment officer, and the chief county assessment officer shall provide a date stamped copy of the notice. Except as provided in item (6) of subsection (a) of Section 9-260, item (6) of Section 16-135, and item (6) of Section 16-140 of this Code, if the failure to give the notification results in the assessing official continuing to list the property as exempt in subsequent years, the property shall be considered omitted property for purposes of this Code. (Source: P.A. 96-1553, eff. 3-10-11.)

Sec. 9-270. Omitted property; limitations on assessment.

A charge for tax and interest for previous years, as provided in Sections 9-265 or 14-40, shall not be made against any property for years prior to the date of ownership of the person owning the property at the time the liability for the omitted tax was first ascertained. Ownership as used in this section shall be held to refer to bona fide legal and equitable titles or interests acquired for value and without notice of the tax, as may appear by deed, deed of trust, mortgage, certificate of purchase or sale, or other form of contract. No charge for tax of previous years, as provided in Section 9-265, shall be made against any property if

(1) the assessor failed to notify the board of review of an omitted assessment in accordance with subsection (a-1) of Section 9-260; (2) the property was last assessed as unimproved, the owner of the property gave notice of subsequent improvements and requested a reassessment as required by Section 9-180, and reassessment of the property was not made within the 16 month period immediately following the receipt of that notice; (3) the owner of the property gave notice as required by Section 9-265; (4) the assessor received a building permit for the property evidencing that new construction had occurred or was occurring on the property but failed to list the improvement on the tax rolls; (5) the assessor received a plat map, plat of survey, ALTA survey, mortgage survey, or other similar document containing the omitted property but failed to list the improvement on the tax rolls; (6) the assessor received a real estate transfer declaration indicating a sale from an exempt property owner to a non-exempt property owner but failed to list the property on the tax rolls; or (7) the property was the subject of an assessment appeal before the assessor or the board of review that had included the intended omitted property as part of the assessment appeal and provided evidence of its market value. The owner of property, if known, assessed under this and the preceding section shall be notified by the county assessor, board of review or Department, as the case may require. (Source: P.A. 96-1553, eff. 3-10-11.)

Article 12. Assessment Notice and Publication Provisions

Division 1. Initial assessment process

Sec. 12-5. Taxpayer entitled to statement of valuation.

The chief county assessment officer, when requested, shall deliver to any person a copy of the description or statement of property assessed in his or her name or in which he or she is interested, and the valuation placed thereon by the assessor, chief county assessment officer, board of review, or board of appeals. (Source: Laws 1939, p. 886; P.A. 88-455.)

Sec. 12-10. Publication of assessments; counties of less than 3,000,000.

In counties with less than 3,000,000 inhabitants, as soon as the chief county assessment officer has completed the assessment in the county or in the assessment district, he or she shall, in each year of a general assessment, publish for the county or assessment district a complete list of the assessment, by townships if so organized. In years other than years of a general assessment, the chief county assessment officer shall publish a list of property for which assessments have been added or changed since the preceding assessment, together with the amounts of the assessments, except that publication of individual assessment changes shall not be required if the changes result from equalization by the supervisor of assessments under Section 9-210, or Section 10-200, in which case the list shall include a general statement indicating that assessments have been changed because of the application of an equalization factor and shall set forth the percentage of increase or decrease represented by the factor. The publication shall be made on or before December 31 of that year, and shall be printed in some public newspaper or newspapers published in the county. In every township or assessment district in which there is published one or more newspapers of general circulation, the list of that township shall be published in one of the newspapers. At

the top of the list of assessments there shall be a notice in substantially the following form printed in type no smaller than eleven point:

"NOTICE TO TAXPAYERS

Median Level of Assessment--(insert here the median level of assessment for the assessment district) Your property is to be assessed at the above listed median level of assessment for the assessment district. You may check the accuracy of your assessment by dividing your assessment by the median level of assessment. The resulting value should equal the estimated fair cash value of your property. If the resulting value is greater than the estimated fair cash value of your property, you may be over-assessed. If the resulting value is less than the fair cash value of your property, you may be under-assessed. You may appeal your assessment to the Board of Review." The notice published under this Section shall also include the following:

- (1) A statement advising the taxpayer that assessments of property, other than farm land and coal, are required by law to be assessed at 33 1/3% of fair market value.
- (2) The name, address, phone number, office hours, and, if one exists, the website address of the assessor.
- (3) A statement advising the taxpayer of the steps to follow if the taxpayer believes the full fair market value of the property is incorrect or believes the assessment is not uniform with other comparable properties in the same neighborhood. The statement shall also (i) advise all taxpayers to contact the township assessor's office, in those counties under township organization, first to review the assessment, (ii) advise all taxpayers to file an appeal with the board of review if not satisfied with the assessor review, and (iii) give the phone number to call for a copy of the board of review rules; if the Board of Review maintains a web site, the notice must also include the address of the website where the Board of Review rules can be viewed.
- (4) A statement advising the taxpayer that there is a deadline date for filing an appeal with the board of review and indicating that deadline date (30 days following the scheduled publication date).
- (5) A brief explanation of the relationship between the assessment and the tax bill.
- (6) In bold type, a notice of possible eligibility for the various homestead exemptions as provided in Section 15-165 through Section 15-175 and Section 15-180. The newspaper shall furnish to the local assessment officers as many copies of the paper containing the assessment list as they may require. (Source: P.A. 97-146, eff. 7-14-11.)

Sec. 12-15. Publication fee - Counties of less than 3,000,000.

The newspaper shall be paid a fee for publishing the assessment list according to the following schedule: (a) For a parcel listing including the name of the property owner, a property index number, property address, or both, and the total assessment, 80¢ per parcel; (b) – (f) (Blank); and (g) For the preamble, headings, and any other explanatory matter either required by law, or requested by the supervisor of assessments, to be published, the rate shall be set according to the Legal Advertising Rate Act. (Source: P.A. 97-146, eff. 7-14-11.)

Sec. 12-20. Publication of assessments; counties of 3,000,000 or more.

In counties with 3,000,000 or more inhabitants, in each year of a general assessment, for each county or assessment district therein if the county is divided into assessment districts as provided in Section 9-220, the county assessor shall publish a complete assessment list as soon as the assessment is completed as required under this Section. If the county assessor revises the assessment after the complete assessment list is published, then the county assessor must publish a subsequent list of all the revised assessments for that year. In years other than years of a general assessment or reassessment, the county assessor shall cause to be published, within the time and in the manner described here, a complete list of assessments in which changes are made together with the changes made in the valuation or assessment of property since the last preceding assessment. The publication shall contain a copy of the land value map for the township, if required by the Department.

The publication of the assessments or the changes shall be printed in some newspaper or newspapers of general circulation published in the county except that, in every township or incorporated town which has superseded a civil township, in which there is published one or more newspapers of general circulation, the assessment list of each township shall be published in one of the newspapers. In cities of more than 2,000,000 inhabitants, the assessment list of the city shall be printed in one or more newspapers of general circulation published in the township assessment district within the city or, in the event a newspaper of general circulation is not published within the township assessment district, in one or more newspapers of general circulation published within the city. Any newspaper publishing an assessment list under this Section is entitled to a fee of 40¢ per column line for publishing the list. (Source: P.A. 93-759, eff. 1-1-05.)

Sec. 12-25. Contents of assessment list publication; payment.

In all counties, the expense of printing and publication of assessment lists shall be paid out of the county treasury. The publication of the assessments shall include the name of the owner or of the person who last paid the taxes on each property, and the total amount of its assessment. When any property so assessed is susceptible of description or identification by street name and street or house number, or by a property index number, the publication of the street name and street or house number, or property index number shall constitute a sufficient description of the property for the purposes of publication required by this Code. (Source: P.A. 97-146, eff. 7-14-11.)

Sec. 12-30. Mailed notice of changed assessments; counties of less than 3,000,000.

(a) In every county with less than 3,000,000 inhabitants, in addition to the publication of the list of assessments in each year of a general assessment and of the list of property for which assessments have been added or changed, as provided above, a notice shall be mailed by the chief county assessment officer to each taxpayer whose assessment has been changed since the last preceding assessment, using the address as it appears on the assessor's records, except in the case of changes caused by a change in the county equalization factor by the Department or in the case of changes resulting from equalization by the chief county assessment officer under Section 9-210, during any year such change is made. The notice may, but need not be, sent by a township assessor.

- (b) The notice sent under this Section shall include the following:
- (1) The previous year's assessed value after board of review equalization.
 - (2) Current assessed value and the date of that valuation.
 - (3) The percentage change from the previous assessed value to the current assessed value.
 - (4) The full fair market value (as indicated by dividing the current assessed value by the median level of assessment in the assessment district as determined by the most recent 3-year assessment to sales ratio study adjusted to take into account any changes in assessment levels since the data for the studies were collected).
 - (5) A statement advising the taxpayer that assessments of property, other than farm land and coal, are required by law to be assessed at 33 1/3% of fair market value.
 - (6) The name, address, phone number, office hours, and, if one exists, the website address of the assessor.
 - (7) Where practicable, the notice shall include the reason for any increase in the property's valuation.
 - (8) The name and price per copy by mail of the newspaper in which the list of assessments will be published and the scheduled publication date.
 - (9) A statement advising the taxpayer of the steps to follow if the taxpayer believes the full fair market value of the property is incorrect or believes the assessment is not uniform with other comparable properties in the same neighborhood. The statement shall also (i) advise all taxpayers to contact the township assessor's office, in those counties under township organization, first to review the assessment, (ii) advise all taxpayers to file an appeal with the board of review if not satisfied with the assessor review, and (iii) give the phone number to call for a copy of the board of review rules.
 - (10) A statement advising the taxpayer that there is a deadline date for filing an appeal with the board of review and indicating that deadline date (30 days following the scheduled publication date).
 - (11) A brief explanation of the relationship between the assessment and the tax bill (including an explanation of the equalization factors) and an explanation that the assessment stated for the preceding year is the assessment after equalization by the board of review in the preceding year.
 - (12) as provided in Section 15-165 through Section 15-175 and Section 15-180. In bold type, a notice of possible eligibility for the various homestead exemptions
- (c) In addition to the requirements of subsection (b) of this Section, in every county with less than 3,000,000 inhabitants, where the chief county assessment officer maintains and controls an electronic database containing the physical characteristics of the property, the notice shall include the following:
- (1) The physical characteristics of the taxpayer's property that are available from that database; or
 - (2) A statement advising the taxpayer that detailed property characteristics are available on the county website and the URL address of that website.
- (d) In addition to the requirements of subsection (b) of this Section, in every county with less than 3,000,000 inhabitants, where the chief county assessment officer does not maintain and control an electronic database containing the physical characteristics of the property, and where one or more townships in the county maintain and control an electronic database containing the physical characteristics of the property and some or all of the database is available on a website that is maintained and controlled by the township, the notice shall

include a statement advising the taxpayer that detailed property characteristics are available on the township website and the URL address of that website.

(e) Except as provided in this Section, the form and manner of providing the information and explanations required to be in the notice shall be prescribed by the Department. (Source: P.A. 96-122, eff. 1-1-10.)

Sec. 12-35. Notice sent to address of mortgage lender.

Whenever a notice is to be mailed as provided in Sections 12-30, and the address that appears on the assessor's records is the address of a mortgage lender, or in any event whenever the notice is mailed by the township assessor or chief county assessment officer to a taxpayer at or in care of the address of a mortgage lender, the mortgage lender, within 15 days of the mortgage lender's receipt of the notice, shall mail a copy of the notice to each mortgagor of the property referred to in the notice at the last known address of each mortgagor as shown on the records of the mortgage lender. (Source: P.A. 86-415; 86-1481; 87-1189; 88-455.)

Division 4. Revisions and corrections

Sec. 12-40. Notice provisions; equalization by board of review.

The assessment of any class of property or of any township or multi-township or part thereof, or any portion of the county, shall not be increased by an equalization factor applied by a board of review until the board has made one publication of notice in a newspaper of general circulation published in the county, of such proposed increase and has given an opportunity to be heard, within 20 days of the publication date, to the owners of the property affected or any one representing them, and other citizens of the territory. The assessor or chief county assessment officer shall have like opportunity to be heard thereon, except where such action is taken in individual cases upon complaint. The board shall hear any person, upon request, in opposition to a proposed reduction in the assessment of any person or territory. (Source: P.A. 86-345; 86-413; 86-1028; 86-1481; 88-455.)

Sec. 12-45. Publication of certificates of error.

At the time publication is made under Section 12-60, the board of review shall also publish a complete list of the changes made in assessments by the issuance of certificates of error under Sections 14-20 and 16-75. The published list shall contain for each change the information enumerated in Section 12-25 and shall show the amount of the assessment prior to and after the action of the board of review. Publication shall be made in some newspaper or newspapers of general circulation published in the county in which the assessment is made, except that in every township or assessment district in which there is published one or more newspapers of general circulation, the list of that township shall be published in one of those newspapers. This Section applies prior to the effective date of this amendatory Act of the 97th General Assembly but does not apply for any certificate of error issued on or after the effective date of this amendatory Act. (Source: P.A. 97-146, eff. 7-14-11.)

Sec. 12-50. Mailed notice to taxpayer after change by board of review or board of appeals.

In counties with less than 3,000,000 inhabitants, if final board of review or board of appeals action regarding any property, including equalization under Section 16-60 or Section 16-65, results in an increased or decreased assessment, the board shall mail a notice to the taxpayer whose property is affected by such action, at his or her address as it appears on the complaint, unless the taxpayer has been represented in the appeal by an attorney, in which case the notice shall be mailed to the attorney, and in the case of a complaint filed with a board of review under Section 16-25 or 16-115, the board shall mail a notice to the taxing body filing the complaint. In counties with 3,000,000 or more inhabitants, the board shall provide notice by mail, or by means of electronic record, to the taxpayer whose property is affected by such action, at his or her address or e-mail address as it appears in the assessment records or a complaint filed with the board, unless the taxpayer has been represented in the appeal by an attorney, in which case the notice shall be mailed or e-mailed to the attorney, and, in the case of a complaint filed with a board of review under Section 16-125 or 16-115, the board shall provide notice to the taxing body filing the complaint. A copy shall be given to the assessor or chief county assessment officer if his or her assessment was reversed or modified by the board. Written notice shall also be given to any taxpayer who filed a complaint in writing with the board and whose assessment was not changed. The notice shall set forth the assessed value prior to board action; the assessed value after final board action but prior to any equalization; and the assessed value as equalized by the board, if the board equalizes. This notice shall state that the value as certified to the county clerk by the board will be the locally assessed value of the property for that year and each succeeding year, unless revised in a succeeding year in the manner provided in this Code. The written notice shall also set forth specifically the facts upon which the board's decision is based. In counties with less than 3,000,000 inhabitants, the notice shall also contain the following statement: "You may appeal this decision to the Property Tax Appeal Board by filing a petition for review with the Property Tax Appeal Board within 30 days after this notice is mailed to you or your agent or is personally served upon you or your agent". In counties with 3,000,000 or more inhabitants, the notice shall also contain the following statement: "You may appeal this decision to the Property Tax Appeal Board by filing a petition for review with the Property Tax Appeal Board within 30 days after the date of this notice or within 30 days after the date that the Board of Review transmits to the county assessor pursuant to Section 16-125 its final action on the township in which your property is located, whichever is later". The Board shall publish its transmittal date of final action on each township in at least one newspaper of general circulation in the county. The changes made by this amendatory Act of the 91st General Assembly apply to the 1999 assessment year and thereafter. (Source: P.A. 97-1054, eff. 1-1-13.)

Sec. 12-55. Notice requirement if assessment is increased; counties of 3,000,000 or more.

(a) In counties with 3,000,000 or more inhabitants, a revision by the county assessor, except where such revision is made on complaint of the owner, shall not increase an assessment without notice to the person to whom the most recent tax bill was mailed and an opportunity to be heard before the assessment is verified. When a notice is mailed by the county assessor to the address of a mortgagee, the mortgagee, within 7 business

days after the mortgagee receives the notice, shall forward a copy of the notice to each mortgagor of the property referred to in the notice at the last known address of each mortgagor as shown on the records of the mortgagee. There shall be no liability for the failure of the mortgagee to forward the notice to each mortgagor. The assessor may provide for the filing of complaints and make revisions at times other than those dates published under Section 14-35. When the county assessor has completed the revision and correction and entered the changes and revision in the assessment books, an affidavit shall be attached to the assessment books in the form required by law, signed by the county assessor.

(b) In counties with 3,000,000 or more inhabitants, for parcels, other than parcels in the class that includes the majority of the single-family residential parcels under a county ordinance adopted in accordance with Section 4 of Article IX of the Illinois Constitution, located in the assessment district for which the current assessment year is a general assessment year, within 30 days after sending the required notices under this Section, the county assessor shall file with the board of appeals (until the first Monday in December 1998, and the board of review beginning the first Monday in December 1998 and thereafter) a list of the parcels for which the notices under this Section were sent, showing the following information for each such parcel: the parcel index number, the township in which the parcel is located, the class for the current year, the previous year's final total assessed value, the total assessed value proposed by the county assessor, and the name of the person to whom the notice required under this Section was sent. The list shall be available for public inspection at the office of the board during the regular office hours of the board. The list shall be retained by the board for at least 10 years after the date it is initially filed by the county assessor.

(c) The provisions of subsection (b) of this Section shall be applicable beginning with the assessment for the 1997 tax year. (Source: P.A. 90-4, eff. 3-7-97; 91-751, eff. 6-2-00.)

Sec. 12-60. List of assessment changes; publications.

When the board of review in any county with less than 3,000,000 inhabitants decides to reverse or modify the action of the chief county assessment officer, or to change the list as completed, or the assessment or description of any property, the changes shall be entered upon the assessment books. On or before the annual date for adjournment as fixed by Section 16-35, the board of review shall make a full and complete list, by township if the county is so organized, of all changes in assessments made by the board of review prior to the adjournment date. The list shall contain the information enumerated in Section 12-25 and shall show the amount of the assessment as it appeared prior to and after being acted upon by the board of review. The board of review need not show on the list changes which only correct the description of the assessed property, the ownership of the property, or the name of the person in whose name the property is assessed. Changes by the board that raise or lower, on a percentage basis, the total assessed value of property in any assessment district or the value of a particular class of property, need not be shown on the list. However, the list shall contain a general statement indicating that a change has been made and shall state the percentage of increase or decrease. The board of review shall deliver a copy of the list to the county clerk who shall file it in his or her office, and a copy to the chief county assessment officer. The lists shall be public records and open to inspection of all persons and shall be preserved or destroyed in the manner described in Section 16-90. (Source: P.A. 97-146, eff. 7-14-11.)

Sec. 12-65. Publication fee. (Repealed). (Source: P.A. 88-455. Repealed by P.A. 97-146, eff. 1-1-12.)

Article 14. Revisions and Corrections

(35 ILCS 200/14-10) **Sec. 14-10. Certificate of correction; counties of 3,000,000 or more.**

If the county assessor in counties with 3,000,000 or more inhabitants, at any time prior to the time the board of appeals (until the first Monday in December 1998 and the board of review beginning the first Monday in December 1998 and thereafter) is required to complete its work and adjourn under Section 16-150, certifies to the board that there is a mistake or error (other than a mistake or error of judgment) in the valuation or assessment of any property, or in the entry of any assessment in the assessment books, the county assessor shall set forth the nature and cause of the mistake or error. The board of appeals (until the first Monday in December 1998 and the board of review beginning the first Monday in December 1998 and thereafter) shall give the person affected by the assessment notice an opportunity to be heard. If the board of appeals (until the first Monday in December 1998 and the board of review beginning the first Monday in December 1998 and thereafter) is satisfied that a mistake or error has occurred, the majority of the members shall endorse it by signing the certificate and shall order the assessor to correct the mistake or error. (Source: P.A. 88-455; 89-126, eff. 7-11-95; 89-671, eff. 8-14-96.)

TITLE 4. EXEMPTIONS

Article 15. Exemptions

Sec. 15-55. State property.

(a) All property belonging to the State of Illinois is exempt. However, the State agency holding title shall file the certificate of ownership and use required by Section 15-10, together with a copy of any written lease or agreement, in effect on March 30 of the assessment year, concerning parcels of 1 acre or more, or an explanation of the terms of any oral agreement under which the property is leased, subleased or rented. The leased property shall be assessed to the lessee and the taxes thereon extended and billed to the lessee and collected in the same manner as for property which is not exempt. The lessee shall be liable for the taxes and no lien shall attach to the property of the State. For the purposes of this Section, the word "leases" includes licenses, franchises, operating agreements and other arrangements under which private individuals, associations or corporations are granted the right to use property of the Illinois State Toll Highway Authority and includes all property of the Authority used by others without regard to the size of the leased parcel.

(b) However, all property of every kind belonging to the State of Illinois, which is or may hereafter be leased to the Illinois Prairie Path Corporation, shall be exempt from all assessments, taxation or collection, despite the making of any such lease, if it is used for:

- (1) conservation, nature trail or any other charitable, scientific, educational or recreational purposes with public benefit, including the preserving and aiding in the preservation of natural areas, objects, flora, fauna or biotic communities;
- (2) the establishment of footpaths, trails and other protected areas;

(3) the conservation of the proper use of natural resources or the promotion of the study of plant and animal communities and of other phases of ecology, natural history and conservation;

(4) the promotion of education in the fields of nature, preservation and conservation; or

(5) similar public recreational activities conducted by the Illinois Prairie Path Corporation. No lien shall attach to the property of the State. No tax liability shall become the obligation of or be enforceable against Illinois Prairie Path Corporation.

(c) If the State sells the James R. Thompson Center or the Elgin Mental Health Center and surrounding land located at 750 S. State Street, Elgin, Illinois, as provided in subdivision (a)(2) of Section 7.4 of the State Property Control Act, to another entity whose property is not exempt and immediately thereafter enters into a leaseback or other agreement that directly or indirectly gives the State a right to use, control, and possess the property, that portion of the property leased and occupied exclusively by the State shall remain exempt under this Section. For the property to remain exempt under this subsection (c), the State must retain an option to purchase the property at a future date or, within the limitations period for reverters, the property must revert back to the State. If the property has been conveyed as described in this subsection (c), the property is no longer exempt pursuant to this Section as of the date when: (1) the right of the State to use, control, and possess the property has been terminated; or (2) the State no longer has an option to purchase or otherwise acquire the property and there is no provision for a reverter of the property to the State within the limitations period for reverters. Pursuant to Sections 15-15 and 15-20 of this Code, the State shall notify the chief county assessment officer of any transaction under this subsection (c). The chief county assessment officer shall determine initial and continuing compliance with the requirements of this Section for tax exemption. Failure to notify the chief county assessment officer of a transaction under this subsection (c) or to otherwise comply with the requirements of Sections 15-15 and 15-20 of this Code shall, in the discretion of the chief county assessment officer, constitute cause to terminate the exemption, notwithstanding any other provision of this Code.

(c-1) If the Illinois State Toll Highway Authority sells the Illinois State Toll Highway Authority headquarters building and surrounding land, located at 2700 Ogden Avenue, Downers Grove, Illinois as provided in subdivision (a)(2) of Section 7.5 of the State Property Control Act, to another entity whose property is not exempt and immediately thereafter enters into a leaseback or other agreement that directly or indirectly gives the State or the Illinois State Toll Highway Authority a right to use, control, and possess the property, that portion of the property leased and occupied exclusively by the State or the Authority shall remain exempt under this Section. For the property to remain exempt under this subsection (c), the Authority must retain an option to purchase the property at a future date or, within the limitations period for reverters, the property must revert back to the Authority. If the property has been conveyed as described in this subsection (c), the property is no longer exempt pursuant to this Section as of the date when: (1) the right of the State or the Authority to use, control, and possess the property has been terminated; or (2) the Authority no longer has an option to purchase or otherwise acquire the property and there is no provision for a reverter of the property to the Authority within the limitations period for reverters. Pursuant to Sections 15-15 and 15-20 of this Code, the Authority shall notify the chief county assessment officer of any transaction under this subsection.

(c). The chief county assessment officer shall determine initial and continuing compliance with the requirements of this Section for tax exemption. Failure to notify the chief county assessment officer of a transaction under this subsection (c) or to otherwise comply with the requirements of Sections 15-15 and 15-20 of this Code shall, in the discretion of the chief county assessment officer, constitute cause to terminate the exemption, notwithstanding any other provision of this Code.

(d) The fair market rent of each parcel of real property in Will County owned by the State of Illinois for the purpose of developing an airport by the Department of Transportation shall include the assessed value of leasehold tax. The lessee of each parcel of real property in Will County owned by the State of Illinois for the purpose of developing an airport by the Department of Transportation shall not be liable for the taxes thereon. In order for the State to compensate taxing districts for the leasehold tax under this paragraph the Will County Supervisor of Assessments shall certify, in writing, to the Department of Transportation, the amount of leasehold taxes extended for the 2002 property tax year for each such exempt parcel. The Department of Transportation shall pay to the Will County Treasurer, from the Tax Recovery Fund, on or before July 1 of each year, the amount of leasehold taxes for each such exempt parcel as certified by the Will County Supervisor of Assessments. The tax compensation shall terminate on December 31, 2020. It is the duty of the Department of Transportation to file with the Office of the Will County Supervisor of Assessments an affidavit stating the termination date for rental of each such parcel due to airport construction. The affidavit shall include the property identification number for each such parcel. In no instance shall tax compensation for property owned by the State be deemed delinquent or bear interest. In no instance shall a lien attach to the property of the State. In no instance shall the State be required to pay leasehold tax compensation in excess of the Tax Recovery Fund's balance.

(e) Public Act 81-1026 applies to all leases or agreements entered into or renewed on or after September 24, 1979.

(f) Notwithstanding anything to the contrary in this Code, all property owned by the State that is the Illiana Expressway, as defined in the Public Private Agreements for the Illiana Expressway Act, and that is used for transportation purposes and that is leased for those purposes to another entity whose property is not exempt shall remain exempt, and any leasehold interest in the property shall not be subject to taxation under Section 9-195 of this Act.

(g) Notwithstanding anything to the contrary in this Section, all property owned by the State or the Illinois State Toll Highway Authority that is defined as a transportation project under the Public-Private Partnerships for Transportation Act and that is used for transportation purposes and that is leased for those purposes to another entity whose property is not exempt shall remain exempt, and any leasehold interest in the property shall not be subject to taxation under Section 9-195 of this Act. (Source: P.A. 96-192, eff. 8-10-09; 96-913, eff. 6-9-10; 97-502, eff. 8-23-11.)

TITLE 5. REVIEW AND EQUALIZATION

Article 16. Review of Assessment Decisions

Division 1. General provisions

Sec. 16-5. Information from assessors to board of review and board of appeals.

The chief county assessment officer shall furnish to the board of review or board of appeals all books, papers and information in his or her office requested by the board to assist it in the proper discharge of its duties.

(Source: P.A. 88-455; 89-126, eff. 7-11-95; 89-671, eff. 8-14-96.)

Sec. 16-8. Books and records of chief county assessment officer.

(a) In counties with 3,000,000 or more inhabitants, the chief county assessment officer shall maintain records of the assessed value of each parcel of property and shall enter upon the property record card of each town or city lot or parcel of land the elements (or basis) of valuation and computations that are taken into consideration by the chief county assessment officer in ascertaining and determining the fair cash value of each town or city lot or parcel of land and of each improvement thereon, including the elements (shown by percentages or otherwise) that were taken into consideration as enhancing or detracting elements (such as depth, corner, alley, railway or other elements). The assessment officer shall maintain the records for at least 10 years.

Upon request by the board of appeals (until the first Monday in December 1998 and the board of review beginning the first Monday in December 1998 and thereafter), the officer shall immediately furnish all of the requested records to the board. The records shall be available, on request, to the taxpayer. The chief county assessment officer shall certify, in writing, the amount of the assessment to the board. If the records maintained by the chief county assessment officer at the time the assessment is certified to the board under subsection (a) contain none of the elements (or basis) of valuation for the parcel, then any increase by the chief county assessment officer shall be considered invalid by the board acting on a complaint under Section 16-120; and no action by the board under Section 16-120 shall result in an increase in the valuation for the parcel for the current assessment year. (b) In counties with 3,000,000 or more inhabitants, the notice given by the chief county assessment officer to a taxpayer of a proposed increase in assessment shall designate the reason for the increase. If a taxpayer files an assessment complaint with the chief county assessment officer, the notification to the taxpayer of a determination on the assessment complaint shall designate the reason for the result.

(c) The provisions of this Section shall be applicable beginning with the assessment for the 1997 tax year. (Source: P.A. 89-718, eff. 3-7-97; 90-4, eff. 3-7-97.)

Sec. 16-10. Summons by the board of review or board of appeals. A board of review or board of appeals may summon any assessor, deputy, or other person to appear before it to be examined under oath concerning the method by which any evaluation has been ascertained, and its correctness. Any person so summoned who fails, without good

cause, to appear or appearing refuses to submit to the inquiry or answer questions asked by any member of the board, or any attorney representing the board, shall be guilty of a petty offense. (Source: P.A. 88-455; 89-126, eff. 7-11-95; 89-671, eff. 8-14-96.)

Sec. 16-15. Adjustments to prior year's assessments.

Each county clerk shall compile final adjustments made during the preceding calendar year by the State Property Tax Appeal Board to the aggregate assessed value of a school district for which such adjustments are greater than \$250,000 or 2% of the aggregate assessed value of a school district, whichever is less, and report that information to the Department. By July 1 annually, the Department shall transmit the adjusted assessments reported since the prior July 1 to the Illinois State Board of Education for purposes of calculating the amount of State aid to be apportioned to the various school districts under the School Code. (Source: P.A. 86-237; 88-455.)

Division 2. Boards of review in counties of less than 3,000,000 inhabitants

Sec. 16-20. Powers and duties of boards of review.

In counties with less than 3,000,000 inhabitants, the board of review shall, in any year, whether the year of the general assessment or not, perform the functions set forth in Sections 16-25 through 16-90. (Source: P.A. 86-345; 86-413; 86-1028; 86-1481; 88-455.)

Sec. 16-25. Review after complaint by taxing bodies.

Any taxing body that has an interest in an assessment made by any local assessment officer or officers may have the assessment re-viewed by the board of review by filing a complaint in writing with the board within 30 calendar days after publication of the assessment list under Section 12-10. All complaints shall identify and describe the particular property and shall be filed with the board in duplicate. The board shall make a determination as to the correct amount of the assessment, but the board shall not increase the amount of the assessment without first giving due notice and an opportunity to be heard to the taxpayer affected. (Source: P.A. 78-450; 88-455.)

Sec. 16-30. Board of review meetings.

In counties with less than 3,000,000 inhabitants, the board of review may meet at times it deems necessary for supervising and directing the clerk in the duties prescribed in this Article and shall meet on or before the first Monday each June to revise the assessment of property. At the meeting, the board of review upon application of any taxpayer or upon its own motion may revise the entire assessment of any taxpayer or any part of the assessment as appears to it to be just. The assessment of the property of any person shall not be increased unless that person or his or her agent first has been notified in writing at the address that appears on the assessment books and been given an opportunity to be heard. The meeting may be recessed as necessary. (Source: P.A. 84-582; 88-455.)

Sec. 16-35. Adjournment of boards of review.

The final adjournment of the board of review in counties of less than 3,000,000 inhabitants shall be when the work for that assessment year is completed and the assessment books certified to the county clerk but no later than March 15 of the following year. (Source: P.A. 96-298, eff. 8-11-09.)

Sec. 16-40. Prohibition of per diem compensation.

Except under Section 6-30, no per diem compensation shall be paid by the county board to any member of the board of review. (Source: P.A. 84-582; 88-455.)

Sec. 16-45. Consolidated hearings.

In counties with less than 3,000,000 inhabitants, the board of review, on request of a taxpayer complainant, shall consolidate 2 or more complaints into one hearing, notwithstanding the provisions of Section 16-55 relating to the consideration of complaints by town- ships or taxing districts. When it is impractical to do so because the assessment books necessary to determine all complaints at one time are not available, those complaints for which the necessary books are available shall be consolidated. (Source: P.A. 80-613; 88-455.)

Sec. 16-50. Omitted property.

The Board of review shall assess all omitted property as provided in Sections 9-265 and 9-270. An assessment of omitted property by the board of review in the manner provided in this Code shall not be subject to review by any succeeding board.

For the purpose of enforcing the provisions of this Code, the several taxing bodies interested therein are hereby empowered to employ counsel to appear before the board and take all necessary steps to enforce the assessment on such omitted property.

(Source: P.A. 86-345; 86-413; 86-1028; 86-1481; 88-455.)

Sec. 16-55. Complaints.

On written complaint that any property is over assessed or underassessed, the board shall review the assessment, and correct it, as appears to be just, but in no case shall the property be assessed at a higher percentage of fair cash value than other property in the assessment district prior to equalization by the board or the Department. The board shall include compulsory sales in reviewing and correcting assessments, including, but not limited to, those compulsory sales submitted by the taxpayer, if the board determines that those sales reflect the same property characteristics and condition as those originally used to make the assessment. The board shall also consider whether the compulsory sale would otherwise be considered an arm's length transaction. A complaint to affect the assessment for the current year shall be filed on or before 30 calendar days after the date of publication of the assessment list under Section 12-10. The board may also, at any time before its revision of the assessments is completed in every year, increase, reduce or otherwise adjust the assessment of any property, making changes in the valuation as may be just, and shall have full power over the assessment of any person and may do anything in regard thereto that it

may deem necessary to make a just assessment, but the property shall not be assessed at a higher percentage of fair cash value than the assessed valuation of other property in the assessment district prior to equalization by the board or the Department. No assessment shall be increased until the person to be affected has been notified and given an opportunity to be heard, except as provided below. Before making any reduction in assessments of its own motion, the board of review shall give notice to the assessor or chief county assessment officer who certified the assessment and give the assessor or chief county assessment officer an opportunity to be heard thereon. All complaints of errors in assessments of property shall be in writing and shall be filed by the complaining party with the board of review, in duplicate. The duplicate shall be filed by the board of review with the assessor or chief county assessment officer who certified the assessment. In all cases where a change in assessed valuation of \$100,000 or more is sought, the board of review shall also serve a copy of the petition on all taxing districts as shown on the last available tax bill at least 14 days prior to the hearing on the complaint. All taxing districts shall have an opportunity to be heard on the complaint. Complaints shall be classified by townships or taxing districts by the clerk of the board of review. All classes of complaints shall be docketed numerically, each in its own class, in the order in which they are presented, in books kept for that purpose, which books shall be open to public inspection. Complaints shall be considered by townships or taxing districts until all complaints have been heard and passed upon by the board. (Source: P.A. 96-1083, eff. 7-16-10; 97-812, eff. 7-13-12.)

Sec. 16-60. Equalization within counties - Publication and hearing.

After notice and hearing as required by Section 12-40, the board of review may increase or reduce the entire assessment, or the assessment of any class included therein, if, in its opinion, the assessment has not been made upon the proper basis. The board may also equalize the assessment in any multi-township or township, or part thereof, or any portion of the county. (Source: P.A. 86-345; 86-413; 86-1028; 86-1481; 88-455.)

Sec. 16-65. Equalization process.

The board of review shall act as an equalizing authority, if after equalization by the supervisor of assessments the equalized assessed value of property in the county is not 33 1/3% of the total fair cash value. The board shall, after notice and hearing as required by Section 12-40, lower or raise the total assessed value of property in any assessment district within the county so that the property, other than farm and coal property assessed under Sections 10-110 through 10-140 and Sections 10-170 through 10-200, will be assessed at 33 1/3% of its fair cash value. For each assessment district of the county, the board of review shall annually determine the percentage relationship between the valuations at which property other than farm and coal property is listed and the estimated 33 1/3% of the fair cash value of such property. To make this analysis, the board shall use at least 25 property transfers, or a combination of at least 25 property transfers and property appraisals, such information as may be submitted by interested taxing bodies, or any other means as it deems proper and reasonable. If there are not 25 property transfers available, or if these 25 property transfers do not represent a fair sample of the types of properties and their proportional distribution in the assessment district, the board shall select a random sample of properties of a number necessary to provide a combination of at least 25 property transfers and property appraisals

as much as possible representative of the entire assessment district and provide for their appraisal.

The township or multi-township assessor shall be notified of and participate in the deliberations and determinations. In assessment year 2011, the board of review shall consider compulsory sales in its equalization process. The board of review, in conjunction with the chief county assessment officer, shall determine the number of compulsory sales from the prior year for the purpose of revising and correcting assessments. The board of review shall determine if the number of compulsory sales is at least 25% of all property transfers within the neighborhood, township, multi-township assessment district, or other specific geographic region in the county for that class of property, but shall exclude from the calculation (i) all property transfers for which the property characteristics and condition are not the same as those characteristics and condition used to determine the assessed value and (ii) any property transfer that is not an arm's length transaction based on existing sales ratio study standards (except for compulsory sales). If the board determines that the number of compulsory sales is at least 25% of all property transfers within the defined geographic region for that class of property, then the board of review must determine (i) the median assessment level of arm's length transactions and (ii) the median assessment level of compulsory sales. If the median assessment level of compulsory sales is higher than the median assessment level of arm's length transactions, then compulsory sales shall be included in the arm's length transaction study and the board must calculate the new median assessment level. Assessed values of properties within the specific geographic area for that class of property must be revised to reflect this new median assessment level. The revised median assessment level shall be the basis for equalization as otherwise provided in this Section. With the ratio determined for each assessment district, the board shall ascertain the amount to be added or deducted from the aggregate assessment on property subject to local assessment jurisdiction, other than farm and coal property, to produce a ratio of assessed value to 33 1/3% of the fair cash value equivalent to 100%. However, in determining the amount to be added to the aggregate assessment on property subject to local jurisdiction in order to produce a ratio of assessed value to 33 1/3% of the fair cash value equivalent to 100%, the board shall not, in any one year, increase or decrease the aggregate assessment of any assessment district by more than 25% of the equalized valuation of the district for the previous year, except that additions, deletions or depletions to the taxable property shall be excluded in computing the 25% limitation. The board shall complete the equalization by the date prescribed in Section 16-35 for the board's adjournment, and, within 10 days thereafter, shall report the results of its work under this Section to the Department. At least 30 days prior to its adjournment, the board shall publish a notice declaring whether it intends to equalize assessments as provided in this Section. The notice shall be published in a newspaper of general circulation in the county. If the board fails to report to the Department within the required time, or if the report discloses that the board has failed to make a proper and adequate equalization of assessments, the Department shall direct, determine, and supervise the assessment so that all assessments of property are relatively just and equal as provided in Section 8-5. (Source: P.A. 96-1083, eff. 7-16-10.)

Sec. 16-70. Determination of exemptions.

The board of review shall hear and determine the application of any person who is assessed on property claimed to be exempt from taxation. However, the decision of the board shall

not be final, except as to homestead exemptions. Upon filing of any application for a non-homestead exemption which would reduce the assessed valuation of any property by more than \$100,000, the owner shall deliver, in person or by mail, a copy of the application to any municipality, school district, community college district, and fire protection district in which the property is situated. Failure of a municipality, school district, community college district, or fire protection district to receive the notice shall not invalidate any exemption. The board shall give the municipalities, school districts, community college districts, fire protection districts, and the taxpayer an opportunity to be heard. The clerk of the board in all cases other than homestead exemptions, under the direction of the board, shall make out and forward to the Department, a full and complete statement of all the facts in the case. The Department shall determine whether the property is legally liable to taxation. It shall notify the board of review of its decision, and the board shall correct the assessment if necessary. The decision of the Department is subject to review under Sections 8-35 and 8-40. The extension of taxes on any assessment shall not be delayed by any proceedings under this Section, and, if the Department rules that the property is exempt, any taxes extended upon the unauthorized assessment shall be abated or, if paid, shall be refunded.
(Source: P.A. 94-1031, eff. 1-1-07.)

Sec. 16-75. Certificates of error.

The board of review shall, at any time before judgment, if an error or mistake is discovered (other than errors of judgment as to the valuation), in any assessment, issue to the person erroneously assessed a certificate setting forth the nature of the error and its cause or causes. The certificate when properly endorsed by the chief county assessment officer, showing concurrence therein, and not otherwise, may be used in evidence in any court of competent jurisdiction, and when so introduced in evidence, shall become a part of the court records, and shall not be removed from the files except upon the order of the court. After the board of review has issued a certificate of error and it has been properly endorsed by the chief county assessment officer, 2 copies of the certificate shall be made, and one copy given to the county clerk and one copy to the collector. The county clerk shall keep records of the changes or corrections made in the certificate and shall certify such corrections to the collector so that he or she can account for the proper amount of taxes chargeable to him or her. (Source: P.A. 91-377, eff. 7-30-99.)

Sec. 16-80. Reduced assessment of homestead property.

In any county with fewer than 3,000,000 inhabitants, if the board of review lowers the assessment of a particular parcel on which a residence occupied by the owner is situated, the reduced assessment, subject to equalization, shall remain in effect for the remainder of the general assessment period as provided in Sections 9-215 through 9-225, unless the taxpayer, county assessor, or other interested party can show substantial cause why the reduced assessment should not remain in effect, or unless the decision of the board is reversed or modified upon review.
(Source: P.A. 88-455; 89-126, eff. 7-11-95; 89-671, eff. 8-14-96.)

Sec. 16-85. Certification of assessment books.

The board of review in counties with less than 3,000,000 inhabitants, shall, on or before the annual date for adjournment as fixed by Section 16-35, complete its work and make the entries in the assessment books required to make the assessment conform to the changes made therein by the board of review, and shall attach to each book an affidavit signed by at least 2 members of the board, which affidavit shall be substantially in the following form:

State of Illinois, County of

We, and each of us, as a member of the board of review of the county of.... in the State of Illinois, do solemnly swear that the book to which this affidavit is attached contains a full and complete list of all the property in the county subject to taxation for the year.... so far as we have been able to ascertain, and that the assessed value set down opposite the description of a property, is, in our opinion, a just and equal assessment of the property for the purposes of taxation according to law, and that the footings of the columns in the book are correct, to the best of our knowledge and belief.

Dated....

(Source: P.A. 83-121; 88-455.)

Sec. 16-90. Delivery of assessment books.

In counties with less than 3,000,000 inhabitants, when the books are completed, the board of review shall deliver one set of the books to the county clerk, who shall file it in his or her office; and one set to the chief county assessment officer. All of the books shall be public records. All assessors' books shall be retained for a period of 5 years, after which the county Board may order the officer having custody of the books to dispose of them and to certify that fact, when completed, to the county board. The assessment completed by the board of review and certified to the county clerk, as equalized, shall be the assessment upon which the taxes of that year shall be extended by the county clerk. (Source: P.A. 83-1362; 88-455.)

Division 3. Board of review; counties of 3,000,000 or more

Sec. 16-95. Powers and duties of board of appeals or review; complaints.

In counties with 3,000,000 or more inhabitants, until the first Monday in December 1998, the board of appeals in any year shall, on complaint that any property is over assessed or underassessed, or is exempt, review and order the assessment corrected. Beginning the first Monday in December 1998 and thereafter, in counties with 3,000,000 or more inhabitants, the board of review: (1) shall, on written complaint of any taxpayer or any taxing district that has an interest in the assessment that any property is over assessed, underassessed, or exempt, review the assessment and confirm, revise, correct, alter, or modify the assessment, as appears to be just; and (2) may, upon written motion of any one or more members of the board that is made on or before the dates specified in notices given under Section 16-110 for each township and upon good cause shown, revise, correct, alter, or modify any assessment (or part of an assessment) of real property regardless of whether the taxpayer or owner of the property has filed a complaint with the board; and (3) shall, after the effective date of this amendatory Act of the 96th General Assembly, pursuant to the provisions of Sections 9-260, 9-265, 2-270, 16-135, and 16-140, review any omitted assessment proposed by the county

assessor and confirm, revise, correct, alter, or modify the proposed assessment, as appears to be just. No assessment may be changed by the board on its own motion until the taxpayer in whose name the property is assessed and the chief county assessment officer who certified the assessment have been notified and given an opportunity to be heard thereon. All taxing districts shall have an opportunity to be heard on the matter. (Source: P.A. 96-1553, eff. 3-10-11.)

Sec. 16-100. Correction orders.

In counties with 3,000,000 or more inhabitants, the board of appeals (until the first Monday in December 1998 and the board of review beginning the first Monday in December 1998 and thereafter) in any year shall order the county assessor to correct 50 any mistake or error (other than mistakes or errors of judgment as to the valuation of any property) in the manner provided in Sections 14-10 and 16-145. (Source: P.A. 88-455; 89-126, eff. 7-11-95; 89-671, eff. 8-14-96.)

Sec. 16-105. Time of meeting - Public records.

In counties with 3,000,000 or more inhabitants, the board of appeals (until the first Monday in December 1998 and the board of review beginning the first Monday in December 1998 and thereafter) shall meet on or before the second Monday in September in each year for the purpose of revising the assessment of property as provided for in this Code. The meeting may be adjourned from day to day as may be necessary. All hearings conducted by the board under this Code shall be open to the public. All files maintained by the board relating to the matters specified in Sections 16-95, 16-100, and 16-140 shall be available for public inspection during regular office hours. However, only the actual portions of the income tax return relating to the property for which a complaint has been filed shall be a public record. Copies of such records shall be furnished upon request. The board may charge for the costs of copying, at 35¢ per page of legal size or smaller and \$1 for each larger page. (Source: P.A. 88-455; 89-126, eff. 7-11-95; 89-671, eff. 8-14-96.)

Sec. 16-110. Notice of meetings - Filing complaints.

In counties with 3,000,000 or more inhabitants, at least one week before its meeting to revise and correct assessments, the board of appeals (until the first Monday in December 1998 and the board of review beginning the first Monday in December 1998 and thereafter) shall publish a notice of the time and place of that meeting. The board shall, from time to time, publish notices which shall specify the date and place at which complaints may be filed for those townships or taxing districts for which property assessments have been completed by the county assessor, and which will then be considered for revision and correction at that time. All notices required by this Section may provide for a revision and correction at the specified time of one or more townships or taxing districts. All such notices shall be published once in at least one newspaper of general circulation published in the county. The board at the time and place fixed, and upon notice as provided in this Section, may receive and hold hearings on all those complaints and revise and correct assessments within those townships or taxing districts. Taxpayers shall have at least 20 days after the date of publication of the notice within which to file complaints; (Source: P.A. 88-455; 89-126, eff. 7-11-95; 89-671, eff. 8-14-96.)

Sec. 16-115. Filing complaints.

In counties with 3,000,000 or more inhabitants, complaints that any property is over assessed or underassessed or is exempt may be made by any taxpayer. Complaints that any property is over assessed or underassessed or is exempt may be made by a taxing district that has an interest in the assessment to a board of review. All complaints shall be in writing, identify and describe the particular property, otherwise comply with the rules in force, be either signed by the complaining party or his or her attorney or, if filed electronically, signed with the electronic signature of the complaining party or his or her attorney, and be filed with the board of appeals (until the first Monday in December 1998 and the board of review beginning the first Monday in December 1998 and thereafter) in at least duplicate. The board shall forward one copy of each complaint to the county assessor. Complaints by taxpayers and taxing districts and certificates of correction by the county assessor as provided in this Code shall be filed with the board according to townships on or before the dates specified in the notices given in Section 16-110. (Source: P.A. 97-1054, eff. 1-1-13.)

Sec. 16-120. Decision on complaints.

In counties with 3,000,000 or more inhabitants, at its meeting for the purpose of revising and correcting the assessments, the board of appeals (until the first Monday in December 1998 and the board of review beginning the first Monday in December 1998 and thereafter), upon complaint filed by a taxpayer or taxing district as pre- scribed in this Code, may revise the entire assessment of any taxpayer, or any part thereof, and correct the same as shall appear to the board to be just. The assessment of the property of any taxpayer shall not be increased unless that taxpayer or his agent shall first have been notified in writing and been given an opportunity to be heard. (Source: P.A. 88-455; 89-126, eff. 7-11-95; 89-671, eff. 8-14-96.)

Sec. 16-125. Hearings.

In counties with 3,000,000 or more inhabitants, complaints filed with the board of appeals (until the first Monday in December 1998 and the board of review beginning the first Monday in December 1998 and thereafter) shall be classified by townships. All complaints shall be docketed numerically, in the order in which they are presented, as nearly as possible, in books or computer records kept for that purpose, which shall be open to public inspection. The complaints shall be considered by townships until they have been heard and passed upon by the board. After completing final action on all matters in a township, the board shall transmit such final actions to the county assessor. A hearing upon any complaint shall not be held until the taxpayer affected and the county assessor have each been notified and have been given an opportunity to be heard. All hearings shall be open to the public and the board shall sit together and hear the representations of the interested parties or their representatives.

An order for a correction of any assessment shall not be made unless both commissioners of the board, or a majority of the members in the case of a board of review, concur therein, in which case, an order for correction shall be made in open session and entered in the records of the board. When an assessment is ordered corrected, the board shall transmit a computer printout of the results or make and sign a brief written statement of the reason for the change and the manner in which the method used by the assessor in making the assessment was erroneous and shall deliver a copy of the statement to the county assessor. Upon request the

board shall hear any taxpayer in opposition to a proposed reduction in any assessment. The board may destroy or otherwise dispose of complaints and records pertaining thereto after the lapse of 5 years from the date of filing. (Source: P.A. 97-1054, eff. 1-1-13.)

Sec. 16-130. Exemption procedures; board of appeals; board of review.

Whenever the board of appeals (until the first Monday in December 1998 and the board of review beginning the first Monday in December 1998 and thereafter) in any county with 3,000,000 or more inhabitants determines that any property is or is not exempt from taxation, the decision of the board shall not be final, except as to homestead exemptions. Upon filing of any application for an exemption which would, if approved, reduce the assessed valuation of any property by more than \$100,000, other than a homestead exemption, the owner shall give timely notice of the application by mailing a copy of it to any municipality, school district and community college district in which such property is situated. Failure of a municipality, school district or community college district to receive the notice shall not invalidate any exemption. The board shall give the municipalities, school districts and community college districts and the taxpayer an opportunity to be heard. In all exemption cases other than homestead exemptions, the secretary of the board shall comply with the provisions of Section 5-15. The Department shall then determine whether the property is or is not legally liable to taxation. It shall notify the board of its decision and the board shall correct the assessment accordingly, if necessary. The decision of the Department is subject to review under Sections 8-35 and 8-40. The extension of taxes on any assessment shall not be delayed by any proceedings under this paragraph, and, in case the property is determined to be exempt, any taxes extended upon the unauthorized assessment shall be abated or, if already paid, shall be refunded. (Source: P.A. 88-455; 89-126, eff. 7-11-95; 89-671, eff. 8-14-96.)

Sec. 16-135. Omitted property; Notice provisions.

In counties with 3,000,000 or more inhabitants, the owner of property and the executor, administrator, or trustee of a decedent whose property has been omitted in the assessment in any year or years or on which a tax for which the property was liable has not been paid, and the several taxing bodies interested therein, shall be given at least 30 days' notice in writing by the board of appeals (until the first Monday in December 1998 and the board of review beginning the first Monday in December 1998 and thereafter) or county assessor of the hearing on the proposed assessments of the omitted property. The board or assessor shall have full power to examine the owner, or the executor, administrator, trustee, legatee, or heirs of the decedent, or other person concerning the ownership, kind, character, amount and the value of the omitted property.

If the board determines that the property of any decedent was omitted from assessment during any year or years, or that a tax for which the property was liable, has not been paid, the board shall direct the county assessor to assess the property. However, if the county assessor, on his or her own initiative, makes such a determination, then the assessor shall assess the property. No charge for tax of previous years shall be made against any property prior to the date of ownership of the person owning the property at the time the liability for such omitted tax is first ascertained. Ownership as used in this Section refers to bona fide legal and equitable titles or interests acquired for value and without notice of the tax, as may appear by deed, deed of trust, mortgage, certificate of purchase or sale, or other form of contract. No such charge for tax of previous years shall be made against any property if:

- (1) the assessor failed to notify the board of review of an omitted assessment in accordance with subsection (a-1) of Section 9-260 of this Code; or (2) the property was last assessed as unimproved, the owner of the property, gave notice of subsequent improvements and requested a reassessment as required by Section 9-180, and reassessment of the property was not made within 16 months of receipt of that notice; or
- (3) the owner of the property gave notice as required by Section 9-265; or
- (4) the assessor received a building permit for the property evidencing that new construction had occurred or was occurring on the property but failed to list the improvement on the tax rolls; or
- (5) the assessor received a plat map, plat of survey, ALTA survey, mortgage survey, or other similar document containing the omitted property but failed to list the improvement on the tax rolls; or
- (6) the assessor received a real estate transfer declaration indicating a sale from an exempt property owner to a non-exempt property owner but failed to list the property on the tax rolls; or
- (7) the property was the subject of an assessment appeal before the assessor or the board of review that had included the intended omitted property as part of the assessment appeal and provided evidence of its market value.

The assessment of omitted property by the county assessor may be reviewed by the board in the same manner as other assessments are reviewed under the provisions of this Code and when so reviewed, the assessment shall not thereafter be subject to review by any succeeding board. For the purpose of enforcing the provisions of this Code, relating to property omitted from assessment, the taxing bodies interested therein are hereby empowered to employ counsel to appear before the board or assessor (as the case may be) and take all necessary steps to enforce the assessment on the omitted property. (Source: P.A. 96-1553, eff. 3-10-11.)

Sec. 16-140. Omitted property.

In counties with 3,000,000 or more inhabitants, the board of appeals (until the first Monday in December 1998 and the board of review beginning the first Monday in December 1998 and thereafter) in any year shall direct the county assessor, in accordance with Section 16-135, when he or she fails to do so on his or her own initiative, to assess all property which has not been assessed, for any reason, and enter the same upon the assessment books and to list and assess all property that has been omitted in the assessment for the current year and not more than 3 years prior to the current year. If the tax for which that property was liable has not been paid or if any property, by reason of defective description or assessment thereof, fails to pay taxes for any year or years, the property, when discovered by the board shall be listed and assessed by the county assessor. The board may order the county assessor to make such alterations in the description of property as it deems necessary. No charge for tax of previous years shall be made against any property if: (1) the assessor failed to notify the board of review of an omitted assessment in accordance with subsection (a-1) of Section 9-260 of this Code; or

- (2) the property was last assessed as unimproved, the owner of the property gave notice of subsequent improvements and requested a reassessment as required by Section 9-180, and reassessment of the property was not made within 16 months of receipt of that notice; or
- (3) the owner of the property gave notice as required by Section 9-265; or

- (4) the assessor received a building permit for the property evidencing that new construction had occurred or was occurring on the property but failed to list the improvement on the tax rolls; or
- (5) the assessor received a plat map, plat of survey, ALTA survey, mortgage survey, or other similar document containing the omitted property but failed to list the improvement on the tax rolls; or
- (6) the assessor received a real estate transfer declaration indicating a sale from an exempt property owner to a non-exempt property owner but failed to list the property on the tax rolls; or
- (7) the property was the subject of an assessment appeal before the assessor or the board of review that had included the intended omitted property as part of the assessment appeal and provided evidence of its market value.

The board shall hear complaints and revise assessments of any particular parcel of property of any person identified and described in a complaint filed with the board and conforming to the requirements of Section 16-115. The board shall make revisions in no other cases.

(Source: P.A. 96-1553, eff. 3-10-11.)

Sec. 16-145. Assessment list changes.

In counties with 3,000,000 or more inhabitants, the board of appeals (until the first Monday in December 1998 and the board of review beginning the first Monday in December 1998 and thereafter), in revising assessments in any year, shall require the county assessor to note all changes in the valuation of property upon an assessment list and books certified by the county assessor.

(Source: P.A. 88-455; 89-126, eff. 7-11-95; 89-671, eff. 8-14-96.)

Sec. 16-147. Reduced assessment of homestead property.

In any county with 3,000,000 or more inhabitants, if the board of review or board of appeals lowers the assessment of a particular parcel on which a residence occupied by the owner is situated, the reduced assessment, subject to equalization, shall remain in effect for the remainder of the general assessment period as provided in Sections 9-215 through 9-225, unless the taxpayer, county assessor, or other interested party can show substantial cause why the reduced assessment should not remain in effect, or unless the decision of the board is reversed or modified upon review.

(Source: P.A. 89-671, eff. 8-14-96.)

Sec. 16-150. Certification of assessment books.

In counties with 3,000,000 or more inhabitants, the board of appeals (until the first Monday in December 1998 and the board of review beginning the first Monday in December 1998 and thereafter) shall, on or before the annual date for final adjournment as fixed by this Section, complete its work, and order the county assessor to make those entries in the assessment books and lists as may be required to make the assessments conform with the changes directed to be made therein by the board. The county assessor and a majority of the members of the board shall attach to each of the assessment books in the possession of the county assessor and the county clerk an affidavit signed by the county assessor and a majority of the members of the board, which affidavit shall be in substantially the following form:

State of Illinois)
) ss.
County of

We, and each of us, as county assessor and as members of the (board of appeals or board of review) of the County of, in the State of Illinois, do solemnly swear that the books.... in number.... to which this affidavit is attached, contain a full and complete list of all the property in this county subject to taxation for the year (insert year) so far as we have been able to ascertain them, and that the assessed value set down in the proper column opposite the several kinds and descriptions of property, is, in our opinion, a just and equal assessment of the property for the purposes of taxation according to law, and that the footings of the several columns in these books are correct to the best of our knowledge and belief. The final date of adjournment of the board shall be 60 days after the date of the last delivery to it of the assessment books for any township or taxing district. (Source: P.A. 91-357, eff. 7-29-99.)

Sec. 16-155. Use of certified assessments.

In counties with 3,000,000 or more inhabitants, the assessments of property after review by the board of appeals (until the first Monday in December 1998 and the board of review beginning the first Monday in December 1998 and thereafter) shall be certified to the county clerk and shall be the basis of that clerk's reports of assessments to the Department and, as equalized, shall be used by the county clerk in ascertaining tax rates and extending taxes. (Source: P.A. 88-455; 89-126, eff. 7-11-95; 89-671, eff. 8-14-96.)

Division 4. Property Tax Appeal Board

Sec. 16-160. Property Tax Appeal Board; process.

In counties with 3,000,000 or more inhabitants, beginning with assessments made for the 1996 assessment year for residential property of 6 units or less and beginning with assessments made for the 1997 assessment year for all other property, and for all property in any county other than a county with 3,000,000 or more inhabitants, any taxpayer dissatisfied with the decision of a board of review or board of appeals as such decision pertains to the assessment of his or her property for taxation purposes, or any taxing body that has an interest in the decision of the board of review or board of appeals on an assessment made by any local assessment officer, may, (i) in counties with less than 3,000,000 inhabitants within 30 days after the date of written notice of the decision of the board of review or (ii) in assessment year 1999 and thereafter in counties with 3,000,000 or more inhabitants within 30 days after the date of the board of review notice or within 30 days after the date that the board of review transmits to the county assessor pursuant to Section 16-125 its final action on the township in which the property is located, whichever is later, appeal the decision to the Property Tax Appeal Board for review. In any appeal where the board of review or board of appeals has given written notice of the hearing to the taxpayer 30 days before the hearing, failure to appear at the board of review or board of appeals hearing shall be grounds for dismissal of the appeal unless a continuance is granted to the taxpayer. If an appeal is dismissed for failure to appear at a board of review or board of appeals hearing, the Property Tax Appeal Board shall have no jurisdiction to hear any subsequent appeal on that taxpayer's complaint. Such taxpayer or taxing body, hereinafter called the appellant, shall file a petition

with the clerk of the Property Tax Appeal Board, setting forth the facts upon which he or she bases the objection, together with a statement of the contentions of law which he or she desires to raise, and the relief requested. If a petition is filed by a taxpayer, the taxpayer is precluded from filing objections based upon valuation, as may otherwise be permitted by Sections 21-175 and 23-5. However, any taxpayer not satisfied with the decision of the board of review or board of appeals as such decision pertains to the assessment of his or her property need not appeal the decision to the Property Tax Appeal Board before seeking relief in the courts. The changes made by this amendatory Act of the 91st General Assembly shall be effective beginning with the 1999 assessment year. (Source: P.A. 91-393, eff. 7-30-99; 91-425, eff. 8-6-99.)

Sec. 16-165. Forms for appeal.

The Property Tax Appeal Board shall supply forms for appeal to the Boards of Review or Boards of Appeals. Each Board of Review or Board of Appeals shall provide such forms to each person or taxing body entitled to appeal a decision of the Board of Review or Board of Appeals. (Source: P.A. 88-455; 89-671, eff. 8-14-96.)

Sec. 16-170. Hearings.

A hearing shall be granted if any party to the appeal so requests, and, upon motion of any party to the appeal or by direction of the Property Tax Appeal Board, any appeal may be set down for a hearing, with proper notice to the interested parties. Notice to all interested taxing bodies shall be deemed to have been given when served upon the State's Attorney of the county from which the appeal has been taken. Hearings may be held before less than a majority of the members of the Board, and the chairman may assign members or hearing officers to hold hearings. Such hearings shall be open to the public and shall be conducted in accordance with the rules of practice and procedure promulgated by the Board. The Board, any member or hearing officer may require the production of any books, records, papers or documents that may be material or relevant as evidence in any matter pending before it and necessary for the making of a just decision. (Source: P.A. 76-689; 88-455.)

Sec. 16-175. Subpoenas.

The Chairman of the Property Tax Appeal Board or his or her designee may issue subpoenas which shall be served by any person lawfully authorized to serve a subpoena under the laws of the State of Illinois. In case of disobedience to a subpoena, the Board may petition any circuit court of the State for an order requiring the attendance and testimony of witnesses. Witnesses attending any hearing held by the Property Tax Appeal Board, pursuant to any subpoena, shall be paid the same fees and mileage that are paid witnesses in the circuit courts of the State.
(Source: P.A. 83-1250; 88-455.)

Sec. 16-180. Procedure for determination of correct assessment.

The Property Tax Appeal Board shall establish by rules an informal procedure for the determination of the correct assessment of property which is the subject of an appeal. The

procedure, to the extent that the Board considers practicable, shall eliminate formal rules of pleading, practice and evidence, and except for any reasonable filing fee determined by the Board, may provide that costs shall be in the discretion of the Board. A copy of the appellant's petition shall be mailed by the clerk of the Property Tax Appeal Board to the board of review whose decision is being appealed. In all cases where a change in assessed valuation of \$100,000 or more is sought, the board of review shall serve a copy of the petition on all taxing districts as shown on the last available tax bill. The chairman of the Property Tax Appeal Board shall provide for the speedy hearing of all such appeals. Each appeal shall be limited to the grounds listed in the petition filed with the Property Tax Appeal Board. All appeals shall be considered de novo and the Property Tax Appeal Board shall not be limited to the evidence presented to the board of review of the county. A party participating in the hearing before the Property Tax Appeal Board is entitled to introduce evidence that is otherwise proper and admissible without regard to whether that evidence has previously been introduced at a hearing before the board of review of the county. Where no complaint has been made to the board of review of the county where the property is located and the appeal is based solely on the effect of an equalizing factor assigned to all property or to a class of property by the board of review, the Property Tax Appeal Board shall not grant a reduction in assessment greater than the amount that was added as the result of the equalizing factor. The provisions added to this Section by this amendatory Act of the 93rd General Assembly shall be construed as declaratory of existing law and not as a new enactment. (Source: P.A. 93-248, eff. 7-22-03; 93-758, eff. 7-16-04.)

Sec. 16-183. Compulsory sales.

The Property Tax Appeal Board shall consider compulsory sales of comparable properties for the purpose of revising and correcting assessments, including those compulsory sales of comparable properties submitted by the taxpayer. (Source: P.A. 96-1083, eff. 7-16-10.)

Sec. 16-185. Decisions.

The Board shall make a decision in each appeal or case appealed to it, and the decision shall be based upon equity and the weight of evidence and not upon constructive fraud and shall be binding upon appellant and officials of government. The extension of taxes on any assessment so appealed shall not be delayed by any proceeding before the Board, and, in case the assessment is altered by the Board, any taxes extended upon the unauthorized assessment or part thereof shall be abated, or, if already paid, shall be refunded with interest as provided in Section 23-20.

The decision or order of the Property Tax Appeal Board in any such appeal, shall, within 10 days thereafter, be certified at no charge to the appellant and to the proper authorities, including the board of review or board of appeals whose decision was appealed, the county clerk who extends taxes upon the assessment in question, and the county collector who collects property taxes upon such assessment.

If the Property Tax Appeal Board renders a decision lowering the assessment of a particular parcel after the deadline for filing complaints with the board of review or board of appeals or after adjournment of the session of the board of review or board of appeals at which assessments for the subsequent year are being considered, the taxpayer may, within 30 days after the date of written notice of the Property Tax Appeal Board's decision, appeal the assessment for the subsequent year directly to the Property Tax Appeal Board.

If the Property Tax Appeal Board renders a decision lowering the assessment of a particular parcel on which a residence occupied by the owner is situated, such reduced assessment, subject to equalization, shall remain in effect for the remainder of the general assessment period as provided in Sections 9-215 through 9-225, unless that parcel is subsequently sold in an arm's length transaction establishing a fair cash value for the parcel that is different from the fair cash value on which the Board's assessment is based, or unless the decision of the Property Tax Appeal Board is reversed or modified upon review. (Source: P.A. 88-455; 88-660, eff. 9-16-94; 89-671, eff. 8-14-96.)

Sec. 16-190. Record of proceedings and orders.

(a) The Property Tax Appeal Board shall keep a record of its proceedings and orders and the record shall be a public record. In all cases where the contesting party is seeking a change of \$100,000 or more in assessed valuation, the contesting party must provide a court reporter at his or her own expense. The original certified transcript of such hearing shall be forwarded to the Springfield office of the Property Tax Appeal Board and shall become part of the Board's official record of the proceeding on appeal. Each year the Property Tax Appeal Board shall publish a volume containing a synopsis of representative cases decided by the Board during that year. The publication shall be organized by or cross-referenced by the issue presented before the Board in each case contained in the publication. The publication shall be available for inspection by the public at the Property Tax Appeal Board offices and copies shall be available for a reasonable cost, except as provided in Section 16-191.

(a) the Property Tax Appeal Board shall provide annually, no later than February 1, to the Governor and the General Assembly a report that contains for each county the following: (1) the total number of cases for commercial and industrial property requesting a reduction in assessed value of \$100,000 or more for each of the last 5 years; (2) the total number of cases for commercial and industrial property decided by the Property Tax Appeal Board for each of the last 5 years; and (3) the total change in assessed value based on the Property Tax Appeal Board decisions for commercial property and industrial property for each of the last 5 years. (b) The requirement for providing a report to the General Assembly shall be satisfied by filing copies of the report with the following: (1) the Speaker of the House of Representatives; (2) the Minority Leader of the House of Representatives; (3) the Clerk of the House of Representatives; (4) the President of the Senate; (5) the Minority Leader of the Senate; (6) the Secretary of the Senate; (7) the Legislative Research Unit, as required by Section 3.1 of the General Assembly Organization Act; and (8) the State Government Report Distribution Center for the General Assembly, as required by subsection (t) of Section 7 of the State Library Act (Source: P.A. 95-331, eff. 8-21-07.)

Sec. 16-191. Publications for Chief County Assessment Officers.

The Property Tax Appeal Board shall annually distribute to each chief county assessment officer, free of charge, one copy of the volume published pursuant to Section 16-190 and one copy of any other publication produced by the Property Tax Appeal Board, upon request. In addition, in counties with 3,000,000 or more inhabitants, the Property Tax Appeal Board shall electronically distribute every 30 days to the chief county assessment officer, free of charge, appeal information containing the following:

- (1) appeal year and appeal docket number;
- (2) Property Tax Appeal Board class and requested level of reduction;
- (3) appellant name;
- (4) permanent index number or numbers;
- (5) scheduled hearing dates;
- (6) final assessed value determined by the Property Tax Appeal Board;
- (7) date case closed at Property Tax Appeal Board;
- (8) reason for action;
- (9) intervenor name; and
- (10) intervenor representatives. (Source: P.A. 93-248, eff. 7-22-03.)

Sec. 16-195. Review of decisions.

Final administrative decisions of the Property Tax Appeal Board are subject to review under the provisions of the Administrative Review Law, except that in every case where a change in assessed valuation of \$300,000 or more was sought, that review shall be afforded directly in the Appellate Court for the district in which the property involved in the Board's decision is situated, and not in the circuit court. The Property Tax Appeal Board shall certify the record of its proceedings only if the taxpayer or other entity seeking review under the Administrative Review Law pays to it for each page of legal size or smaller, the sum of 75¢ per page for testimony taken before the Board and 25¢ per page for all other matters contained in the record, and for any page larger than legal size the sum of \$1, except that these charges may be waived when the Board is satisfied that the aggrieved party cannot afford to pay such charges. There shall be no charge to the taxpayer or other entity for certification by the Property Tax Appeal Board of any pages of the record which are furnished for inclusion in the record by the taxpayer or other entity seeking review. If payment for the record is not made by the taxpayer or other entity within 30 days after notice from the Board or the Attorney General of the cost thereof, the court in which the proceeding is pending, on motion of the Board, shall dismiss the complaint. (Source: P.A. 87-1189; 88-455.)

Division 5. Department of Revenue

Sec. 16-200. Review of farmland and coal assessments.

Assessments in each county made under Sections 10-110 through 10-140 and 10-170 through 10-200 shall be subject to review by the Department to determine whether they are being made in accordance with those Sections. If it appears to the Department that local assessing officials are not assigning values determined under the Sections cited above, the Department may order a reassessment under Section 13-10 or may order that the Board of Review reconvene to correct those assessments. (Source: P.A. 80-1386; 88-455.)

Sec. 16-205. Limitation on Department review of individual assessments.

Nothing in this Code shall be construed to give the Department any power, jurisdiction or authority to review, revise, correct or change any individual assessment made by any local assessment officer. (Source: Laws 1943, vol. 1, p. 1136; P.A. 88-455.)

Article 25. Penalties

Sec. 25- 5. Delivery and receipt of collector's book before bond approved.

If any county clerk delivers the tax books into the hands of the county collector, or if any collector receives the books or collects any taxes before the collector's bond has been approved and filed, as required by this Code, the clerk and collector, and each of them, shall be liable to a penalty of not less than \$500, and all damages and costs, to be recovered in a civil action. The State's Attorney shall bring suit, in the name of the People of the State of Illinois. Nothing in this Section shall be construed as relieving the sureties of a collector from liabilities incurred under a bond not approved and filed as required by this Code. (Source: P.A. 76-2254; 88-455.)

Sec. 25-10. Failure of collector to obtain timely judgment or present list of errors.

If any collector, by his own neglect, fails to obtain judgment within the time prescribed by this Code, or fails to present his list of errors in assessment of property at the time required by this Code, he shall lose the benefit of any abatement to which he might have been entitled, and shall pay to the county the full amount charged against him, except that in the 10 years next following the completion of a general reassessment of property in any county with 3,000,000 or more inhabitants, the collector is under no duty to obtain judgment earlier than 30 days after taxes upon property have become delinquent and have begun to bear interest. (Source: P.A. 83-121; 88-455.)

Sec. 25-15. Knowing failure of local assessment officer to perform duties.

Any local assessment officer or other person whose duty it is to assess property for taxation or equalize any assessment, who refuses or knowingly or willfully neglects any duty required of him by law, or who consents to or connives at any evasion of this Code whereby any property required to be assessed is unlawfully exempted in whole or in part, or the valuation thereof is set down at more or less than is required by law, is guilty of a Class A misdemeanor. He or she shall also be liable upon his bond to the party injured for all damages sustained by that party. He or she shall also be removed from office by the judge of the court before whom he or she is tried and convicted. (Source: P.A. 77-2236; 88-455.)

Sec. 25-20. Knowing failure of public officer to perform duties. Every public officer who refuses to perform or knowingly neglects any duty enjoined upon him by this Code, or who consents or connives to evade its provisions, whereby any proceeding required by this Code shall be prevented or hindered, or whereby any property required to be listed for taxation is unlawfully exempted or the same be entered upon the assessment or collector's books at less than the value required by this Code, or the percentage as may be provided by a county ordinance adopted under Section 4 of Article IX of the Constitution of Illinois, shall, for every such offense, neglect or refusal, be liable, on the complaint of any person, for double the amount of the loss or damage caused thereby, to be recovered in a civil action in the name of the People of the State of Illinois in any court having jurisdiction, and may be removed from office at the discretion of the court. (Source: P.A. 80-247; 88-455.)

Sec. 25-25. Failure of officer to perform duties if no other penalty provided.

If any officer fails or neglects to perform any of the duties required of him by this Code, upon being required so to do by any person interested in the matter, and for the failure or neglect to perform that duty there is no other or specific penalty provided in this Code, he shall be liable to a fine of not less than \$10 nor more than \$500, to be recovered in a civil action in the circuit court of the proper county, and may be removed from office at the discretion of the court. Any officer who knowingly violates any of the provisions of this Code, for the violation of which there is no other specific penalty provided in this Code, shall be liable to a fine not less than \$10 nor more than \$1,000 to be recovered in a civil action in the name of the People of the State of Illinois, in any court having jurisdiction and may be removed from office at the discretion of the court. Fines when recovered shall be paid into the county treasury. (Source: Laws 1939, p. 886; P.A. 88-455.)

Sec. 25-30. Failure of collector to attend tax sale.

If any county collector or designated deputy fails to attend any sale advertised under this Code, and offer property for sale as required by law, he or she shall be liable to pay the amount of taxes, special assessments and costs due on the advertised property. The county collector may afterwards advertise and sell the delinquent property to reimburse himself or herself for the amount advanced by him or her, but at the sale no property shall be forfeited to the State. (Source: Laws 1939, p. 886; P.A. 88-455.)

Sec. 25-35. Failure of county clerk to attend tax sale or keep required records.

If any county clerk or designated deputy fails to attend any tax sale, or to make and keep the record, as required by this Code, he or she shall forfeit and pay the sum of \$500 and shall be liable to indictment for that failure. Upon conviction he or she shall be removed from office. The sum shall be sued for in civil action, in the name of the People of the State of Illinois, and when recovered shall be paid into the county treasury. (Source: Laws 1939, p. 886; P.A. 88-455.)

Sec. 25-40. Fraudulent return or schedule.

Any person who, with intent to defeat or evade the law in relation to the assessment of property, delivers or discloses to any assessor or deputy assessor a false or fraudulent list, return or schedule of his or her property not exempted by law from taxation, is guilty of a Class A misdemeanor. (Source: P.A. 77-2236; 88-455.)

Sec. 25-45. Duty of state's attorney to prosecute.

The State's Attorney of each county shall prosecute all violators of this Code. They shall receive as fees the sum of \$20 in counties with less than 3,000,000 inhabitants and \$40 in counties with 3,000,000 or more inhabitants for each conviction, to be taxed as costs, and 10% of all fines collected. The residue of all fines collected under this Code shall be paid into the county treasury for use of the county. (Source: P.A. 87-669; 88-455.)

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.

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 of 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 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 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 % 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 to 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 instructions to the assessors, inform them of any changes, and give them 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 on or before the 90th day following the certification of the final township assessment roll in the county, whichever is later. (Revised July 2016) 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 Board of Review then completes their review and changes. The CCAO then sends a report on equalization or 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. 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.

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 farmland, coal rights, farm buildings, and state-assessed property.
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	Cheap	82 percent
E	Very Cheap	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%.

$$\text{REL\%} + \text{Dep\%} = 100\%, \text{ or}$$

$$100\% - \text{REL factor expressed as a percent} = \text{percent of depreciation.}$$

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:

- 1-story
- 1 ½ story
- 2- story
- 2-story bi-level
- 2 ½ story
- Split-level or Tri-level
- 3- story

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

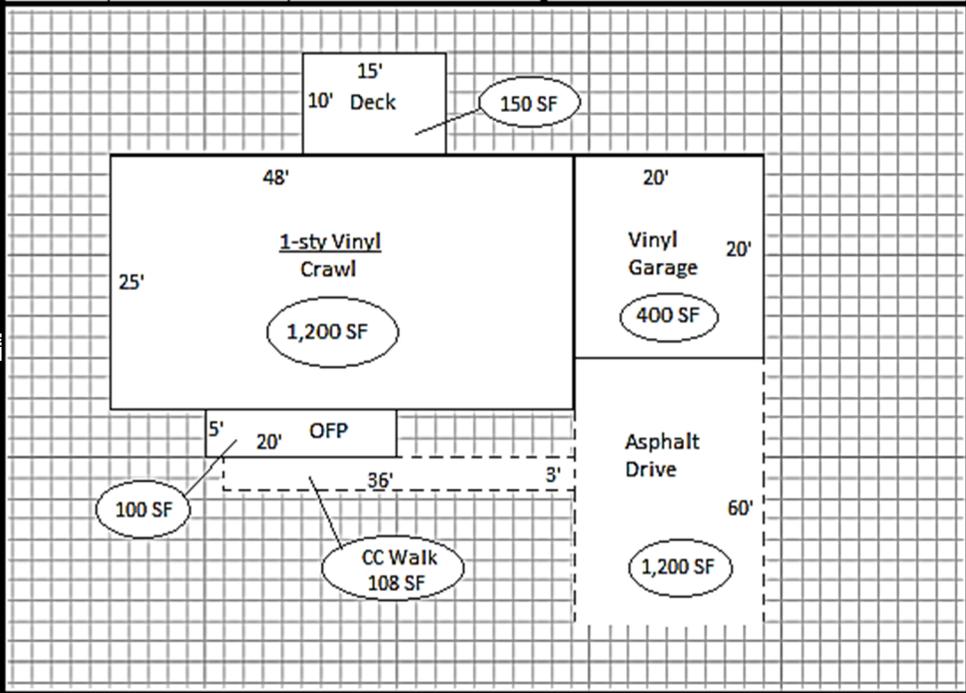


Dwelling Features

- 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 \$	CDU: Avg	Grade: C			
Vacant Lot	Dwelling	Other	Mobile Hom	A Fm	Summer Home	Row House	Post Fm.	Log Home	6	3	-	Fireplaces	Base Cost Computation					
Style/No. stories: 1-sty Unit type:									Interior Finish			Type: Pre-fab # 1	# Stacks: 1	Sty Hght: 1	Sty CG % (if app.) x Rate x SF = Sub-total			
Exterior Wall Construction									Finished Basement / Lower Level			Garage			1/Main 1 - 88.97 1,200 \$ 106,764			
Stud Frame			Concrete Block			Solid Stone			Half Upper Sty Finished Living Area			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)									OFF Scrn-in Kn-Wal EFP OMP EMP 2-Sty			Built-in			(On grade)			
Vinyl (Cost Grp 1)									OFF Scrn-in Kn-Wal EFP OMP EMP 2-Sty			Basement garage			1-Car 2-Car 3-Car			
Metal (Cost Grps 1, 2)									Wood deck			No Steps / No Rail			Memo			SFLA: 1,200 SF Total Base Cost: \$ 106,764
Fiber/Comp. (Cost Grps 1, 2)															Basement Crawl 1,200 SF (+) 9,000			
Resin (Cost Grp 3)															Heating/Central air -			
EIFS (Cost Grps 3, 6)															Plumbing (+) 3 - 2,790			
Stucco (Cost Grps 3, 6)															Attic +			
Paint on CC Blk (Cost Grp 3)															Porches OFF 100 SF (+) 3,604			
Brick Veneer (Cost Grps 4, 7)															Attach/Built-in garag 400 SF (+) 12,756			
Stone Veneer (Cost Grps 5, 8)															Sub-total 134,914			
Limestone Blks (Cost Grp 9)															Grade C x 1.00 1,00			
6-10" Logs (Log Hm Sch)															Graded total 134,914			
12" Logs (Log Hm Sch)															Other features			
Other															Pt. Msy Trim +			
Partial Masonry Trim															Fireplace Grade C (+) 2,100			
SF: Quality: Brk. 1 Stone 2 Art. 3															Finished basement +			
Roof															Schedule's RCN 137,014			
Shingle-aspha/composite/wood X															C x D 1.00 x 1.00 x 1.00 1.00			
Slate/file															NH x AP 1.00 x 1.00 x 1.00 1.00			
Metal/Other															True replacement cost new 137,014			
Solar Panel															Eff. Age: 10 REL x 0.89			
Attic															Depr: 11 %			
1 2 3 4															Full Value 121,942			
None Unfinished Part fin. Full fin.																		
% finished																		
Basement																		
1 2 3 4																		
Full Crawl Slab																		
Area without bsmt. 1,200 SF																		
Heating / AC																		
1 2 3 4																		
None Central Heat Air Cond. Other																		
Other (descr.)																		
Plumbing																		
Standard (5) 1																		
Additional Bathroom (3) 1																		
Additional Half bath (2)									Listed by: ABC						Total full value other improvements 8,436			
Additional Sink/Fixture (1)									Date: 01/02/2019						Total full value all bldgs & improvements 130,378			



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	2	3	4
None	Central Heat	Air Cond.	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	Scm-in	Kn-Wal	EFP	OMP	EMP	2-Sty
SF:	OFP	Scm-in	Kn-Wal	EFP	OMP	EMP	2-Sty
SF:	OFP	Scm-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 137. The relevant pages from the Publication 123 follow.

- 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	7.20	24.45	27.24	13.60

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	33.68	43.54	53.42	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	31.80	34.70	39.01	70.07	43.00	47.00	78.00	98.00

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 OFP 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	4,795
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
ck, patio, driveway, storage shed, etc.)						
Factor(s)	RCN	Age	CDU	REL	Full Value	
1.00	5,688	10	Avg	0.89	4,795	
1.00	664	10	Avg	0.89	591	
1.00	3,144	2	Avg	0.97	3,050	
Total full value other improvements					8,436	
Total full value all bldgs & improvements					130,378	

9. Total the Values

- The total full value of the dwelling and other improvements (excluding land) is **\$130,378**. (**\$121,942 + \$8,436**).

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 CBS and CIA 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					
Sales Price/ \$/SF					
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
Sales Price/ \$/SF		\$128,000/ \$94.81	\$120,000/ \$100.00	\$134,000/ \$86.45	\$135,000/ \$96.42
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 the 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 from 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.

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

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."

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

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."

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

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 12-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 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 the determining the levy
- calculate the 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 equalized assessed value. 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

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

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 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

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 (New)

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. 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.

Veterans with Disabilities Exemption for Specially Adapted Housing 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

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.

Standard Homestead Exemption for Veterans with Disabilities (SHEVD)

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.

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. The county will set the due date for when this application must be completed.

Returning Veterans' Homestead Exemption

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

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

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 \$55,000 and meet certain other qualifications, to defer all or part (up to a maximum of \$5,000) 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.

5. What is one reason that a Certificate of Error would not be issued?

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%. Therefore, a sales ratio study that resulted in a median level of assessment of 32.00% 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)

_____ ZIP _____
City or village

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., 61.002 rounds to 62).	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. IL-492-0227

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
- Railroads and railroad right-of-way

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.

Exercise 9-1 2018 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	Formulas
1 _____lowest	Sales ratio = $\frac{\text{Assessed Value} \times 100}{\text{Sales Price}}$ (x 100 gives you %)
2 _____	
3 _____	
4 _____	
5 _____	
6 _____	Median is #6, the value right in the middle
7 _____	_____
8 _____	
9 _____	
10 _____	*Ignore plus or minus signs when subtracting the median
11 _____highest	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 ⅓ %) 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 2019 AV's, taxes payable in 2020.

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 % and 35 1/3% 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 Supervisors of Assessment 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 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 intervener 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.

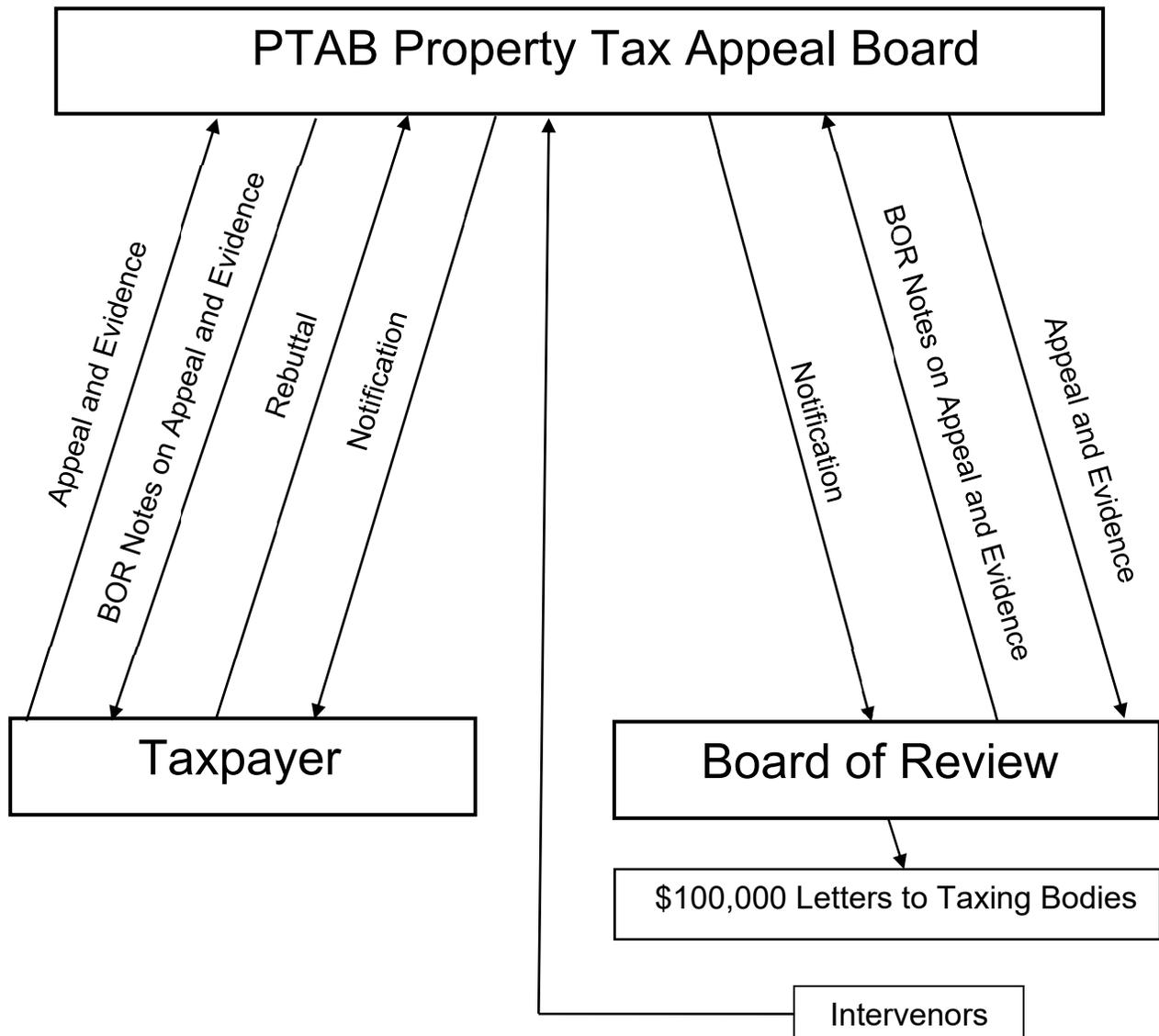
If the taxpayer is dissatisfied with the local Board of Review decision, then the difference of opinion is between the *taxpayer* and the *Board of Review*. The taxpayer can then file an **appeal** with the **Illinois Property Tax Appeal Board (PTAB)**. **PTAB** acts as the adjudicating body, examines 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 reasonable 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 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.

Web Links and Publications

Property Tax Division: www2.illinois.gov/rev/localgovernments/property/Pages

Property Tax Code (35ILCS 200): ilga.gov

Illinois Property Tax Appeal Board: ptab.illinois.gov

PTAX-1004 The Illinois Property Tax System

www2.illinois.gov/rev/research/publications/Documents/localgovernment/ptax-1004.pdf

Publication 123 Instructions for Residential and Condominium Schedules
www2.illinois.gov/rev/research/publications/pubs/Documents/pub-123.pdf

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. _____

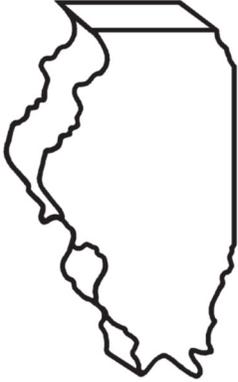
2. _____

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?



Board of Review

Basic Course

1-BR 001-035

Unit and Exercise

Answer Key

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**

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.

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

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?

$$100 \times 30 \times 12 = \underline{36,000} = \underline{\$302,775}$$

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?

$$6,000 \times 2 = 12,000 \times 12 = \underline{\$144,000} = \underline{15\%}$$

960,000

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 12-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 income of this apartment building?

$$\begin{array}{r} 6 \times 275 \times 12 = \$ 19,800 \\ 4 \times 350 \times 12 = \$ 16,800 \\ 1 \times 450 \times 12 = \underline{\$ 5,400} \\ \hline \$ 42,000 \end{array}$$

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 equalized assessed value. 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

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

Board of Review

2. Name the entity that has the final approval authority for all Non-homestead Exemptions: **Illinois Department of Revenue**

3. 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

4. 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

5. What is one reason that a Certificate of Error would not be issued?

For errors in judgement

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 = $\frac{\text{Assessed Value}}{\text{Sales Price}} \times 100$ (x 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.

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.