

PROPERTY TAX RELIEF TASK FORCE
Subcommittee: Assessments & Exemptions
Meeting Minutes
Friday, December 13, 2019
2:00pm

James R. Thompson Center
100 West Randolph Street
IDOR 7th Floor Media Room
Chicago, Illinois

MEETING START

Meeting Scheduled to Start: 2:00pm.

AGENDA

I. Welcome/Roll Call

- a. Representative Yingling called the meeting to order.
- b. Roll Call was taken. Quorum was met.

Name	Present
Representative Davis – Chair	No
Representative Didech	Yes
Representative Ford	No
Representative Greenwood	Yes
Representative Mayfield	No
Representative Mazzochi	Yes
Representative Meyers-Martin	Yes
Representative Ramirez	No
Representative Yingling	Yes
Senator Belt	Yes
Senator Ellman	Yes
Senator Martwick	No
Senator Righter	No
Senator Tracy	Yes

II. Approve previous Meeting Minutes

- a. A motion was made by Representative Yingling to approve minutes for prior meetings: October 4th, October 11th, October 25th, November 1st, November 15th, and December 6th, 2019. Motion was seconded by Representative Mazzochi.
 - i. **VOTE** - Minutes were approved unanimously by voice vote.

III. Setting Future Meeting Dates

- a. The next Assessment meeting will be held December 20, 2019

IV. Presentations

- a. Jennifer B. P. Truong, attorney with McCracken, McCracken & Behrens PC. Whitney Carlisle, attorney at O’Keefe Lyons & Hynes, LLC mostly practices property tax in the

Chicago area. Jerry Brown, attorney with Siegel & Callahan PC, specializing in property tax. Truong has been with the law firm since 2001 but a practicing attorney since 2012. She practices real estate tax matters and her clients are primarily single-family home owners and residential building owners (i.e. store fronts with an apartment above it). Real estate taxes aren't just about the property, it is about the people living in their homes and business owners that are concerned about how an increase will affect their business. She helps them navigate through the tax assessment and appeals process in Cook County, McHenry County, DuPage County and Lake County. She also helps them through the appeals process. In counties other than Cook the assessment is 33% of market value. In Cook homes are valued at 10% and Industrial are 25%. She also helps her clients at the Board of Review to insure proper tax assessment for their property. From there they can appeal to the Circuit Court or the Illinois State Property Tax Appeal Board. One of her first suggestions – utilizing mass data might not match the individual property on a macro data level. Each individual taxpayer is entitled to an assessment that values their individual property. Truong said the committee should encourage assessors around Illinois are mass appraising according to guidelines set out by the Illinois Association of Assessing Officials. They have excellent standards for assessing practices, how an office should function and how effective they are. She would discourage mandatory data collection and instead encourage data authorization. It will be more meaningful and is taxpayer friendly. It is more efficient to the taxpayer and to the government. Something electronic should be strongly encouraged so both Assessors and Board of Review can easily access data they already have. She would also caution doing anything that might infringe on the rights that tax payers have access to a fair and robust appeals system. Whether a taxpayer is using an attorney or appealing on their own they have the right to know how their assessment was sent and come to a resolution. She would encourage all resolutions to be resolved at the assessor's level or Board of Review. This would resolve any assessment issues prior to the tax bill being issued and may alleviate future pressures on the taxing district.

- b. Jerry Brown, attorney at Siegel & Callahan PC. The firm does exclusively property tax appeals. He has practiced law for 27 years. He appeals taxes for high level property owners, homeowners, apartment building owners, small businesses and investors. A dramatic increase in their property tax could mean the difference between having to sell the building, move, fire people or close the building. When they come to him stakes are quite high and can't afford the tax increase. Clients depend on him to help survive. He recommended making access to the appeals process as transparent as possible so it is easily understood and efficient – he also encouraged online filing with access to data. Avoid making the process cumbersome, difficult or lengthier. It is essential that property owners are able to appeal their assessment and have evidence properly and fairly in the appeals process.
- c. Whitney Carlisle is with the law firm of O'Keefe Lyons & Hynes, LLC. Has been working as a property tax attorney for 25 years. Handles primarily small property tax bills for commercial or apartment building, but also handles appeals for homes in Cook County and throughout the metro area. They are all a part of the system. Historically the appeals process was a very closed system but is starting to open up, mostly due to technology. Prior to that the only way to figure out how an assessment was made, was through the appeals system. Which over time, the appeals system has grown. Property tax was designed that property values will increase over time. This is generally true, but, when there is a large economic meltdown as we had a few years ago, it creates problems and the system is still recovering from the recession of 10 years ago. We can look at data that the cook county assessor puts out also you can look at county-wide assessed value. The county-wide tax base was \$7.25 Billion in 2008. The 2018 abstract shows \$64.9

Billion. Still has not recovered in terms of the assessed value. This mostly is due to the impact of an external factor. Because of the way the levy system is set up, with annual increases tied to consumer price index which is capped at 5%, there will always be an increase in the levy which can create pressure on the tax system that can last for years. The tax system is controlled by statutory provision. the constitution says taxes of real property should be levied uniformly. Cook County is the only one that is classified assessments have to be reasonable and uniform with any class. Not everything is assessed every year – In Cook County there are 3 assessing districts which are assessed every three years in a mass appraisal system. A tax district levy is the amount the taxing district asks for., usually submitted to tax districts in December. There are regulations in the statutes for levies – “Truth and Taxation” requires a public notice and hearing if the proposed levy increases more than 5% from previous year. “Rate Limits” levies certain funds such as education funds as a taxable fund for values. “Tax Caps” (PTELL) Property Tax Extension Limitation Law limits the taxing districts total extensions. Cook County assessors have formal procedures, established set of rules, published forms, expense data, real property and expense forms. Generally, the assessor in Cook County gets a document review, not formal hearings. At the Board of Review, you can ask for more hearings. He would like to see in the future an understanding of how the assessment was made. There is talk about consolidation taxing districts, and he believes this should be looked at. The largest driver of the tax is the schools, which need to be funded. Things to look at are tax levy regulations. He is suggesting a state circuit breaker or state aide for high rate tax jurisdictions. Big problem is the same value house is 20% tax rate but city of Chicago its 7%. It needs to be fixed. He also suggested something like state aid to the home owners in an overtaxed jurisdiction, maybe a homestead exemption, or schools, so the levies could be reduced.

V. Questions

- a. Representative Myers-Martin wanted clarification regarding changing the assessment from 3 years to 4 years. Carlisle said he was just describing the differences between Cook County and other counties – Cook is every 3 years and the others are every 4. He doesn't believe it would make a difference. Generally speaking more often is better, the problem is having resources to do this.
- b. Myers-Martin asked for explanation of data automation. Truong said currently Cook County is shared data between the assessor's office and the Board of Review. At present, the Board of Review is electronic where as Assessor's office is all paper which is not particular useful to anyone. If it was all the data was automated and electronic, they could transfer data easily and it would be valuable to the Board of Review and the taxpayers. There was a wealth of information that can be shared to the assessor's office. There needs to be a better way to access the data from sources to improve communications. Meyers-Martin – you're speaking of Cook County? Truong – Lake County is all electronically filed. Local assessors supply the board of review with their data. We're always searching for data, and we have it, we just do not have a good way to have the offices to talk to one another. It would make our services to taxpayers better because we would be able to present a homeowner with the data from multiple offices.
- c. Meyers-Martin – Are you able to speak to the problem with getting data from commercial properties. Brown – the Board of Review already has a lot of this data so if we can do more data sharing, they can use it in the initial assessment process in the Assessor's office. Meyers-Martin – So they are not able to share at all? Carlisle – We're on the outside. My understanding is that they need the data in a sharable format, not just on a PDF. It seems like both agencies are trying to do it and there were some intergovernmental agreements. I do not know if that is in a PDF format or if it's in a data

cell. Meyers-Martin – There’s legislation the assessor proposed because commercial property is underassessed because they do not have the proper data. The highest property taxed areas of the state are in the South Suburbs. Why is that. Carlisle – I agree that having data is great, but I do not know how it will solve a problem like that. The South Suburbs are suffering from a depressed tax base. We had practical concerns with the Assessor’s bill. We think it would be better voluntarily, at least to start, and some levels that require compliance. This could encompass a lot of smaller properties with people who do not understand what’s being asked. And then they are not even filing this electronically. A pilot might make sense. Brown – If the assessor makes better use of Board of Review data, we should see how things improve before requiring new filings. Truong – Hopefully, better data leads to better assessments. That does not necessarily lead to lower tax rates. But, if you get to a better assessment, you may grow your base, or you might reach a tipping point which would lead to an exodus.

- d. Representative Mazzochi – One of the concerns is there is a levy mismatch, which is towns needing to levy to pay Chicago area costs, but the land value base itself is not getting any of the benefits of a Chicago value add. What impact would it have if some portion of a levy had to be done at the county level rather than the municipality level, like schools or fire? Are there ways to even out some mismatch? Carlisle – It is possible. There are serious questions about constitutionality about basing things on value and uniformity. A high-value property in Chicago and its bearing the burden of taxes because of its higher value, but also enjoying a lower tax rate because of that value, is that a problem if you’re taking that advantage away. There’s practical concerns too, as some districts would benefit, and some would lose out. Pooling work better with you only have district. The City of Chicago and its schools works well, for example.
- e. Mazzochi – On the issue of the constitutionality of what you can value and how you can value it, is it that the methodology of the evaluation has to be the same, or that it must be based on some value and how you approach the methodology is a local issue. Carlisle – It depends. The methodology can matter, but mostly appeals are based on values, even if the methods were right. Sometimes the methods are so bad or discriminatory, then it could rise to constitutionality levels. The Department of Revenue does ratio studies which can help.
- f. Mazzochi – We’ve heard issues of burden of proof before the different appeal boards. Are there issues with too much deference or not enough? Brown – We’re opposed to increasing the burden of proof on the taxpayers in part because they could lose their home or business due to a negative finding. Mazzochi – A complaint we heard from the assessor’s office was that they would make a ruling, and it would go to the Board of Review that found in favor of the taxpayer, then the taxing bodies would get involved. It’s perceived that not having an appraisal makes a case look weak when it’s just based on comparable sales. Carlisle – Elevating the burden of proof will hit all taxpayers, including residential and small businesses. On comparable sales, there’s already a higher burden of proof. At PTAB and Boards of Review has interveners come in, especially in Cook County. They get notice on larger PTAB cases. Mazzochi – So, can a taxpayer rely on an agency decision if an intervener comes in. Carlisle – These are all de novo proceedings, so there’s no deference given to administration decisions.
- g. Mazzochi – Where do you see the biggest error in the assessments? Is it just mixing up the number of bedrooms or using the wrong neighborhood for comparable tax sales? Brown – We see with income producing properties there is a hard time measuring expenses or other factors that undermine the value of a property.
- h. Mazzochi – Assessor Kaegi wants to require properties to turn over that information so he can run statistical analysis on that, although she said she disagreed with the bill. Instead, it seems like he just needs more subpoena power to require businesses to prove

what they are recording is correct. She asked if the presenters had an opinion on what system might be better. Carlisle – Subpoenas can be intrusive and that worries me. Carlisle and Mazzochi talked about a requirement that if a taxpayer makes an appeal, they have to turn over some tax records as part of that appeal.

- i. Mazzochi – do you have recommendations to change the process on the residential assessment side. Brown – Additional state funding for schools would really help some areas like the south suburbs. Mazzochi – In my area, schools do not really get much state funding and they have really high property taxes. It would not really help my area, as much as it would help others. Carlisle – said he understands what she’s saying. He suggested looking at the current statutes on property tax law, like Truth in Taxation or PTELL. He called for more transparency and public action during the levy process.

VI. New Business. There was no new business. Yingling said there would be a meeting next week. He said he asked the subcommittees to send in final findings.

VII. Public Comment.

- a. Spencer Staton looked some different models of managing the assessment review process. Another large city has a board with representatives from each of the taxing bodies, which hires a certified chief appraiser, who then manages the review process. This gives a perception advantage by separating the board from politics and encourage a perception of fairness. Staton also said he read about someone who had submitted different appraisals on the same property to the taxing authorities and banks (for financing). There’s a question about the accuracy of assessments and oversight. Earlier this subcommittee heard testimony about how some of the property records were wrong and how that would impact the income-based side of an assessment. He used an example of someone claiming different occupancy rates to different authorities. He thought it seemed strange that the system effectively rewarded people who did not manage their properties well and did not achieve higher occupancy rates. Meyers-Martin asked about sending different appraisals for the same properties. Staton said an appraisal is an estimate and you can get different estimates from different appraisers. Mazzochi said she had drafted a bill that said someone who committed a fraud in a different jurisdiction, that evidence could be used in the jurisdiction where they owned property, and suggested reviewing that.

VIII. Adjournment.