

*Board of Review —
Basic Course*

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Course 1-BR Outline

Board of Review — Basic Course

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Review

*Exam 50 multiple choice questions

* A score of 70 percent (35 correct answers) is necessary to pass this course.



Please take a few minutes to complete this course evaluation form. Your opinions are important to us. We rely on the information that you provide to help us meet the future education needs of the assessment community. If you need more space, please use the back of this form.

Send your completed form to Jo Ellen Mahr, Assessment Education Manager, Illinois Department of Revenue - MC 4-500, 101 West Jefferson Street, Springfield, IL 62794-9033, or by email to JoEllen.Mahr@illinois.gov.

Thank you for your cooperation and assistance.

Course: _____

Instructor: _____

1 What were the strengths of this course?

2 What were the weaknesses of this course? How could these weaknesses be corrected?

3 What are the instructor's strengths?

4 What are the instructor's weaknesses? How could these weaknesses be corrected?

5 Were the classroom facilities adequate? Describe any improvements needed.

6 What are your suggestions for new courses?

Glossary — 1-BR

Ad valorem — according to value.

Ad valorem tax — a tax levied according to value.

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

Assessed value — the value placed upon property after multiplying its market value by the level of assessment.

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.

Building residual — the building value; sale price, less the lot value, equals building residual.

Capitalization — a mathematical process for converting the net income produced by a property into an indication of value. (Present value of future worth.) Used in the Income Approach to value.

$$\text{Net operating income (I in the IRV formula)} = \frac{I}{R \times V}$$

Capitalization Rate: R in the IRV formula; consists of the Equity, Effective Tax and Mortgage/Interest rates.

Equity rate - Annual rate at which invested capital is returned to the investor over a specified period; refers to income provision made to compensate for the loss of invested capital.

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.

Mortgage/Interest rate – interest rate used to convert future payments or receipts into present value.

Coefficient of dispersion (COD) — average deviation of a group of assessment ratios taken around the median; used to measure uniformity of assessments.

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

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

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

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

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

EII — a wing of a building at right angles to the main structure.

Equalization factor — a factor applied to each jurisdiction so all jurisdictions assess property at the same level of market value.

Equalized assessed value (EAV) — assessed value multiplied by any applicable equalization factor equals EAV.

Front foot price — supposes that each foot of lot frontage is worth the same dollar amount; used to indicate lot value.

Gross income multiplier (GIM) — the GIM is a unit of value used in the sales comparison approach. The GIM is calculated by dividing the sales price (SP) by the potential gross income (PGI) or potential gross rent. Once the GIM is established,

$$\text{Market value} = \text{GIM} \quad \times \quad \text{PGI}$$

[from comparables] [of the subject]

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).

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

Legal description — a description in words and numbers judged legally sufficient to locate and identify a parcel of land.

Level of assessments — ratio of equalized assessed value to sale price.

Market value — 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.

Mean — an arithmetic average.

Median — the middle value of a group of numbers after they have been ranked.

Mode — the number that occurs most frequently in a set of numbers.

Principle of substitution — The informed buyer is not justified in paying anything more for a property than it would cost him to acquire an equally desirable substitute property.

Property index number (PIN) — 14 numbers that reflect the geographical location, legal description, and special use of a parcel of land.

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

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

Replacement cost new (RCN) — represents current cost of replacing an improvement.

Rectangular survey system — also known as the Governmental Survey System, established in 1785; a system in which land is divided in a grid like fashion consisting of principal meridians, baselines, townships, ranges, and sections.

Remaining economic life (REL) — period of time, from the date of valuation, over which a prudent investor would reasonably expect to recapture his investment.

Sales comparison, or market approach — calculating the value of properties by observing and analyzing the selling prices of comparable properties.

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 $\frac{20}{100}$.

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 particular 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 added to the left of the "5" to provide the second place before the decimal point (located 5.%) can be moved two places to the left in this example.) .05 is also read as 5 hundredths or 5 parts of 100 parts. Similarly, $8\frac{1}{2}\%$, or 8.5%, becomes .085.

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

To multiply or divide percentages: First convert the number to a decimal by moving the decimal point 2 places to the left. If a number does not have a decimal point, it is considered to be at the right of the number.

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

After the number has been converted to a decimal number, complete the calculation on the calculator and convert the answer back to a percentage by moving the decimal point 2 places to the right and write a % symbol.

Examples of Multiplying Percentages:

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

$$(2) 11 \times 8\% = 11 \times (.08) = .88 \text{ or } 88\%$$

Examples of Dividing Percentages:

$$(1) 20\% \div 5\% = (.20) \div (.05) = 4$$

$$(2) 20 \div 5\% = 20 \div .05 = 400$$

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

Examples:

$$27\% = \$27 / \$100 \text{ AV} = \$27 \text{ per } \$100 \text{ AV}$$

$$.0382 = 3.82\% = \$3.82 / \$100 \text{ AV or } \$3.82 \text{ per } \$100 \text{ AV}$$

To convert a \$ / \$100 AV to a mill rate (\$ / \$1000 AV): Move the decimal point one place to the right.

$$1 \text{ mill} = \$1.00 / \$1000 \text{ AV}$$

Examples:

$$\$2.58 / \$100 \text{ AV} = \$25.8 / \$1000 \text{ AV} \text{ usually written as}$$

$$\$25.80 / \$1000 \text{ AV or as } 25.8 \text{ mills}$$

Exercise 1: Converting decimals to percents to \$/\$100 AV to mill rate

	Decimal	Percent	\$/\$100 AV	\$/\$1000 AV (mills)
1.	_____	12%	_____	_____
2.	_____	1.75%	_____	_____
3.	.0325	_____	_____	_____
4.	.0004	_____	_____	_____
5.	_____	_____	\$2.55/\$100 AV	_____
6.	_____	.06%	_____	_____
7.	.1234	_____	_____	_____
8.	_____	_____	\$.033/\$100 AV	_____
9.	_____	_____	_____	4.28 mills
10.	.0225	_____	_____	_____
11.	_____	.450%	_____	_____
12.	_____	_____	_____	1.62 mills

Percentages and decimals can be added, subtracted, multiplied, or divided.

Adding

20%	.20
+ 5%	+ .05
25%	.25

Subtracting

20%	.20
- 5%	- .05
15%	.15

Multiplying	20%	.20
	x <u>5%</u>	x <u>.05</u>
	1%	.0100
	20	20.00
	x <u>5%</u>	x <u>.05</u>
	1.00	1.0000

Dividing	20%	÷	5%	=	4
	.20	÷	.05	=	4
	20	÷	5%	=	400
	20	÷	.05	=	400

Factors

The factoring process involves the adjustment of a number by multiplication, resulting in a product either more or less than the original value.

There are many types of factors that may be used by an assessor to accurately value the individual characteristics of a parcel of property. Some examples include quality grade, remaining economic life (REL) and depreciation (DEP), cost, and time.



The appraisal publications' replacement cost new (RCN) value of \$110,400 must be adjusted to reflect a 4% increase in value due to a cost factor. To determine the factor to be used in this situation, add the 4% amount of the increase from 100%. 100% represents the original value.

$$\$110,400 \times 104\% = \$114,816 \text{ or } \$110,400 \times 1.04 = \$114,816$$

The Appraisal Publications' RCN value of \$114,816 must be adjusted to reflect a 4% decrease in value due to a cost factor. To determine the factor to be used in this situation, subtract the amount of the decrease from 100%. 100% represents the original value.

$$\$110,400 \times 96\% = \$105,984 \text{ or } \$110,400 \times .96 = \$105,984$$

Chain multiplication

Chain multiplication is the process of multiplying a series of numbers or factors by one another in order to produce one adjusted number or factor.

**Examples
of chain
multiplying**

Front feet x \$/FF x shape factor = value of the site

$$50' \times \$100/\text{FF} \times .65 = \$ 3,250$$

Cost factor x design factor x neighborhood factor = adjustment factor

$$.96 \times 1.22 \times 1.15 = 1.346880 \text{ or } 1.35$$

Land values

The assessor must place a separate assessment on both the land, or site, and the improvements. Common land values that are used in this process are dollar per square foot values and dollar per acreage values. Before either dollar values can be determined, the total square footage of area, or the total acreage, must be calculated for the site.

To determine the square footage of a site, multiply the length of the site by the width of the site. **L x W**

For irregularly shaped sites, it may be necessary to divide the site into rectangles and triangles and add them together. The area of a triangle is found by multiplying the base by the height and dividing by 2. **$\frac{B \times H}{2}$**

To convert total square footage into total acreage, divide the square footage by 43,560, the total square footage in an acre.

Exercise 2 Land values*

	Site shape	Measurements	Square footage	Approx. acreage
1	Rectangular	400' x 800'	<u>320,000</u>	<u>7.3 (7.34)</u>
2	Rectangular	320' x 480'	<u> </u>	<u> </u>
3	Triangular	320' x 480'	<u>76,800</u>	<u>1.8 (1.76)</u>
4	Triangular	150' x 180'	<u> </u>	<u> </u>
5	Square	150' x 150'	<u> </u>	<u> </u>
6	Triangular	600' x 900'	<u> </u>	<u> </u>

Formulas

Income approach	$\frac{I}{R \times V}$
Net income	gross rent - expenses
Gross income multiplier (GIM)	$\frac{\text{sales price}}{\text{gross rent}}$
Unit price	$\frac{\text{sales price}}{\text{no. of units}}$
Room price	$\frac{\text{sales price}}{\text{no. of rooms}}$
Adjusted sales price	sales price (+ or -) adjustments
Adjusted unit price	$\frac{\text{adjusted sales price}}{\text{no. of units}}$
Adjusted room price	$\frac{\text{adjusted sales price}}{\text{no. of rooms}}$
Average apartment unit size	$\frac{\text{SFFA* of finished portion of building}}{\text{no. of units}}$

*Square foot of floor area (SFFA) = SFGA x no. of floors

Unit 1

An Overview of the Property Tax Cycle and the Appeal Process

This unit covers the history of property taxation, gives an overview of the property tax system, the property tax cycle, and the appeal process.

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 the creation of the books through their use in the preparation of the collector's books,
- identify the roles various township and county officials play in the property tax cycle, and
- 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 assessment

An overview of property tax

When Illinois became a state in 1818, the constitution contained a provision for taxing property in direct proportion to the value of property. From 1818 to 1930, amendments to the constitution provided the state with various powers concerning property taxation. The last year the state levied real estate taxes was 1932. Since then, property taxes have been levied at the local level.

Property tax is governed by the Property Tax Code, 35 ILCS 200/1-1 through 32-20. Property tax is a local tax assessed by the county or township. Revenues from property tax are collected and spent at the local level. The department 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. Some examples of personal property include automobiles, livestock, money, and furniture.

All owners of real property must pay property taxes unless specifically exempted by state law. Owners of business, industrial, agricultural, and residential property all pay property taxes directly. Renters also contribute to the property taxes, but do so indirectly through their rent. Landlords consider taxes as a cost of doing business and adjust their rents to cover this cost.

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 the department, who distributes the monies to the 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 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 the value of the property owned, and is assessed according to its value. For this reason it is often called an ad valorem tax. Value is a complicated concept with many definitions. 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 the property is owned in “fee simple” meaning that the total bundle of rights is considered to be intact.

The determination of market value for tax purposes is the job of assessors, who use one or more of the following three basic approaches to estimate market value:

- 1 sales comparison, or market approach** — calculating the value of properties by observing and analyzing the selling prices of comparable properties;
- 2 cost approach** — calculating the cost of replacing the improvements, subtracting accrued depreciation, and adding land value; and
- 3 income approach** — calculating the present worth of the income from an income-producing property.

The determination of market value requires skilled and knowledgeable board of review members. To encourage assessing officials to improve their knowledge and skill in determining value, the state pays a stipend to any supervisor of assessments, assessor, deputy assessor, or member of a board of review, who earn certain professional designations and continue 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 it can be divided into six steps.

- | | |
|----------------|-------------------------------|
| 1 assessment | 4 levy |
| 2 review | 5 extension |
| 3 equalization | 6 collection and distribution |

The assessment cycle

The **assessment cycle** begins with the creation of the assessment books and ends with the 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, and
- 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 a value for it on the tax rolls.

This value is known as the assessment and is the basis for determining what portion of the total tax burden each property owner will bear. In Illinois, the **statutory assessment level** is one-third or 33 $\frac{1}{3}$ percent of market value, unless set otherwise by law.

Most property is locally assessed by township and county officials. In all counties except Cook and the 17 commission counties, township or multi-township assessors have primary assessment responsibility. There are over 900 elected assessors in Illinois.

Assessors must qualify to hold office on the basis of prescribed course work in assessment techniques.

In the 17 commission counties — Alexander, Calhoun, Edwards, Hardin, Johnson, Massac, Menard, Morgan, Monroe, Perry, Pope, Pulaski, Randolph, Scott, Union, Wabash, and Williamson — that have no township level of government, the supervisor of assessments has the primary assessment responsibility. In Cook and St Clair counties, the county assessor takes the primary responsibility for the assessment of property.

Supervisors of assessments and county assessors are also referred to as chief county assessment officers (CCAO). The work of 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 the department, and possess a professional appraisal designation specified in the statutes. Some counties have an elected supervisor of assessments. The county assessors in Cook and St. Clair counties are elected.

A few types of property are assessed by the state, such as railroad operating property, railroad right-of-way and track, and pollution-control facilities that have been certified as such by the Illinois Environmental Protection Agency. The value of **state-assessed property** is a small percentage of the value of all taxable property. State-assessed property is valued by the department and these assessments are certified to the appropriate county clerks for inclusion in local tax bases.

In Illinois, property is to be viewed, inspected, and revalued once every four years in all counties but Cook, which has a three-year reassessment cycle and triad assessment districts. Between these quadrennial assessments, assessors may revalue any property whose value has changed or is incorrect. Farm acreage must be reassessed annually.

The **assessment date** in Illinois is January 1. On that date, the assessment cycle begins for all real property which must be valued as to its condition at that point and time. The Property Tax Code requires that on or before this date, the CCAO calls on the county clerk to receive the assessment books listing all parcels of real estate to be assessed in each of the townships in the county. The assessment book has columns for the property index number (PIN), the name of 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 from the department to the CCAO. These values are used to make the 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 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 to examine the books and make any changes necessary to achieve fairness. Assessment books are then given to the county 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.

Steps 2 and 3: Review and equalization

Review and intra-county equalization (in all counties except Cook) are performed by the CCAO and the board of review. While both the CCAO and the board of review have the power to equalize, normally only one will do so. Review at this level is generally an informal

review of the assessment roll. Formal review on a complaint by the taxpayer takes place at the board of review.

The CCAO examines the assessment book and makes any changes that will make assessments more equitable. He or she may equalize assessments by applying a factor to all assessments for a township, an area, or a class of property. All assessments that have been changed from the previous assessment year must be published in a newspaper. However, only the equalization factor must be published for properties that had assessment changes due solely to equalization. Individual notices must be mailed to taxpayers whose assessments were changed for any reason other than an equalization factor.

Any assessment change made by the CCAO is entered in his or her column in the assessment books. The CCAO certifies the assessment books to the county board of review by the third Monday in June, and compiles and sends a tentative abstract of assessments to the department. The department uses the information on the 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 equalization factor, often called a "tentative state multiplier," to the CCAO and county clerk and holds a public hearing on the factor.

The board of review convenes on 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 has several important duties in the assessment cycle. For prior years, the board assesses property that was inadvertently omitted from the assessment rolls. They hear the formal complaints of taxpayers and make any necessary assessment changes. The board can also make individual assessment changes on its own volition. However, the taxpayer and township assessor must be notified of these changes and given an opportunity to be heard before the board.

In addition, the board reviews applications from property owners, such as churches, schools, and local governmental units who believe their properties should be exempt from property taxes. The board makes a recommendation to the department as to whether these properties should be exempt. The department makes the final determination. The board of review (except in Cook county) also equalizes assessments by township, area, or class of property and sends a report on equalization to the department.

Any assessment changes are entered in the board of review's column in the assessment books. Whenever any assessment change has been made by the board of review, the board must mail change of assessment notices to the taxpayers and make a full and complete list of all changes in assessments made by the Board of Review and final equalization factors applied by the Board of Review. A copy of the list 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.

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 the department uses in the computation of the final equalization factor for the county. Once the county clerk receives the department's certification of the final equalization factor and the certification of the state-assessed railroad operating property and pollution control facilities, he or she 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 EAVs are the final values used to compute tax rates and to extend taxes. This completes the assessment cycle.

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 townships. In Cook and St Clair counties, the county assessor assesses real property

Township assessor	Values real estate as of January 1 and returns books to CCAO by June 15 (Lake July 15, DuPage November 15); can equalize, except in Cook county.
CCAO	<ol style="list-style-type: none"> 1 Reviews assessments made by township assessors; makes changes. 2 Equalizes assessments within county by class, by area, or by township, except in Cook county. 3 Mails change of assessment notices to taxpayers. 4 Publishes changes in newspaper of general circulation. 5 Delivers books to board of review by the third Monday in June. 6 Prepares and signs tentative abstract of assessment report; mails report to the department.
Department of Revenue	<p>Develops tentative equalization factor; publishes factor in newspaper.</p> <p>Holds public hearing.</p>
Board of review	<ol style="list-style-type: none"> 1 Assesses omitted property. In Cook county, the county assessor is directed to assess omitted property. 2 Acts on non-homestead exemptions and mails to department for approval. 3 Hears complaints and makes assessment changes on any property when deemed necessary. 4 Mails change of assessment notices to taxpayers. 5 Equalizes assessments within county by class or area, if necessary, except in Cook county. 6 Delivers books to county clerk and to CCAO. 7 Mails report on equalization to department. 8 Makes a list of assessment changes and equalization factors; submits a copy to the county clerk and the CCAO.
County clerk	Prepares, and signs, final abstract of assessments and mails to department.
Department of Revenue	Certifies final equalization factor and mails to county clerk.
County clerk	Applies equalization factor to all local assessments, except farmland, farm buildings, coal rights, wind turbines*, and state-assessed properties.
Department of Revenue	Certifies state assessments and mails to county clerk.
County clerk	Totals the EAV for each taxing district.

* Wind turbines over .5 MW nameplate capacity

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 allocated to 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 a public hearing on this budget. Taxpayers who are concerned with the amount of property tax distributed to taxing districts should attend these public hearings and voice their opinions concerning how much money will be needed from the property tax.

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 that taxpayers will pay on their property tax bills 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 the department 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 EAVs of the individual parcels of real estate.

In the first step, tax rates are computed by dividing a taxing district's levy by the total EAV of all parcels of property in the taxing district. Some tax rates are subject to statutory maximums. If the calculated rate is above the maximum rate, the county clerk uses the maximum rate.

**Example
computation
of tax rate**

$$\begin{aligned} \text{Levy} &= \$1,000 \\ \text{EAV of property} &= \$100,000 \\ \text{Tax rate} &= \frac{\text{Levy}}{\text{EAV}} \\ \text{Tax rate} &= \frac{\$1,000}{\$100,000} \\ \text{Tax rate} &= .01 \text{ or } 1 \text{ percent} \end{aligned}$$

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

In the second step of the extension process, the individual tax bills are extended in the collector's book by multiplying the EAV of each property by the sum of the tax rates for all districts in which the property is located. This sum is called the aggregate tax rate. A typical aggregate rate would include rates for the county, township, school district, and municipality, and could also include rates for a park district, fire protection district, library district, *etc.*, depending on where the property is located.

**Example
of tax
extension**

Assume the property's aggregate tax rate is \$7.00/\$100 and the property's EAV is \$20,000.

$$\begin{aligned} \text{Tax bill} &= \text{EAV} \times \text{aggregate tax rate} \\ \text{Tax bill} &= \$20,000 \times \$7/\$100 \text{ (or } .07) \\ \text{Tax bill} &= \$1,400 \end{aligned}$$

For this example, the collector's books would normally show an abbreviated legal description of the property,

the owner's name, the property index number (PIN), the EAV of \$20,000, the tax code that indicates what combination of taxing districts the property is located in, the aggregate tax rate of \$7.00/\$100, the tax bill in two equal installments of \$700 each, and spaces to enter the payments for the two installments.

The statutory date for the delivery of the collector's books from the county clerk to the county treasurer, who also serves as the *ex officio* county collector, is December 31 of the assessment year. As a practical matter, the collector's books are not normally given to the county treasurer until March or April of the year following the assessment year, since the levies are not due until the last Tuesday in December and some boards of review adjourn in December or later. This is 15 to 16 months into the property tax cycle.

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 1 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 by September 1. Once the treasurer begins receiving money from either installment, he or she distributes the monies 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.

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 taxes remain unpaid, the court will order a lien to be sold at the tax sale in the amount of the unpaid property taxes, interest, penalty, and fees.

The tax sale usually occurs in late October, approximately 22 months into the property tax cycle, with the county clerk and 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 lien, starting at 18 percent 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, 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 budget and levy cycle.

Budget and levy cycle

- Taxing body**
- 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**
- 1 Calculates tax rates and computes aggregate tax rate for each combination of taxing districts.
 - 2 Extends taxes on 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)**
- 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 a notice of application for judgment on real estate.

-
- Circuit court**
- Pronounces judgment for sale of a lien on real estate due to nonpayment of taxes.
Rules on tax objections.

-
- County clerk and treasurer**
- Administers sale of lien on real estate due to nonpayment of taxes.

* Cook County uses the 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.

Property Assessment Appeals

Property taxes are levied, collected, and spent locally to finance a major part of the services that local units of government provide to their citizens. Since property is assessed at the local level, the department has no direct involvement in the assessment appeal process. The following is a general guide to the assessment appeal process in Illinois.

When going through the appeal process the property owner is appealing the assessed value of the property, not the tax bill. The amount of the tax bill is determined by the tax rates that are applied to the assessment by various taxing districts, such as schools, parks, libraries. If the assessment is to increase the county must publish the change in a local newspaper. Tax rates are not an issue in the appeal process, only the amount of the assessment. Once the tax bill is received, it is generally too late to make an appeal for that year's assessment.

Reasons for an appeal

A formal complaint may be filed based on any of the following claims:

- The assessor's market value is higher than actual market value. This claim can be supported if the property has recently been purchased on the open market or if a professional appraisal is supplied.
- The assessed value is at a higher percentage of market value for the property than the prevailing township or county median level, as shown in an assessment/sales ratio study.
- The assessment is based on inaccurate information, such as an incorrect measurement of a lot or building.
- The assessment is higher than those of similar neighboring properties.

Informal appeal

If a property owner has a complaint, the local assessing official should be the first person contacted. An assessor who still has assessment books for a given year can correct any assessment. Calling an erroneous assessment to the assessor's attention early in the year may result in a correction without using the formal

appeal process. Property owners should contact their township or county supervisor of assessments for information.

In Cook County, the Cook county assessor's office will review assessments. Property owners should contact the county assessor's office for information regarding rules for filing assessed valuation complaints.

Formal appeal

If the informal appeal is unsuccessful, the property owner should proceed with a formal appeal to the reviewing board in the county in which the property is located.

Steps in the appeal of assessments

An appeal of assessment, other than farmland or farm buildings, has seven steps.

- 1 Determine the fair market value for the property.
- 2 Determine the prevailing assessment level in the jurisdiction.
- 3 Obtain the assessed valuation of the property.
- 4 Discuss the assessment with the assessor.
- 5 Determine the basis for the formal complaint.
- 6 File a written complaint with the board of review.
- 7 Present evidence of unfair assessment at the hearing to the board of review. If a property owner is dissatisfied with the board's decision, the owner can appeal the decision to the State Property Tax Appeal Board, in writing, or file a tax objection complaint in circuit court.

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

Evidence needed

To support a claim of an unfair assessment, supporting evidence is required. Some evidence may be obtained from the township or county assessing official's office, from a professional appraiser, or through research. Pertinent evidence for nonfarm property may include some or all of the following:

- a copy of the property record card (PRC) and photograph for the property under appeal,
- a copy of Form PTAX-203, Real Estate Transfer,
- Declaration, a deed, or a contract for purchase,
- an appraisal of the property,
- a list of recent sales of comparable properties, including photographs, PRCs, and evidence of the sale prices,
- a photograph of elements detracting from the value of the property not shown on the PRC and an estimate, in terms of dollars, of their negative effect on the market value, and
- a copy of PRCs and photographs of similar or neighboring properties.

Additional assistance available

The department provides assistance with the appraisal of commercial and industrial properties having an assessment, (prior to equalization by the department) of \$350,000 or more, for counties of less than 3 million inhabitants. This assistance is available to assessors and CCAOs who have a complaint or appeal of a property pending before the board of review or State Property Tax Appeal Board.

A written agreement must be reached between the department and the assessing official making the request. The agreement must specify all of the project details.

The department provides information regarding:

- comparable sales data,
- appraisal techniques,
- appraisal publications
- coal and mineral assessments, and
- the assessment of pollution-control facilities and railroad operating property, which is state-assessed property.

Role of the board of review

Section 16-55 of the Property Tax Code for counties under 3,000,000 states “On written complaint that any property is over-assessed or under-assessed, 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.”

For Cook county, Section 16-115 states “. . . complaints that any property is overassessed or underassessed or is exempt may be made by any taxpayer.” Complaints may also be made by a taxing district.

Reviewing assessment complaints is perhaps the most important function performed by the board during its session. A great deal of time, energy, and resources is required to ensure that a fair sharing of the tax burden through equity of assessments is achieved throughout the jurisdiction.

As board of review members, it is very important to have a broad knowledge of all aspects of the valuation and appeal 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.

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 sales comparison or market approach, the cost 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 complaints and makes changes to assessments when deemed necessary. The board of review makes the final decision on property values at the county level.

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 court for judgment against the property for delinquent taxes, interest, and penalties which results in a lien being placed on the affected property. The county clerk and the **treasurer** then administer a sale of the lien at a tax sale each year. Only the lien for unpaid taxes, interest, and penalties is sold, not the real estate.



Unit 1

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 properties 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?

1 _____

2 _____

10 A For all non-commission counties except Cook:

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

1 _____

2 _____

3 _____

4 _____

5 _____

6 _____

10 B For Cook County:

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

1 _____

2 _____

3 _____

4 _____

11 In all counties except Cook, property is to be viewed, inspected, and revalued once every ____ years.

Cook county has a ____ year reassessment cycle.

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

Unit 2

Duties, Responsibilities, and Procedures of Boards of Review and the Property Tax Code

This unit covers the general duties of the members of the boards of review and the statutory authority for performing those duties. Various articles and sections of the Property Tax Code are also featured.

The purpose of this unit is to provide a basic understanding of the responsibilities of the board of review and show where to look in the Property Tax Code for guidance in performing those duties.

Learning objectives

After completing the assigned readings, you should be able to:

- identify the basic duties and responsibilities of boards of review, and
- have a general understanding of the various provisions related to those duties in the Property Tax Code and where to locate them.

Terms and concepts

The Property Tax Code
Article 5 - Boards of Appeal
Article 6 - Boards of Review
Article 9 - General Valuation Procedures
Article 12 - Assessment Notice and Publication Provisions
Article 15 - Exemptions
Article 16 - Review of Assessment Decisions
Article 25 - Penalties

Duties, Responsibilities, and Procedures for Boards of Review

The board of review is the final local authority with the power to ensure a uniform and equitable local property assessment.

Once an assessment is completed, the township assessor no longer has jurisdiction over the assessment for that particular year. The township assessor returns the assessment books to the chief county assessment officer (CCAO), who is empowered to make necessary revisions before the assessment changes are published. Once the assessments are published, the books are certified to the board of review.

The primary duty

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 make the necessary corrections to ensure uniform results. This, in turn, ensures that the tax burden is equitably and uniformly distributed among all taxpayers within a particular 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 Is comparable property valued similarly?
- 3 Is the median level of assessment 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 CCAO in accordance with Section 16-55 of the Property Tax Code.)
- 3 Add** taxable property to the roll. (After notice to the taxpayer and an opportunity for hearing, when real property has been omitted for the current or prior years)
- 4 Determine the exemption** of homestead property.
- 5 Assess** property no longer exempt from taxation.

The owner of the (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. See *People ex rel. Shirk vs Glass* (1956), 9 Ill. 2d 302, 310.

- 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 either on its own motion or on the complaint of a property owner or a taxing body.

- 7 Review** non-homestead exemption applications and make recommendation to the department for final determination.
- 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 published by boards of review

Section 9-5 of the Property Tax Code provides that boards of review “shall make and publish reasonable rules for the guidance of persons doing business with them and 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 or procedures, while others can get by with simple rules.

Examples of the department’s guidelines follow.

Rules governing hearings before the board of review of _____ County for the year _____.

1 Place of meeting

Regular meetings 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 minutes of preceding meeting.
- b** Filing of complaints and petitions.
- c** Reading of petitions.
- d** Consideration of petitions.
- e** Consideration of proposals to equalize assessments between townships or between classes of property.
- f** Hearing of owners or their qualified agents.

4 Time of filing complaints

All 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 of assessment complaints

Complaints relating to real estate must be filed on Form PTAX-230, Non-Farm Real Property Assessment Complaint. 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.

6 Claims for exemption by:

- 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 Agency Property Tax Exemption.
- Charitable, educational, and governmental organizations, other than federal and state agencies, must be filed on Form PTAX-300, Application for Property Tax Exemption.

These application forms must be completed and all of the supporting documents attached. The required attachments are listed on each form. Some examples include:

- a** Proof of ownership, such as a deed, title insurance policy, or contract for deed.
- b** Exterior picture of the property.

- c Affidavit stating the specific uses of the property, the frequency of the uses, and the portions of the property put to those uses. The burden of proof is on the applicant.

7 Docket of cases

When a 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 assessment 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 that time.

9 Petitions for equalization*

Petitions addressed to the board regarding matters of equalization must indicate clearly 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

The CCAO shall serve as a 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 Form PTAX-243, 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. Hearing on board's motion to increase assessments, numbers _____, _____, _____, _____.
- e. Prepare publication notice of proposed equalization in _____ Township, or assessment district.
- f. Hearing of the 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.

2 Form PTAX-244, Board of Review Case Docket

This is a supplement to the minute book and may appear in the same book as the minute book, but in a different section. 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 also 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 the Department.

Essential board of review forms

- PTAX-207 Notice of Final Decision on Assessed Value by Board of Review
- PTAX-227 Farm Property Assessment Complaint
- PTAX-229 Notice of Proposed Change in Assessed Value by Board of Review

- PTAX-230 Non-Farm Property Assessment Complaint
- PTAX-238 Certificate of Error
- PTAX-242 Notice of Board of Review Hearing
- PTAX-323 Application for Homestead Improvement Assessment
- PTAX-324 Application for Senior Citizens Homestead Exemption
- PTAX-329 Certificate of Status Senior Citizens Homestead Exemption
- PTAX-330 Application for Solar Energy Assessment
- PTAX-333 Application for Airport Purposes Assessment
- PTAX-334 Application for Open Space Purposes Assessment
- PTAX-340 (year) Senior Citizens Assessment Freeze Homestead Exemption Application and Affidavit
- PTAX-341 Application for Returning Veterans' Homestead Exemption
- PTAX-342 Application for Disabled Veterans' Standard Homestead Exemption DVSHE
- PTAX-343 Homestead Exemption for Persons with Disabilities
- PTAX-762 Application for Demonstration Home Assessment

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.

Equalizing assessments

Equalization is the adjustment of assessed values between geographic areas or between classes of property so that the 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 towards the statutory level of 33 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.

In Cook county, the owner of the omitted property must be given written notice and an opportunity to be heard.

Suggested sources of information

Real estate tax maps
Aerial maps
Building permits
Occupancy permits

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.

Completing the work of the board

For the property tax system to function properly it is of utmost importance to follow the deadlines stated in the Property Tax Code as closely as possible. Each board, except the Cook County board, **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 15 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.

Department Recall

The Director of the Department is authorized to order the board of review to reconvene in extraordinary session to enable the board to further revise, correct, and equalize the assessment of any property in the county, or any assessment district in the county, under Section 13-10 of the 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.

The Department publishes cost schedules using the appraisal publications system and the **Illinois Property Tax System**, aimed at improving the assessment, review, and equalization procedures. These books may be obtained on our website at tax.illinois.gov under “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.

Board of review educational requirements

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.

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

Individuals who have successfully completed either the 3-day 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.

An exam, administered by the Department, is required for all board members in counties of 100,000 or more but less than 3,000,000 inhabitants. The exam results are good for three years following the date in which the name was placed on the eligibility list or as long as the board member is in continuous service.

Note: 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 the Department.

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 the 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.

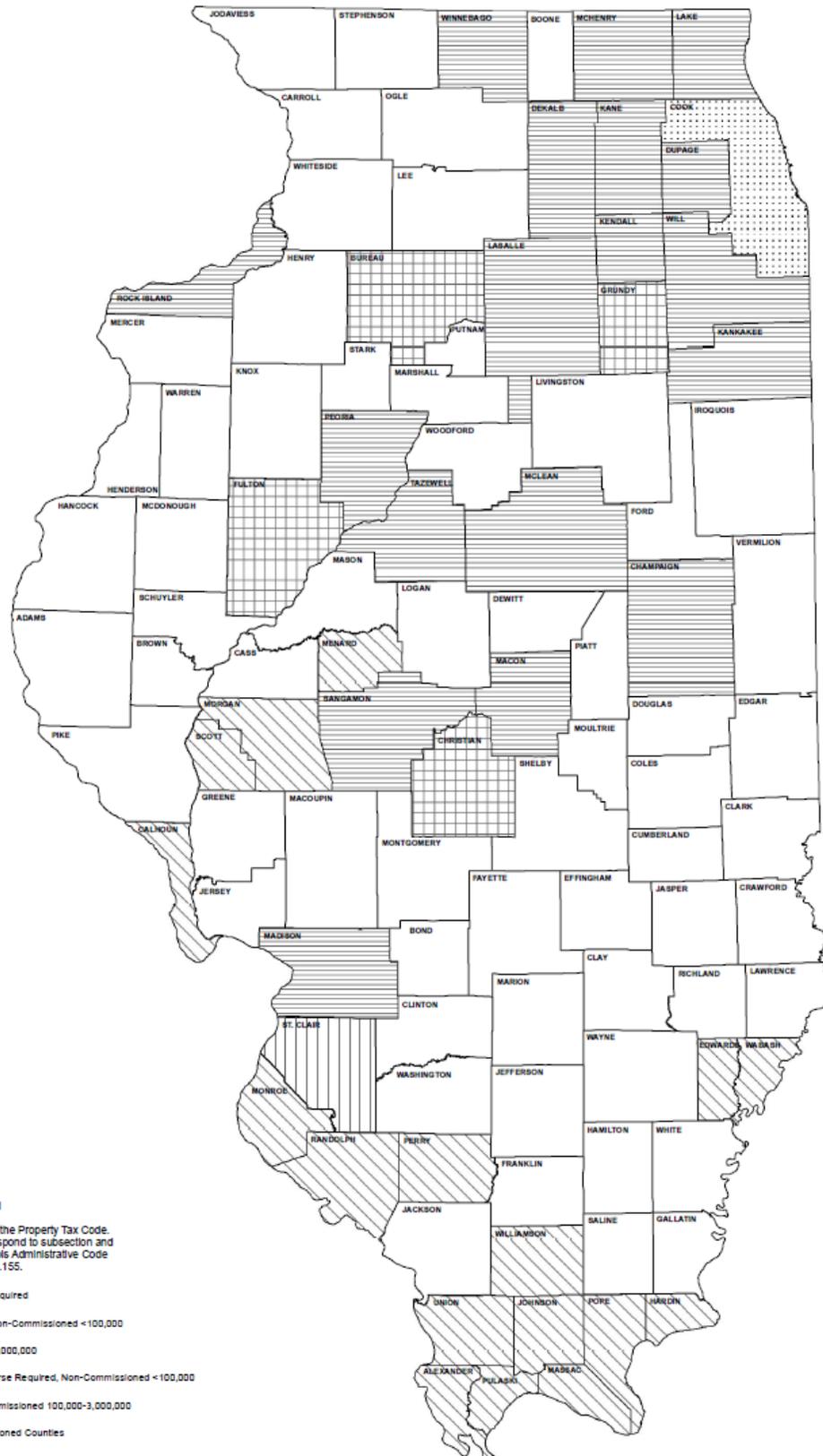


Counties with less than 100,000 in population with appointed board of review members under Section 6-5 required to pass the IDOR board of review class under Section 6-10. Members are required to pass the IDOR board of review class within one year of taking office under Section 6-10. Members must meet 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.

Note: Individuals who successfully completed the *Basic Assessment Practices* course offered by the Illinois Property Assessment Institute, or the Illinois Department of Revenue's I-A and I-B courses prior to January 1, 1997, are considered to have met the Basic Course requirements.

R-1/1/2012

Board of Review Course and Exam Requirements



Legend

Sections below correspond to the Property Tax Code. Numbers in parentheses correspond to subsection and paragraph numbers of 86 Illinois Administrative Code Section 110.155.

- a) No Exam or Basic Course Required
Section 6-35
- b), 1) Basic Course Required, Non-Commissioned <100,000
Section 6-10
- b), 2) Basic Course Required ≥3,000,000
Sections 5-5, 5-10
- b), 3) Both Exam and Basic Course Required, Non-Commissioned <100,000
Section 6-10
- b), 4) Exam Required, Non-Commissioned 100,000-3,000,000
Section 6-10
- b), 5) Exam Required, Commissioned Counties
Sections 6-30, 6-32

Status as of January 1, 2012



Property Tax Code Table of Contents

Article 5 Board of Appeals

- Sec. 5- 5. Election of commissioners of board of review; counties of 3,000,000 or more
- Sec. 5-10 Oath of office.

Article 6 Boards of Review

- Sec. 6- 5. Appointed boards of review.
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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 intracounty 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 com-

missioners 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. Thereafter 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 noncarrier 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, in order 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

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 (ii) 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) 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.

- (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 reviewed 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 townships 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 overassessed 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 overassessed 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 overassessed, 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 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 overassessed or underassessed or is exempt may be made by any taxpayer. Complaints that any property is overassessed 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 prescribed 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

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.

(b) 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.

(c) 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 2

Summary

Board of review members are the final authority for affixing property values in the county.

The duties and procedures of the board of review are outlined in the 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 penalty provisions under the Property Tax Code for board of review members who fail to perform their duties in a responsible manner.

Unit 2

Review questions

Complete the following exercises using the Property Tax Code.

1 Cite the section and paragraph governing the following:

- A _____ Boards of review, political makeup and compensation.
- B _____ Boards of review in commission counties.
- C _____ Board of review compensation in Cook county.
- D _____ Elected boards of review.
- E _____ Meetings of the board of review.
- F _____ Omitted property.

2 Use the Property Tax Code to answer the following questions and cite the correct section.

A Can the board of review issue a certificate of error for an error of judgment?

_____ Section _____

B On what type of exemption does the board have the final decision?

_____ Section _____

C What is the minimum number of signatures required on the affidavit for certification of the assessment books?

_____ Section _____

D Is the board required to publish notice of an increase in assessment due to the application of an equalization factor? (Does not apply to Cook county.)

_____ Section _____

E Is the board required to send out 1) individual notices and 2) publish changes to individual assessments?

1) _____ Section _____

2) _____ Section _____

F What happens to the assessment books when the board of review has completed its work?

_____ Section _____

G Are members of the board of review required to take an oath of office?

_____ Section _____

H Upon 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 _____

I When does the board of review adjourn?

_____ Section _____

J What action is the board required to take after a formal complaint has been filed?

_____ Section _____

K In commission counties, the county commissioners generally constitute the board of review. Are the commissioners compensated for their work as members of the board of review?

_____ Section _____

L What determines the educational requirements for a member of the board of review?

_____ Section _____

M What is the political make-up of an appointed board of review and how is it determined?

_____ Section _____

N Are boards of review required by statute to make and publish reasonable rules governing their business?

_____ Section _____

O Are there penalty provisions for failure of board members to perform their duties?

_____ Section _____

P In commission counties, does an appointed board of review have to meet any requirements?

_____ Section _____

Q Who pays the property taxes on land leased from the state?

_____ Section _____

R For what type of exemption does the Department have the final administrative decision (subject to the administrative review law)?

_____ Section _____

S **In Cook county**, how many signatures are required to endorse a certificate of correction?

_____ Section _____

Unit 3

Using the Sales Comparison, or Market Approach, to Support Board of Review Decisions

This unit covers the three approaches to value: the sales comparison, or market approach; the cost approach; and the income approach, but concentrates on the sales comparison, or market approach.

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

- identify the three approaches to value,
- understand the three types of depreciation,
- explain the formula for the sales comparison, or market approach,
- compute the gross income multiplier (GIM), the net income, the overall rate, the unit price, and the room price for a property,
- make the necessary adjustments to the sales price, unit price, and room price for each sale,
- select the property that is most comparable to the subject property, and
- identify three indications of value and select the best one for the subject property.



Terms and concepts

Adjusted room price
Adjusted sales price
Adjusted unit price
Highest and best use
Allowable expenses
Principle of substitution
Cost approach
Depreciation
Gross income multiplier (GIM)
Gross rent
Income approach
Net operating income (NOI)
Overall rate
Room price
Sales comparison, or market approach
Sales price
Unit price
Units

Appraisal theory

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 use must be legal, does not involve criminal activities, and is not contrary to local regulations such as zoning. The use should be probable and not speculative in nature, and should also be one for which there is a demand. The highest and best use will be a complementary use, rather than one that is competitive.

A 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 of substitution** provides the basis of the three approaches to value and states that a buyer is not justified in paying 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 market.

The three approaches to value

The three approaches to valuing real property are the sales comparison, or market approach; the cost approach; and the income approach.

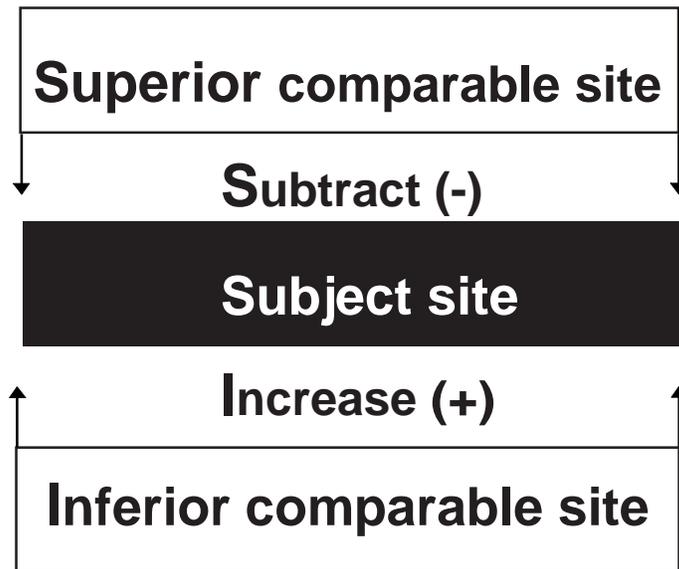
- 1 The sales comparison, or market approach —** compares properties that have recently sold to the subject property that is being appraised. It is the best approach for valuing residential property in rural areas.
- 2 The cost approach —** involves calculating the replacement cost of the building and subtracting depreciation.
- 3 The income approach —** involves capitalizing the property's net earnings.

Sales comparison or market approach

The sales comparison, or market approach, to value arrives at a value for the subject property by comparing it to comparable properties that have sold. Consideration must be given to all the 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 price of the comparable property is adjusted upward to the subject property.



Example of upward adjustment

For example: An upward adjustment of 20 percent may be warranted if two comparable residential sales are alike in every way except **sale 1**, that sold for \$150,000, has four bedrooms, and **sale 2**, that sold for \$125,000, has only three bedrooms. If several other pairs of sales indicate similar trends, a 20 percent upward adjustment ($\$150,000/\$125,000 = 1.20$) would be required before the inferior **sale 2** can be used to estimate the value of the subject property with four bedrooms.

Example of downward adjustment

A downward adjustment may be necessary if a comparable sale is superior to the subject property because it has four bedrooms and the subject property has three bedrooms. To determine the necessary adjustment for a bedroom, pairs of comparable sales, one with one more bedroom than the other, are compared to determine the amount of the adjustment.

The significance of this approach 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, or market 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.

You must also determine what units of comparison to use to arrive at a value for the subject property. Some of the units of comparison the value may be based on are a unit value, a room value, a site value, a square foot value, a front foot value, or a gross income multiplier (GIM).

In this exercise, you will use three **units** of comparison, **the unit value, the room value, and a GIM** to estimate the market value of the subject property. To determine a unit price, a room price and a GIM, you need to perform certain calculations.

To arrive at a GIM, take the sales price of the comparable property and divide it by its gross rent.

$$\text{GIM} = \frac{\text{Sales price}}{\text{Gross rent}}$$

Later, you will multiply the gross rent of the subject property by the comparable GIM to arrive at a value for the subject property.

It is necessary to calculate the net operating income for the comparable. To arrive at the net operating income, take the potential gross income, or rent, and subtract out allowable expenses.

To calculate an **overall rate** for the property, you will have to use the IRV formula. Reviewing the IRV formula, “R” is equal to “I,” or net income, divided by “V,” the value of the property.

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

You can find the number of units from the market data gathered. To arrive at a unit price, divide the sales price of the property by the number of units. Likewise, to arrive at the room price divide the sales price by the number of rooms.

Calculate all necessary adjustments for each of the comparable sales. The comparable with the least number of adjustments will be chosen as an estimate of the value of the subject property.

Market data

The subject property is a 24-unit building with 90 rooms. The annual gross rent is \$113,845. An analysis of all apartment property sales within the neighborhood indicates an annual market increase of 5 percent. The following 5 sales were selected as the most comparable to the subject property.

Sale 1 453 Fox Court

A 28-unit building with 96 rooms sold one year ago for \$642,000. The annual gross rent is \$110,700. Adjusted expenses amount to \$25,440. The condition at 453 Fox Court is considered to be inferior to the subject property, and a 5 percent adjustment is necessary.

Sale 2 1029 Park Street

A 24-unit building with 92 rooms sold one year ago for \$626,000. The annual gross rent is \$111,840. Adjusted expenses amount to \$25,680. The floor plan and location of 1029 Park Street are considered to be inferior to the subject property and adjustments of 6 percent for floor plan and 3 percent for location are necessary.

Sale 3 1207 Pine Avenue

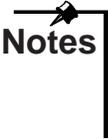
A 20-unit building with 88 rooms sold two years ago for \$510,000. The annual gross rent is \$99,960. Adjusted expenses amount to \$23,040. The location of sale 3 is considered to be inferior to the subject property and an adjustment of 5 percent is necessary. However, the construction quality of 1207 Pine is considered to be superior to the subject property and an adjustment of 5 percent is considered to be necessary.

Sale 4 759 Seneca Boulevard

A 22-unit building with 92 rooms sold one year ago for \$612,000. The annual gross rent is \$113,280. Adjusted expenses amount to \$26,040. The condition and location of 759 Seneca are considered to be superior to the subject property and adjustments of 5 percent for condition and 10 percent for location are considered to be necessary.

Sale 5 806 State Street

A 22-unit building with 85 rooms sold last December 28 for \$584,000. The annual gross rent is \$108,240. Adjusted expenses amount to \$24,900. The condition of 806 State is considered to be superior to the subject property and an adjustment of 10 percent is considered to be necessary.



Comparables

Refer to the instructions on the previous page and complete the following data.

Parcel	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Address	453 Fox	1029 Park	1207 Pine	759 Seneca	806 State
Sale date	1 year ago	1 year ago	2 years ago	1 year ago	last Dec. 28
LB ratio	1:5.5	1:6	1:5.5	1:6	1:5.5
Sales pr.	\$642,000	\$626,000	\$510,000	\$612,000	\$584,000
Gross rent	\$110,700	\$111,840	\$ 99,960	\$113,280	\$108,240
GIM					
Expenses	\$ 25,440	\$ 25,680	\$ 23,040	\$ 26,040	\$ 24,900
Net income					
Overall rate					
Units					
Units price					
Rooms					
Rooms price					

Now that you have completed the data on the comparables, use the market data and the following grid to make the necessary adjustments. Each sale will be examined to determine if any adjustment is necessary for time, size, quality, condition, floor plan, and location. The amount of percentage for the adjustment should be placed in the appropriate box. Once you have entered the percentage of adjustments necessary, you will come up with a total percentage of adjustment for each property. After determining the total adjustment necessary, you can adjust the sales price, unit price, and room price.

To arrive at an **adjusted sales price**, multiply the original sales price of the comparable by the adjustment factor for that comparable. There are two ways to arrive at **adjusted unit prices** and **adjusted room prices**. You can either multiply the original unit or room price by the adjustment factor to arrive at an adjusted unit or room price, or you can take the adjusted sales price and divide it by the number of units or rooms.

The GIM is not adjusted. Use the values from the table above.

Refer to the instructions on the previous page and the market data on page 135 and complete the following.

Parcel	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Time					
Size					
Quality					
Condition					
Floor plan					
Location					
Total adj. %					
Adj. sale price					
Adj. unit price					
Adj. room price					
GIM					

Sale _____ is most comparable to the subject property.

After making all of the necessary adjustments and calculations, the appraiser would study the grid to determine the sale which is most comparable to the subject property. Once the comparable has been selected, values can be determined for the subject property.

You should have selected **sale 5** as the property most comparable to the subject because it required the least number of adjustments.

To arrive at a value for the subject property based on unit price, multiply the number of units in the subject property by the unit value of the selected comparable.

To arrive at a value for the subject property based on room price, multiply the number of rooms in the subject property by the room value of the selected comparable.

To arrive at a value for the subject property based on income, multiply the subject property's gross rent by the comparable GIM.

Refer to the instructions on the previous page and complete the following example.

Subject property has 24 units.

Comparable's adjusted unit price _____ x 24 units = \$_____

Subject property has 90 rooms.

Comparable's adjusted room price _____ x 90 rooms = \$_____

Subject property has a gross rent of \$113,845.

Comparable's GIM _____ x \$113,845 = \$_____

Using the cost approach, the value for the subject property is \$701,484.

Using the income approach, the value for the subject property is \$631,399.

Using the sales comparison, or market approach, what amount do you think is the best indication of value for the subject property?

\$_____

Examining the three values noted above for the cost, income and sales comparison, or market approach, what amount do you think would be the best indication of value for the subject property?

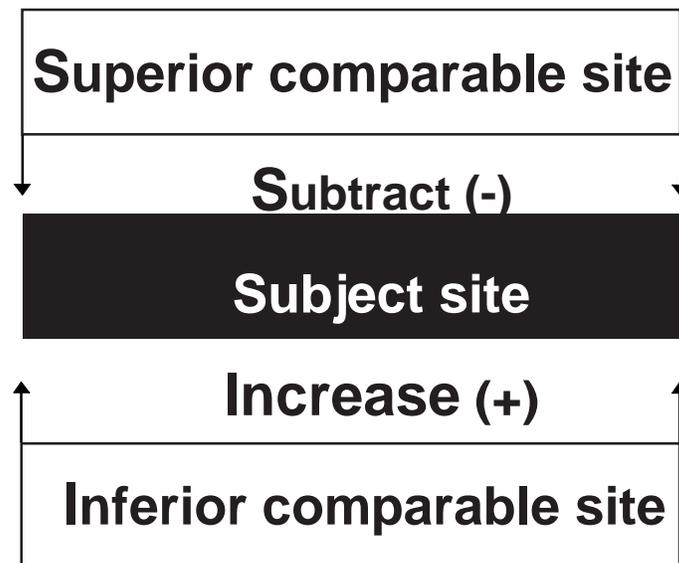
\$_____

You should have selected the value from the income approach as the best indication of value for the subject property because the best method of valuing for income-producing property is the income approach.

Summary

The sales comparison, or market approach, to value arrives at a value for the subject property by comparing it to comparable properties that have sold. Consideration must be given to all the tangible and intangible factors influencing value, such as location, construction, age, physical features, condition, desirability, and usefulness.

If the comparable property that has sold 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 price of the comparable property is adjusted upward to the subject property.



Unit 3

Review Questions

- 1 T or F The three approaches to value are the market approach, the income approach, and the sales comparison approach.
- 2 T or F When using the sales comparison, or market approach, one never adjusts the subject property.
- 3 T or F The formula for the GIM is the gross rent divided by the sales price.
- 4 T or F Make a minus adjustment to your comparable property if it is inferior to your subject property.
- 5 T or F If the market is showing an annual increase of 3 percent, a sale occurring 2 years ago would have a minus adjustment of 6 percent.
- 6 T or F The GIM is a unit of comparison in the income approach to value.
- 7 T or F The property most comparable to the subject is the comparable with the least number of adjustments.

Unit 4

Using the Income Approach to Support Board of Review Decisions

This unit covers the ways in which the IRV formula is used to calculate the income of a property, the capitalization rate for a property, and the market value for a property.

The purpose of this unit is to provide a basic understanding of how the IRV formula can be utilized in the assessment process of income-producing properties.

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 for a property,
- determine the potential gross income (PGI) for the subject property,
- determine the vacancy and collection losses for a property when given the market standard percentage,
- determine the effective gross income (EGI),
- determine allowable expenses,
- determine the net income, and
- determine the value of the property when given the applicable capitalization rate.



Terms and concepts

Allowable expenses
Effective gross income
IRV Formula
Market value (MV)
Net operating income
Potential gross income (PGI)
Vacancy and collection losses

The income approach

Property, such as parking lots, apartments, and office buildings are often valued on the basis of the net income these properties produce for their owners. The **income approach** has its widest application in the appraisal of income-producing 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 justified price paid for income-producing property is no more than the amount of investment required to produce a comparably desirable return. In addition, since the market can be analyzed to determine the net return actually anticipated by investors, it follows that the value of income-producing property can be derived from the income the property is capable of producing.

The process for converting the net income produced by property into an indication of its value is called **capitalization**. Capitalization is accomplished by dividing the net income of the property (I) by the capitalization rate (R). The result is an estimate of market value (V) of the property.

Market value (V) = net operating income (I) ÷ capitalization rate (R)

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

In the formula

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

“I” refers to the net operating income.

To arrive at the net operating income, use the following formula:

Potential gross income (PGI)

- Vacancy and collection losses
- + Miscellaneous income

Effective gross income (EGI)

- Allowable expenses
- Reserves for replacements (RR)

Net operating income (NOI)

The **potential gross income (PGI)** is the economic rent for a property at 100 percent occupancy. When estimating the PGI, it is important to base it on economic, or market rent, which may not be the same as contract rent. Economic or market rent is rent based on market standards, or the rent of similar properties in the area. Contract rent is the rent the property is actually receiving, based on a lease or other agreement.

It is highly unlikely that a property will be rented to 100 percent capacity at all times, so a deduction for “**vacancy losses**” is allowed. The amount of the deduction is based on market standards, or the vacancy rate typical for the area. Deductions are also allowed for “**collection losses**.” Collection losses are losses that result from tenants’ failure to pay rent. These losses are also based on market standards. The amounts deducted will be a percent of the PGI.

The **effective gross income (EGI)** is calculated by estimating the PGI, subtracting the appropriate amounts for vacancy and collection losses, and adding any miscellaneous income.

From the EGI, the allowable expenses and reserves for replacements are subtracted to arrive at the **net income (NOI)**.

Allowable expenses are the expenses necessary for the operation of the business to keep it competitive with other properties in the area. Some examples of allowable expenses are salaries, utilities, management, insurance, supplies, materials, repairs and maintenance.

For assessment purposes, property taxes and mortgage interest are not allowable expenses. They are taken into consideration in the capitalization rate. Other items not considered allowable expenses are income taxes, depreciation, capital improvements, and the owner's business expenses that are not necessary for maintaining the rent produced by the property.

The final deduction is for **reserves for replacements**. The parts of a structure that must be replaced before the building reaches the end of its economic life have an annual expense deduction. Examples of items for this category are carpeting, floor coverings, roofing, appliances, heating, and air conditioning.

“R” refers to the capitalization rate that consists of the equity rate, the mortgage interest rate and the effective tax rate.

Equity Rate-annual rate at which invested capital is returned to the investor over a specified period.

Effective Tax Rate-tax rate expressed as a percentage of market value. This is found by multiplying the level of assessments by the current local (aggregate) tax rate.

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

Land capitalization rates are comprised of

- an equity rate,
- an effective tax rate, and
- a mortgage interest rate.

Building capitalization rates are comprised of

- an equity rate,
- an effective tax rate, and
- a mortgage interest rate.

Selecting the proper capitalization rate and accurately estimating a realistic potential gross income, along with applicable operating expenses, are essential to the capitalization process.

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

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.”

It can readily be seen that any one of the factors of the IRV formula can be determined if the other two factors are known.

**Example of
determining
a value**

An apartment building has 15 units that rent for \$500 per month. The allowable expenses are \$50 per unit, per month. The appropriate capitalization rate is 10.25 percent. What is the value of the building?

In order to arrive at a value, you need the net income and the appropriate capitalization rate.

- 1 Determine the potential gross 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 income (PGI - allowable expenses).
 $\$90,000 - \$9,000 = \$81,000$
- 4 Apply the IRV formula

“V” = “I” divided by “R”

$$\begin{aligned} I &= \underline{\$81,000} \\ R &= 10.25\% \quad = \$790,244 \end{aligned}$$

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

Exercise 4-1 IRV Formulas

Using the IRV formula, complete the following questions.

1. A parking lot recently sold for \$250,000. The parking lot has 100 parking spaces, each of which rents for \$25 per month. Allowable expenses are \$6,000 annually. What is the capitalization rate?

ANSWER _____

2. A parking lot provides its owner with a net annual 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 building value in a recent sale was \$452,600. What is the net annual income for the office building that an investor would expect?

ANSWER _____

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

ANSWER _____

5. A parking lot recently sold for \$157,000. The mortgage/interest rate is 5.25%; the equity rate is 3.81%; the effective tax rate is 2.35%. What is the parking lot's net annual income?

ANSWER _____

6. 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 14.54%. What is the value of the building?

ANSWER _____

Summary

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

I = Net operating income

R = Capitalization rate

V = Market value

Potential gross income (PGI)

- Vacancy and collection losses
 - + Miscellaneous income
-

Effective gross income (EGI)

- Allowable expenses
 - Reserves for replacements (RR)
-

Net operating income (NOI)



Unit 4 Review

1 What is the formula for the income approach?

2 A 100-space gravel parking lot rents for \$30 a month per space. The effective tax rate is 2.54%, the mortgage interest rate is 9.35%, and the equity rate is 2.00%. What is the value of the parking lot?

3 A 2-story commercial building has a value of \$960,000. The building provides its owner with a monthly net income of \$6,000 per floor. This is well in line with similar properties. What is the building capitalization rate?

4 Land used as a gravel parking lot recently sold for \$270,000. The equity rate is 3.25%, the mortgage interest rate is 8.15%, and the effective tax rate is 2.50%. What is the net income of this parking lot?

5 A 12-unit apartment building has (6) 1-bedroom units, (4) 2- bedroom units, and (2) 3-bedroom units. The 3-bedroom units rent for \$400 a month, the 2-bedroom units rent for \$350 a month, and the 1-bedroom units rent for \$275 a month. Similar properties in the area have recorded their monthly income to be at \$3500 a month. What is the potential gross income of this 12-unit apartment building?

Match these terms to the correct definition. Some terms may require more than one definition.

- | | |
|----------------------------------|--|
| ___ Potential gross income | A Equity rate |
| ___ Land capitalization rate | B Mortgage interest rate |
| ___ Unallowable expenses | C Certain amount set aside over a period of time for wear and tear items to be replaced |
| ___ Building capitalization rate | D Effective tax rate |
| ___ Reserve for replacements | E Real estate taxes |
| | F Based on 100 percent occupancy using economic rent versus contract rent |

Unit 5

Using the Cost Approach to Support Board of Review Decisions

This unit covers the cost approach.

The purpose of this unit is to provide a basic understanding of the cost approach method.

Learning objectives

After completing the assigned readings, you should be able to

- understand the formula for the cost approach,
- identify the three types of depreciation and how they affect value,
- calculate a cost factor,
- conduct a cost factor study, and
- define a mass appraisal system.



Terms and concepts

Cost approach
Cost factor
Cost factor study
Economic depreciation
Functional depreciation
Mass appraisal
Physical depreciation
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.

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.

The cost approach

The market value of a property can be estimated using the **cost approach** by estimating the value of the land, adding the **replacement cost new (RCN)** of the Improvements, and subtracting the depreciation from the improvements. An **improvement** is defined as any structure attached to, lying upon or within the land, that cannot be removed without physical stress.

The formula for the cost approach is

Market value = land value + (RCN - depreciation)

The **land value** is usually estimated by using the sales comparison, or market approach, to value. This approach is applied by comparing the subject site with sales of comparable sites that are vacant.

The RCN is the current cost of constructing improvements having utility equal to the utility of the subject improvements. It may or may not be the cost of reproducing a replica of the subject improvement. 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 particular situation, the two concepts may be interchangeable, but not necessarily so. Both RCN and reproduction cost have their application in the cost approach to value. The differences are reconciled in the application of depreciation allowances. The RCN includes the total cost of construction incurred by the builder.

There are several acceptable methods for establishing the replacement cost new of a structure. However, only the two more popular methods are discussed: the component-in-place method and the square foot method. Both of these methods can be used to develop a cost manual for a specific geographic area.

The component-in-place method is used by builders or contractors because it is very accurate. This method combines the direct and indirect costs of labor, material, and overhead for each unit in place for a portion or area of the structure. All these units are then added together to arrive at the total cost for the structure.

The square foot method is another widely used method for calculating the RCN. This method is based on the floor area of the structure and generally is used for residential buildings.

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. The third and final step in completing the cost approach is to estimate the amount of depreciation.

Three types of depreciation

Three types of depreciation exist:

- 1 **physical depreciation**
- 2 **functional obsolescence**
- 3 **economic obsolescence**

Within the three types of depreciation are two depreciation conditions: deterioration and obsolescence. Deterioration occurs as the property declines in quality or condition. Obsolescence occurs as the property goes out of use or becomes obsolete.

Depreciation can be either curable or incurable. Depreciation is curable when the cost to cure will add to the market value of the structure. It is incurable when the cost to cure is greater than the increase in the market value of the structure.

Physical depreciation is defined as the loss in value due to deterioration, e.g., wear and tear, time, and the action of the elements. Physical depreciation begins while a building is under construction and continues until the life of the structure has ended. The physical life of a building is dependent on

- the degree of maintenance it receives,
- the type and quality of materials used in its construction, and
- the soundness of the methods of its builder.

Examples of the two types of physical depreciation, curable and incurable, are

- 1 Curable** — short-lived components such as windows, doors, floor coverings, and roofs.
- 2 Incurable** — long-lived components such as foundations, studs, and rafters.

Both **functional and economic obsolescence** are defined as the loss of value, due to forces other than physical, that act upon a structure in such a way as to limit its economic life.

Functional obsolescence refers to obsolescence resulting from conditions within the property, such as imbalance in construction features or inadequate design or arrangement that lessen its utility.

Examples of the two types of functional obsolescence, curable and incurable, are

- 1 Curable** — lack of air conditioning, lack of proper electrical wiring, low hanging pipes, and absence of proper ventilation.
- 2 Incurable** — extremely poor floor plan, very low or high ceilings.

Economic obsolescence refers to obsolescence caused by influences outside the property, such as physical, economic, social, and governmental changes that have an adverse effect upon the stability and quality of the neighborhood in general.

Examples of economic obsolescence, usually incurable are:

- **Location** — change in traffic pattern and noise and air pollution.
- **Economic** — high interest rates and business closings.
- **Government** — zoning changes, poor services, and high tax rates.

The significance of the cost approach lies in its extent of application. It is the one approach that can be used on all types of construction. The widest applications are in mass appraisal and the appraisal of properties that lack adequate market and income data, which prevents the application of the other approaches to value.

The responsibility of the board of review

Simply stated, the job or responsibility of the board is to place an assessed value in its column of the assessment books for each of the properties in the jurisdiction. When property is omitted from the tax roll, for whatever reason, it is the responsibility of the board of review to assess the omitted property.

There are four steps the board of review must complete for each omitted property in the jurisdiction. The board must

- 1 Discover** — Find and inventory all omitted real property using tax maps and property index numbers; find new construction by observation, reviewing building permits, and other methods.
- 2 List** — Describe the characteristics of land and improvements on property record cards, including measurements of improvements.
- 3 Value** — Estimate the value of all omitted real property in the jurisdiction and ensure uniformity and equity in the methods used and the market values produced.
- 4 Assess** — Apply an assessment level to these market values, arriving at an assessed value for each of the omitted properties in the jurisdiction. Ensure that the assessed values reflect a uniform level of assessments, and that these assessed values are derived from current market values.

Unlike an independent appraiser, who has the time to carefully analyze the various approaches to value before arriving at an estimate of value for one property, the board must estimate values within a relatively short period of time. The board of review must be familiar with mass appraisal concepts.

The Appraisal Publications are designed for mass appraisal. The cost schedules discussed in Unit 6 are used to apply the cost approach to value in a mass appraisal system. It is unreasonable to expect that every building value obtained through the use of these schedules will be exact. However, it is expected that the value estimates produced be well within tolerable limits. The outcome of this system still depends greatly on the professional judgment of the board of review. This is especially true when the board must use factors that will adjust various values before arriving at the final value of the subject property. These factors are defined in the following unit. There are guidelines that can be used to establish factors, but the board must continually rely on its skill and experience when assigning individual factors to each property.

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 assessor whose jurisdiction is not similar to the central Illinois area. You will calculate a cost factor by performing a cost factor study for use with the class exercises in Unit 5.

Steps in calculating a cost factor:

- Step 1** Find arms-length sales of improved properties on which the improvements are **one year old or less**, which eliminates adjusting for depreciation.
- Step 2** Subtract the current land values from those sale prices to obtain the value of the improvement or building.

$$\text{Building value} = \text{sale price} - \text{land value}$$

- Step 3** Determine the RCN for each building.
- Step 4** Divide each building value by the corresponding RCN to obtain a cost factor for each sale.

$$\text{Cost factor} = \frac{\text{building value}}{\text{Publication RCN}}$$

- Step 5** Rank the factors.
- Step 6** Select the median factor as the overall cost factor.
- Step 7** Apply the overall cost factor to the Appraisal Publications RCN of all property within the jurisdiction.

The true RCN is equal to the Appraisal Publications' RCN multiplied by the cost factor.

$$\text{True RCN} = \text{Publication RCN} \times \text{cost factor}$$

Exercise 5-1

Cost factor study

The purpose of a cost factor study is to determine the factor to be used to adjust the values found in the Appraisal Publications to reflect the labor and material costs found in your local area. Once this factor is determined, it is applied to all construction within the jurisdiction.

When computing a cost factor, it is important to remember to use only improvements that have an actual age of one year or less, which eliminates the need to factor in depreciation.

A cost factor greater than 1.00 indicates that the Appraisal Publications' values are too low for the jurisdiction, so you must increase the RCN values. A cost factor less than 1.00 indicates that the Appraisal Publications' values are too high for the jurisdiction, so you must decrease the RCN values.

In this exercise, use the worksheet on the following pages to determine a cost factor for 15 sales. There are several formulas that you will need to use to determine the cost factor.

The first formula is used to determine the building value or building residual.

Step 1 Looking at Sale 1, the age column lists the improvement as new. To find the building residual, subtract the lot value of \$17,000 from the sale price of \$104,000. The remainder of \$87,000 is the building residual, or building value.

Building residual = sale price - lot value

$$\mathbf{\$104,000 - \$17,000 = \$87,000}$$

Step 2 Divide the building residual of \$87,000 by the Appraisal Publications' RCN of \$82,300, which gives you a cost factor of 1.06.

Note: For this exercise round to 2 decimal places.

Cost factor = building residual ÷ Appraisal Publications' value

$$\mathbf{\$87,000 \div \$82,300 = 1.06}$$

Looking at Sale 2, the age column lists the improvement as new. Use the formula for the building residual and subtract the lot value of \$17,000 from the sale price of \$97,700, which produces a building residual of \$80,700.

$$\mathbf{\$97,700 - \$17,000 = \$80,700}$$

Divide the building residual of \$80,700 by the Appraisal Publication RCN of \$78,400, which gives you a cost factor of 1.03.

$$\mathbf{\$80,700 \div \$78,400 = 1.03 \text{ cost factor}}$$

Continue the computations for the remaining sales as outlined above.

Exercise 5-1 worksheet

Cost factor study

Sale Number	Age	Sale Price	Lot Value	Building Residual	Manual Value	Cost Factor
1	N	\$104,000	\$17,000	\$87,000	\$82,300	1.06
2	N	97,700	17,000	<u> </u>	78,400	<u> </u>
3	N	67,800	10,500	57,300	54,500	1.05
4	N	62,900	8,000	<u> </u>	51,800	<u> </u>
5	N	85,600	15,500	70,100	63,700	1.10
6	N	89,200	16,000	<u> </u>	63,100	<u> </u>
7	N	80,300	16,000	64,300	61,200	1.05
8	N	88,300	16,500	<u> </u>	69,000	<u> </u>
9	30	53,500	8,000	45,500	47,900	.95
10	N	93,100	16,500	<u> </u>	72,100	<u> </u>
11	N	76,700	15,500	61,200	58,300	1.05
12	N	86,500	16,000	<u> </u>	66,500	<u> </u>
13	44	67,900	11,000	56,900	59,300	.96
14	N	92,700	16,000	<u> </u>	69,500	<u> </u>
15	12	72,400	11,000	61,400	60,200	1.02

Step 3 The last step is to select the median after ranking all the cost factors that meet the age criteria. The factors can be ranked from highest to lowest or from lowest to highest.

Note: If you have an odd number of factors, select the median or middle value as the cost factor for your jurisdiction. If the number of factors is even, add the two middle factors together, then divide the sum by two, and use the average as your cost factor.

The cost factor that is determined is applied to all construction within a jurisdiction and will be used for all of the residential property record card (PRC) examples in this workbook.

- Rank**
- 1 _____
 - 2 _____
 - 3 _____
 - 4 _____
 - 5 _____
 - 6 _____
 - 7 _____
 - 8 _____
 - 9 _____
 - 10 _____
 - 11 _____
 - 12 _____
 - 13 _____
 - 14 _____
 - 15 _____

Median = _____

Summary

The market value of a property can be estimated using the **cost approach** by estimating the value of the land, adding the **replacement cost new (RCN)** of the improvements, and subtracting the depreciation from the improvements.

Replacement cost 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: **physical depreciation, functional obsolescence,** and **economic obsolescence.**

The Appraisal Publications are designed for mass appraisal.

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



Unit 5

Review questions

- 1 What are the three types of depreciation? Place a ✓ next to the one that is generally incurable.

_____	_____
_____	_____
_____	_____

- 2 What is the purpose of a cost factor?

- 3 What is a mass appraisal system?

Unit 6

Mass Appraisal and 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)
Standard 5 plumbing fixtures

Factors used with the Appraisal Publications

Cost factor

As discussed in Unit 5, 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.

Grade	Quality	Factor
AA	Superior quality	225 percent
A	Excellent quality	150 percent
B	Good quality	122 percent
C	Average quality	100 percent
D	Cheap quality	82 percent
E	Very cheap quality	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 at all possible. During the lifetime of a property, a quality grade may change several times as materials and typical building specifications change. A quality grade of “C” is average or typical for the standards and materials at the date of valuation.

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.

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. In recent years though, 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:

- Irregular foundation outline,
- Wide roof overhangs,
- An unusual amount of built-in features,
- A number of special features, such as costly paneling, expensive fireplace mantles, and large fireplace chimneys,
- The use of mixed materials in the interior and the exterior of a home,
- Glass houses, earth homes, vacation homes, and
- Unusual architectural designs.

The design factor is handled in the same manner as 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. In order to maintain uniformity, an **appraiser factor** is required to bring those buildings, valued by that particular 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 similar to that used to obtain the cost factor. Additional information on this factor and other 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 in order to estimate the future use and value.

A review of the factors

The **quality grade** — Used to adjust the Publication 123 RCN values to reflect the quality of materials and workmanship of the improvement.

Cost factor x design factor x neighborhood factor x appraiser factor — These factors are chain multiplied to arrive at one factor used to adjust the Appraisal Publications' RCN value to reflect a true RCN of the improvement.

Exercise 6-1

Cost	X	Design	X	Neighborhood	X	Appraiser	=	Factor
1.06	x	1.03	x	1.02	x	1.04	=	1.16
1.06	x	1.00	x	.98	x	.98	=	
1.06	x	1.05	x	1.00	x	1.00	=	
1.06	x	1.01	x	1.10	x	1.00	=	

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.

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

Use of the Residential REL Depreciation Table

Schedule A — This schedule takes into account 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 superadequacy 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

How to use the Residential REL Depreciation Table

Use the steps below and the completed REL table on the next page to determine the REL.

Step 1 Locate the actual age of the improvement (based on year of construction) in the AGE column of Schedule A.

Step 2 Determine the CDU of the subject and locate it along the upper portion of Schedule A.

Step 3 Trace the age to its point of intersection with the CDU and find the effective age.

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

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

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

REL% + Dep% = 100%, or

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

For example: a property with an REL of 92% 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	Eff. 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
														101	30
														102	30

See the Property Record Card section of the Illinois Real Property Appraisal Manual to use these tables.

Residential square foot schedules

The schedules in Publication 123 are based on construction costs in the central Illinois area. The values are also based on construction, using average quality materials and workmanship. As discussed earlier, there are various factors that can be applied to adjust Publication 123 to reflect the values in various jurisdictions.

For residential structures, Publication 123 includes base cost schedules for building style and type of construction. When referencing a base cost schedule, it is important to use the appropriate schedule. The base cost schedules include normal construction features, such as a slab foundation, exterior walls, floors, roof, interior finish, central heating, lighting, and average landscaping. They also include the standard five plumbing fixtures: bathroom toilet, basin, tub or shower, kitchen sink, and hot water heater. If you are dealing with construction features other than those included in the base cost schedules, you must make “plus” or “minus” adjustments to the base cost. Publication 123 includes various supplemental schedules to assist in valuing these variances that also indicate whether a plus or minus adjustment to the base price is required.

The residential schedules are used in conjunction with the residential **property record cards (PRCs)**. PRC-1 is used for valuing land, and the PRC-2, is used for the computation of building values. The right column of the PRC-2 is used for computing the full value of the structure. This column is called the “**computation ladder**.”

Determine the base cost of the structure

Using the base cost schedule on the following page, determine the base cost of the structure. The base cost of the structure is based on the square footage of the ground floor multiplied by the number of stories. The schedules include values for 1-story, 1 ½-story, split-level, 2-story, and 3-story structures. When referring to the schedules, use the **combined square footage of all floors**. Select the appropriate corresponding story height to determine the value. Looking at the base cost schedule, the left column represents the combined square footage of all floors.

For example, if you have a 2-story wood frame structure with vinyl siding and 1,000 square feet on each floor, find 2,000 square feet in the left column of the base cost schedule for wood frame construction/vinyl siding, and move to the appropriate column under 2-story structure. The base cost of this structure, before adjustments, is \$171,760.

Residential	Average Quality	2 Story
Standard design from stock plans 1 Kitchen 1 Full bath No basement Asphalt/Fiberglass Shingles Hot air heat (gas fired) Painted drywall interior Average material and workmanship		

Base cost per square foot of total living area						
Total SF	Wood siding Wood frame	Vinyl siding Wood frame	Brick veneer Wood frame	Stucco Wood frame	Concrete Block or Stucco on Blk	Brick Solid Masonry
1,000	102,110	101,470	108,300	101,650	106,980	128,890
1,110	110,120	109,000	116,790	109,470	115,620	134,900
1,200	116,290	115,130	123,270	115,560	122,100	143,360
1,300	123,760	122,520	128,160	123,120	129,980	150,450
1,400	130,880	128,260	134,140	129,830	137,550	158,460
1,500	137,420	136,100	143,280	137,390	143,980	171,980
1,600	144,660	144,370	151,180	143,620	151,890	177,170
1,700	151,220	150,530	157,900	150,520	158,960	180,820
1,800	158,820	157,900	164,470	158,180	165,320	193,800
1,900	166,650	164,630	171,820	165,670	173,590	203,140
2,000	173,500	171,760	183,490	172,020	183,730	211,350
2,100	180,140	179,680	190,950	179,900	189,330	212,690
2,200	187,550	186,130	198,800	186,770	196,580	218,700
2,300	194,160	193,210	205,810	191,790	203,870	230,760
2,400	201,360	200,250	213,400	198,250	211,890	240,950
2,500	207,670	207,340	220,090	207,130	218,050	246,680
2,600	214,630	214,120	227,230	213,190	225,360	253,790
2,700	220,720	218,510	233,280	219,230	232,030	259,530
2,800	227,560	225,280	240,300	226,300	238,940	267,100
2,900	234,260	231,920	246,510	232,370	246,820	273,620
3,000	239,910	237,510	252,200	238,470	252,740	280,640
3,100	246,640	244,170	259,250	245,410	260,650	286,970
3,200	253,250	250,720	265,910	250,080	267,630	296,660
3,300	257,000	254,890	269,850	253,320	271,850	303,790
3,400	263,360	261,250	276,470	260,080	276,530	309,680
3,500	270,170	267,470	283,680	268,820	283,680	317,800
3,600	275,830	273,070	289,620	272,990	289,620	323,860
3,700	284,270	281,420	298,170	281,160	300,440	335,440
3,800	289,630	286,730	304,110	289,190	302,950	341,470
3,900	294,880	291,930	310,710	292,110	309,620	345,010
Over 4,000	\$75.00	\$74.25	\$79.50	\$74.75	\$78.75	\$88.75

Plumbing (±)		
Per fixture less than standard.....	Deduct	\$1,885
Per fixture greater than standard.....	Add	\$1,885

The base price includes the standard 5 **plumbing** fixtures: bathroom toilet, bathroom basin, tub or shower, kitchen sink, and hot water heater. If the structure has more than the standard 5 fixtures, add \$1,885 per fixture to the base cost. If you have less than the standard 5 fixtures, a deduction of \$1,885 per fixture should be made.

Quality grade refers to the quality of the material and workmanship. Publication 123 is based on **average** quality improvements. The quality grade for average is "C." If you have a quality other than average, you must apply the appropriate grade factor.

Quality	
Grade	Factor
AA	225%
A	150%
B	122%
C	100%
D	82%
E	50%

Residential No Heat Schedule (-) Always a subtraction						
Total Square foot area	1 Story	1.5 Story	2 Story	Bi-level	Tri-level	2.5 – 3 Story
200	860	860	-----	-----	-----	-----
400	1,720	1,720	-----	-----	-----	-----
600	2,735	2,735	-----	-----	-----	-----
800	3,390	3,390	3,375	3,345	3,425	-----
1,000	4,000	4,000	3,980	3,945	4,045	4,110
1,200	4,570	4,545	4,535	4,500	4,620	4,660
1,400	5,105	5,065	5,105	5,085	5,110	5,205
1,600	5,675	5,600	5,640	5,625	5,645	5,795
1,800	6,225	6,265	6,195	6,190	6,120	6,315
2,000	6,825	6,685	6,765	6,720	6,650	7,015
2,200	7,355	7,220	7,315	7,305	7,315	7,705
2,400	7,890	7,695	7,855	7,785	7,655	8,390
2,600	8,445	8,190	8,370	8,330	8,180	8,945
2,800	8,945	8,850	8,875	8,930	8,695	9,525
3,000	9,445	9,290	9,355	9,290	9,135	10,055
3,200	9,925	9,710	9,875	9,775	9,910	10,600
3,400	10,365	10,320	10,270	10,245	10,265	11,190
3,600	10,840	10,800	10,760	10,670	10,805	11,700
3,800	11,410	11,380	11,295	11,165	11,215	12,260
4,000	12,120	11,980	11,700	11,660	11,680	12,620

The base price schedule includes heat. If the structure is **not heated**, a minus adjustment must be made.

Residential Central Air conditioning Schedule (+) For additions or ells use \$2.50 per square foot of service area in the addition. Air Conditioning is always an addition.

Total Square foot area	1 Story	1.5 Story	2 Story	Bi-level	Tri-level	2.5 – 3 Story
200	1,200	1,200	1,200	1,200	-----	-----
400	1,200	1,200	1,200	1,200	-----	-----
600	2,020	2,020	2,020	2,020	-----	-----
800	2,500	2,500	2,475	2,500	2,500	2,600
1,000	2,960	2,960	2,925	2,960	2,960	3,165
1,200	3,380	3,360	3,340	3,370	3,380	3,615
1,400	3,780	3,750	3,730	3,765	3,780	4,045
1,600	4,200	4,160	4,140	4,180	4,200	4,495
1,800	4,610	4,520	4,540	4,565	4,610	4,930
2,000	5,050	4,950	4,965	5,000	5,050	5,400
2,200	5,440	5,385	5,330	5,415	5,440	5,820
2,400	5,840	5,830	5,715	5,835	5,840	6,250
2,600	6,250	6,235	6,110	6,245	6,250	6,690
2,800	6,620	6,555	6,460	6,590	6,620	7,085
3,000	6,990	6,850	6,810	6,920	6,990	7,480
3,200	7,345	7,270	7,140	7,310	7,345	7,860
3,400	7,680	7,595	7,465	7,640	7,680	8,215
3,600	8,020	7,860	7,780	7,940	8,020	8,580
3,800	8,445	8,275	8,220	8,360	8,445	9,040
4,000	8,970	8,790	8,700	8,880	8,970	9,600

Central air conditioning is not included in the base price. If the structure is cooled by central air conditioning, a plus adjustment must be made.

Fireplace (+)			
Type	1 story	2 story	3 story
Masonry Fireplace & stack	\$5,340	\$5,950	\$6,775
2 nd fireplace on same stack	\$4,410	\$4,915	\$5,840
Pre-fab Fireplace	\$4,205	\$4,700	\$5,200

Fireplaces are not included in the base price. If the structure contains a fireplace, an adjustment must be made for the number of fireplaces and stacks.

Basement/foundation schedule (+)

Basements: Base cost per area square foot. For finished area, correlate the square footage of finish and add on Finished basement line on the PRC.

	400	600	800	1,000	1,200	1,400	1,600	1,800	2,000	2,400	2,800	3,200	3600	Over 3600
Crawl space	3,265	4,750	6,375	7,370	8,350	9,410	10,740	10,945	11,904	13,415	14,930	17,050	18,145	5.05
Unfinished basement	4,680	6,935	9,000	10,480	12,025	13,500	14,960	16,470	17,980	21,750	24,100	26,400	29,350	8.00
Finished Basement Living area	5,870	10,355	14,820	16,835	19,750	22,730	25,730	28,680	31,630	36,520	41,805	47,970	49,825	15.20
Finished Basement Recreation Room area	3,995	7,335	9,560	10,870	12,935	13,900	16,090	17,430	19,020	21,390	25,460	28,160	32,210	11.45

The base price of the dwelling **includes** the cost of only a **slab foundation**. You must make an adjustment for a dwelling that has either a **crawl space or basement area**. To use the schedule, calculate the SF area with a foundation other than a concrete slab, and correlate it to the appropriate construction type (crawl or basement).

This schedule is also designed to estimate the cost of finishing a basement into living quarters or a recreation room.

Garages

The cost of a garage is not included in the base residence cost. The garage costs include wall surfaces, roof surface when applicable, a concrete floor, doors, and electric lighting. Walls and roof cover are the same as the basic residence. The garages cost table includes attached, detached, and built-in garages. Also included are costs for basement garages and areas over attached or detached garages.

Attached garages share a common wall with the residence and costs include interior finish for only that common or share wall.

Detached garages are freestanding structures with totally independent foundation and roof structures from the residence. There is no interior finish included in the costs.

Built-in garages having area both adjacent to and above. Costs include finish for all common surfaces.

Garages: Base cost per square foot of area



Garages	Attached			Detached			Built-in	
	1 Car	2 Car	3 Car	1 Car	2 Car	3 Car	1 Car	2 Car
	275-364	484-676	864+	275-364	484-676	864+	275 – 364	484 - 676
Vinyl Siding on wood stud	33.50	27.30	25.60	37.60	31.50	31.00	27.65	23.75
Wood Siding on wood stud	35.50	31.35	31.20	39.45	33.55	31.45	29.30	27.25
Brick veneer on wood stud	38.85	33.05	32.90	44.70	38.25	35.85	32.05	28.75
Stucco on Wood on wood stud	34.65	29.30	27.00	39.50	33.25	30.35	28.60	25.50
Solid Masonry, brick	40.65	37.60	36.50	48.30	40.15	36.80	33.55	32.70
Basement Garage:	Add lump sums to unfinished basement costs. 1 car: \$2,350 2 car: \$3,200							
Areas over Garage:	If an area over an attached garage is equal to the residence in interior finish, include that area in the total square footage of the residence and price the garage as a built-in. If minimal finish like a bonus room, use 50% of the garage square foot costs. If storage only with high-pitched gable roof, add 20% to the garage costs to cover roof and floor costs.							

Porches (+)

SFGA	Open frame porch	Frame Screened-in porch	Knee wall with glass	Solid wall enclosed frame	Open Masonry Porch	Enclosed masonry porch
24	1,120	1,905	3,050	2,290	1,225	2,935
50	1,970	2,450	4,720	3,580	2,620	4,225
80	2,945	3,990	6,385	4,870	3,915	5,530
100	3,455	4,545	7,470	5,895	4,415	7,000
120	3,955	5,130	7,975	6,340	5,500	7,420
150	4,940	6,415	9,965	7,930	6,590	9,260
200	6,300	7,825	11,655	9,550	8,445	11,180
250	7,500	9,300	13,540	11,195	9,975	13,055
300	8,620	10,580	15,315	12,685	11,325	14,930
350	9,640	11,725	16,975	14,060	12,670	16,590
400	10,460	12,600	18,430	15,265	14,000	18,010
500	12,350	14,960	21,885	18,125	16,425	21,390
600	13,950	17,060	24,950	20,665	18,830	24,385
700	15,535	19,020	26,645	22,900	20,815	25,755
750	15,810	19,365	27,650	23,310	21,025	27,105
800	16,025	19,615	28,425	23,625	21,315	28,445
900	17,190	20,970	32,220	25,245	23,030	27,105
1,000	18,150	22,140	34,010	26,650	25,160	28,445

Porches are not included in the base cost. If the structure has one or more porches, an addition to the base price must be made. To determine a value, locate the square footage of the porch in the left column and then go to the appropriate construction type in the right columns for the value. If you have more than one porch attached to the structure, price each porch individually. You cannot combine the total square footage for all porches.

Partial masonry trim (+) Per SF of surface area				
Quality	A	B	C	D
Brick	\$17.60	\$14.35	\$11.75	\$9.65
Stone	44.10	35.85	30.60	25.30
Artificial Stone	19.00	15.45	12.60	10.35

Occasionally, structures will feature brick, stone, or artificial stone as trim accenting a portion of the structure. If there is **partial masonry trim** on the structure, an addition to the base price must be made. The amount of the adjustment would reflect the type of material used and the quality grade of the material.

Paving (+)	
Crushed stone	\$0.65/SF
Concrete	4.90/SF
Asphalt	2.90/SF

The **paving** schedule is used to value sidewalks, driveways, etc. The amount of the addition is determined by the type of material used. Values are indicated for crushed stone, concrete, and asphalt. To determine the amount of the addition, multiply the square footage of the paved area times the indicated value.

Stoop, decks, patios (+/-)	
Stoop – masonry	\$26.90/SF
Deck – wood, elevated	17.35/SF
If no stairs, deduct	5.75/SF
If no railing, deduct	1.75/SF
Patio – concrete	6.35/SF
Patio – brick (In sand)	13.20/SF

Stoops, decks, and patios are not included in the base price, so an addition must be made. To determine the value, multiply the square footage of the structure times the indicated value.

REL depreciation tables

As discussed earlier, the condition, desirability, and utility of the property are factored in by using various CDU ratings. Structures can be rated excellent, good, average, poor, or unsound. The actual age of the structure and the CDU rating produce the effective age of a property. The effective age of the property determines the remaining economic life (REL) factor, which is applied to the RCN of a structure to adjust for depreciation.

REL + depreciation = 100% of the value.

The Residential REL Depreciation Tables are used to determine the REL factor. Looking at Schedule A, the left column reflects the actual age of the structure based on the construction date. Once you locate the actual age, move to the right to the appropriate column and find the effective age based on the CDU rating assigned to the property. Once you determine the effective age of the property, move to Schedule B. The left column of Schedule B lists the effective age, and the number next to it is the REL factor that is used to adjust the value in the computation ladder.

Residential REL Table

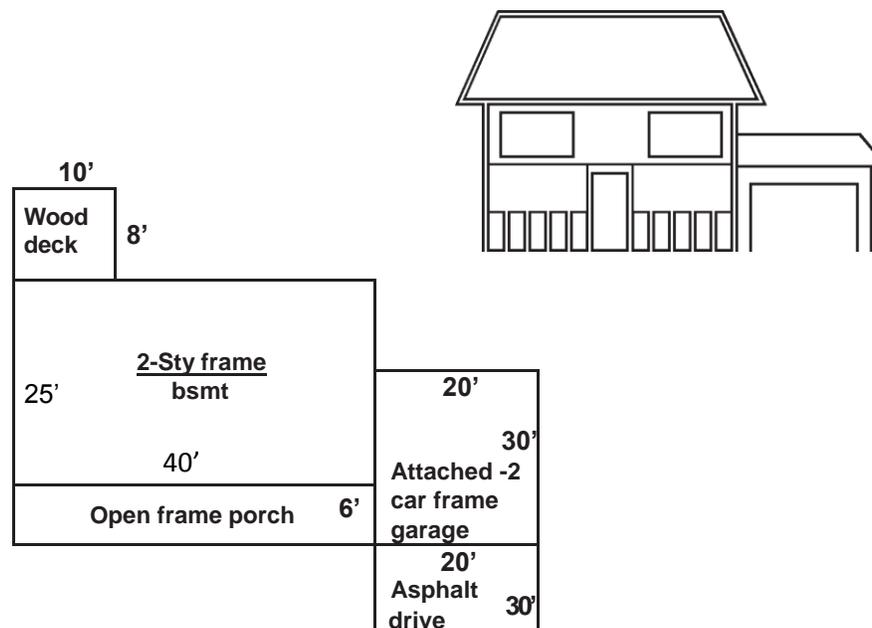
Schedule A						Schedule B									
Age	Effective Age					Age	Effective Age					Eff. Age	REL	Eff. Age	REL
	E	G	A	P	U		E	G	A	P	U				
1	1	1	1	14	27	51	32	42	51	66	76	1	99	51	51
2	1	1	2	15	28	52	32	43	52	67	77	2	97	52	50
3	1	2	3	16	29	53	33	44	53	68	78	3	96	53	49
4	1	2	4	16	30	54	33	44	54	68	78	4	95	54	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
														101	30
														102	30

See the Property Record Card section of the Illinois Real Property Appraisal Manual to use these tables.

Computing the value of a structure

The subject property is a 10-year old, 2-story wood frame structure with 8 rooms, including 4 bedrooms and a family room.

The foundation is 8" masonry — there is a full basement, unfinished — the dwelling has central warm air heat and central air conditioning — plumbing consists of the standard 5 plumbing fixtures, plus an additional full bath and a separate half-bath (2 fixtures) — exterior walls are covered with vinyl siding with 300 square feet of common-stone trim, grade “C,” across the front — the roof is covered with asphalt shingles — the basement floor is concrete and the first and second floors are covered with tile and carpet — the interior finish is drywall on the first and second floors — there is one masonry fireplace — the structure has an attached 600 square foot frame 2-car garage with vinyl siding, with a 600 square foot asphalt drive — there is an 80 square foot wood deck with stairs and railings on the rear of the structure — the property has a CDU of “average,” and quality grade “C.”



The entire PRC-2 for this property is on the next page. Refer to the computation ladder and the corresponding line numbers as you go through this line-by-line example.

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

Occupancy							Interior Finish				Remodeled	Sold Date	Mo.	Day	Yr.	Age 10	Adj. Age		
1 Vacant Lot	2 Dwelling	3 Other	4 Mobile Home	5 A Frame	6 Summer Home	7 Apt.	B	1	2	3	NH	Amount \$				CDU	Average		
Living Accommodations							Plaster/dry wall				Memo				Dwelling Computations				
Total Rooms 8		Bedrooms 4		Family Room 1			Fiberboard				2 Sty.				FRM Constr.		1000 SF		
Foundation							Paneling								Sty.			Constr.	SF
8" Msy. Wall							Pt. Msy Trim 300				Porches				1000 x 2			\$	171,760
Basement							Finished				Condo. Comm.				Basement-unfinished			10,480	
1 Full							Basement				Prorated %				Heating Central air			+ 4,965	
3 Crawl							Fireplaces # 1				With:				Sched. Comb.				
4 Slab							Integral garage				Wd. deck				Plumbing + 5			- + 9,425	
Area without bsmt. SF							Attached garage 600				80 SF Wood deck				Attic				
Heating							Recreation				Porch				Porches 240 OFP			+ 7,500	
1 None							Brk ¹ Stone ² Art ³				SF OFP ¹ EFP ² OMP ³ EMP ⁴ 2-Sty ⁵				Wood deck			+ 1,388	
2 Central							Living				SF OFP ¹ EFP ² OMP ³ EMP ⁴ 2-Sty ⁵				Attach./Integral garage + -			+ 16,380	
3 Air Condition							Recreation				SF OFP ¹ EFP ² OMP ³ EMP ⁴ 2-Sty ⁵				Total			221,898	
4 Other							Stacks # 1				Wd. deck				Grade C			1.0	
Warm air							Fireplaces # 1				80 SF Wood deck				Total			221,898	
Hot water/Steam							Integral garage				Asphalt drive				Other features				
Floor furnace							On grade ¹				20' Attached 2-car frame garage				Pt. msy. Walls 300 x 30.60			+ 9,180	
Unit heaters							Below ²				30' Open frame porch				Fireplace			+ 5,950	
Other							Carport ³				30' Asphalt drive				Finished basement				
Plumbing							Attached garage 600				20' Asphalt drive				Total			237,028	
Standard (5)							Frm1 Msy.2 Carport3				30' Asphalt drive				C/D			1.06	
Bathroom (3)							Frm1 Msy.2 Carport3				30' Asphalt drive				NH x AP				
Half bath (2)							Frm1 Msy.2 Carport3				30' Asphalt drive				Replacement cost new			251,250	
Sink/Lavatory water closet							Frm1 Msy.2 Carport3				30' Asphalt drive				Eff. Age 10			REL 89%	
Attic							Frm1 Msy.2 Carport3				30' Asphalt drive				Depr. 11%			0.89	
1 None							Frm1 Msy.2 Carport3				30' Asphalt drive				S C M I			Full Value 223,613	
2 Unfinished							Frm1 Msy.2 Carport3				30' Asphalt drive								
3 Part							Frm1 Msy.2 Carport3				30' Asphalt drive								
4 Full							Frm1 Msy.2 Carport3				30' Asphalt drive								
% finished							Frm1 Msy.2 Carport3				30' Asphalt drive								
Exterior Walls							Frm1 Msy.2 Carport3				30' Asphalt drive								
Wood/stucco/aluminum/vinyl siding							Frm1 Msy.2 Carport3				30' Asphalt drive								
Concrete block							Frm1 Msy.2 Carport3				30' Asphalt drive								
Brick/stone							Frm1 Msy.2 Carport3				30' Asphalt drive								
Other							Frm1 Msy.2 Carport3				30' Asphalt drive								
Roof							Frm1 Msy.2 Carport3				30' Asphalt drive								
Shingle - asphalt/asbestos/wood							Frm1 Msy.2 Carport3				30' Asphalt drive								
Slate/tile							Frm1 Msy.2 Carport3				30' Asphalt drive								
Composition							Frm1 Msy.2 Carport3				30' Asphalt drive								
Other							Frm1 Msy.2 Carport3				30' Asphalt drive								
Floors							Frm1 Msy.2 Carport3				30' Asphalt drive								
Concrete							Frm1 Msy.2 Carport3				30' Asphalt drive								
Wood							Frm1 Msy.2 Carport3				30' Asphalt drive								
Tile							Frm1 Msy.2 Carport3				30' Asphalt drive								
Carpet							Frm1 Msy.2 Carport3				30' Asphalt drive								
Summary of Other Buildings											Total full value other buildings		1,641						
Listed by:											Total full value all buildings		225,254						
Date:																			

Property Record - Residential - Rural

Ownership & Mailing Address	Township		Volume		Tax Code	Area	Sect.	Block	Parcel	Unit								
						03	32	207	021	0040								
	Property Class		Land Use		Zoning		NH Code		Card No. of	Condo. Comm.								
	Record of Ownership						Date		Deed Stamps		Sale Price							
Property Address	Street	Nghbhd.		Utilities		Topo.		Division										
	Private Rd.	Improved	X	Water	X	Level												
	Cul-de-sac	X	Static	Sewer	X	High												
	Alley		Decline	Gas	X	Low												
	Traffic Lt.		Blighted	Electric	X	Rolling	X											
	Traffic Hvy.					View												
	Building Permit Record																	
	Date	Number	Amount		Yr. Assessed		N/C	P/U Year		Purpose								
Land Computations																		
Unit Type	No. Units	Depth	Unit Value	D. Fac.	I. Fac.	Full Value												
FF	100'	200'	\$300/FF	1.00	\$30,000													
Roll Backs	Year	Unit	Unit Value	Full Value		App. File	Year	Unit	Unit Value	Full Value		App. File						
Summary of Assessed Values																		
	Orig. Asmt.:			Year:			Rev. by:			Year:			Rev. by:			Year:		
	Full Value	Asmt. Level	Assessed Value	Full Value	Asmt. Level	Assessed Value	Full Value	Asmt. Level	Assessed Value	Full Value	Asmt. Level	Assessed Value	Full Value	Asmt. Level	Assessed Value			
Land																		
Bldgs.																		
Total																		
	Rev. by:			Year:			Rev. by:			Year:			Rev. by:			Year:		
	Full Value	Asmt. Level	Assessed Value	Full Value	Asmt. Level	Assessed Value	Full Value	Asmt. Level	Assessed Value	Full Value	Asmt. Level	Assessed Value	Full Value	Asmt. Level	Assessed Value			
Land																		
Bldgs.																		
Total																		
	Rev. by:			Year:			Rev. by:			Year:			Rev. by:			Year:		
	Full Value	Asmt. Level	Assessed Value	Full Value	Asmt. Level	Assessed Value	Full Value	Asmt. Level	Assessed Value	Full Value	Asmt. Level	Assessed Value	Full Value	Asmt. Level	Assessed Value			
Land																		
Bldgs.																		
Total																		

1. The structure is 10 years old, so 10 is written on the **Age** line.
2. The **CDU** is listed as “average.”
3. The **Quality grade** is listed as “C.”
4. The dwelling is a 2-story, wood frame/vinyl siding structure with 1,000 square feet on the ground floor. (2-story x 1,000 square feet = 2,000 total square feet)
5. Looking at the **Base cost schedule — wood frame/vinyl siding construction**, the base price is \$171,760. (page 192)
6. The structure has an **unfinished basement**. You must make a plus adjustment of \$10,480 for the 1,000 square foot basement. (page 193)
7. The structure is heated, so no adjustment is necessary for heat. However, the structure has central air conditioning. Since air conditioning is **not** included in the base price, you must make a plus adjustment. Look at the **Central air conditioning schedule** — a 2-story structure with 2,000 square feet requires a plus adjustment of \$4,965. (page 194)
8. In addition to the standard 5 plumbing fixtures, there is an additional bathroom and a toilet room, so a plus adjustment for 5 additional fixtures is required. Reference the **Plumbing schedule** — the appropriate adjustment is \$1,885 per fixture, or a plus \$9,425 (5 x \$1,885).
9. No adjustment is needed since there is no **attic**.
10. The listing indicated 1 “open frame porch,” which is 240 square feet. Refer to the **Porch schedule** — the value for a 250 square foot open frame porch is \$7,500. Since no value is given for 240 square feet, choose the **closest** listed footage. (page 195)
11. The next addition needed is for an 80 square foot wood deck with **stairs** and **railings**. Looking at the schedules for **Decks** — the base price is \$17.35 per square foot. To arrive at a value, take 80 SF x \$17.35 = \$1,388. (page 195)
12. There is a 600 square foot 2 car attached frame garage with vinyl siding. Look at the **Garage schedule** – the base price is \$27.30. To arrive at a value, take 600 SF x \$27.30. A plus \$16,380 adjustment is required. (page 196)
13. The base cost of \$171,760 and the adjustments made so far (for the basement, central air conditioning, plumbing, a porch, a deck, and attached garage) are totaled to arrive at \$221,898.

14. The next line refers to the quality grade. The quality grade for this structure is “C”. Looking at the schedule for **Quality** – the factor for “C” is 100 percent. Since the grade is “C”, or average quality construction, the values are not affected. Particular attention should always be paid to the factor assigned; any grade other than “C” will produce a factor other than 100 percent and change the value. (page 197)
15. Taking 100 percent (1.00) times \$221,898, the value remains \$221,898.
16. It should be noted that in the first part of the computation ladder, a quality grade factor of 1.00 was applied to the adjusted base price. However, in the items listed in the next portion of the ladder, individual quality grades for each feature must be considered when selecting the amount of adjustments.
17. The property has 300 square feet of common stone trim, grade “C.” Looking at the schedule for **Partial masonry trim**, find “stone” and grade “C” — the value is \$30.60. Taking 300 square feet x \$30.60 produces a value of \$9,180 to add to the cost. (page 197)
18. This structure contains 1 masonry fireplace. Referencing the **Fireplace schedule** — the value for a fireplace and stack for a 2 story dwelling is \$5,950. (page 197)
19. There are no more adjustments to make to the computation ladder at this point. Adding the adjusted base price of \$221,898, to the value of the trim and fireplace results in a total of \$237,028.
20. As stated earlier, the values in Publication 123 are for the central Illinois area. From the cost factor study conducted earlier, this property is in an area where construction costs run about 6 percent higher. Therefore, you must use the cost factor of 106 percent to obtain accurate values for this jurisdiction.
21. When the adjusted value of \$237,028 is multiplied by 106 percent (1.06), the resulting value of \$251,250 is the RCN of this structure.
22. Since the structure is 10 years old, the RCN must be adjusted for any depreciation that has occurred. Going to **Schedule A** of the **Residential REL Depreciation Tables** — a 10-year old structure with a CDU of “average” has an effective age of 10. On **Schedule B**, an effective age of 10 indicates an REL factor of 89 percent. This property has depreciated 11 percent (REL + depreciation = 100 percent).

- 23.** Taking 89 percent (.89) of the RCN of \$251,250 produces a full value of \$223,613 for this structure today.
- 24.** The listing also indicates that there is a 600 square foot asphalt driveway. Reference the **Paving schedule** — the price per square foot of paved area is \$2.90. To arrive at a value, take $600 \text{ SF} \times \$2.90 = \$1,740 \times 1.00$ (quality grade) = $\$1,740 \times 1.06$ (cost factor) = \$1,844 (RCN). $\$1,844$ (RCN) $\times .89$ (REL) = \$1,641 full value. (page 197)
- 25.** The value for the asphalt drive is \$1,641 and this becomes the full value of the other buildings.
- 26.** The final step is adding \$1,641, the full value of the other buildings, to \$223,613, the full value of the dwelling, which results in a full value of \$225,254 for all buildings.

The following schedules show how the values were obtained.

Residential	Average Quality	2 Story
Standard design from stock plans 1 Kitchen 1 Full bath No basement Asphalt/Fiberglass Shingles Hot air heat (gas fired) Painted drywall interior Average material and workmanship		

Base cost per square foot of total living area

Total SF	Wood siding Wood frame	Vinyl siding Wood frame	Brick veneer Wood frame	Stucco Wood frame	Concrete Block or Stucco on Blk	Brick Solid Masonry
1,000	102,110	101,470	108,300	101,650	106,980	128,890
1,110	110,120	109,000	116,790	109,470	115,620	134,900
1,200	116,290	115,130	123,270	115,560	122,100	143,360
1,300	123,760	122,520	128,160	123,120	129,980	150,450
1,400	130,880	128,260	134,140	129,830	137,550	158,460
1,500	137,420	136,100	143,280	137,390	143,980	171,980
1,600	144,660	144,370	151,180	143,620	151,890	177,170
1,700	151,220	150,530	157,900	150,520	158,960	180,820
1,800	158,820	157,900	164,470	158,180	165,320	193,800
1,900	166,650	164,630	171,820	165,670	173,590	203,140
2,000	173,500	171,760	183,490	172,020	183,730	211,350
2,100	180,140	179,680	190,950	179,900	189,330	212,690
2,200	187,550	186,130	198,800	186,770	196,580	218,700
2,300	194,160	193,210	205,810	191,790	203,870	230,760
2,400	201,360	200,250	213,400	198,250	211,890	240,950
2,500	207,670	207,340	220,090	207,130	218,050	246,680
2,600	214,630	214,120	227,230	213,190	225,360	253,790
2,700	220,720	218,510	233,280	219,230	232,030	259,530
2,800	227,560	225,280	240,300	226,300	238,940	267,100
2,900	234,260	231,920	246,510	232,370	246,820	273,620
3,000	239,910	237,510	252,200	238,470	252,740	280,640
3,100	246,640	244,170	259,250	245,410	260,650	286,970
3,200	253,250	250,720	265,910	250,080	267,630	296,660
3,300	257,000	254,890	269,850	253,320	271,850	303,790
3,400	263,360	261,250	276,470	260,080	276,530	309,680
3,500	270,170	267,470	283,680	268,820	283,680	317,800
3,600	275,830	273,070	289,620	272,990	289,620	323,860
3,700	284,270	281,420	298,170	281,160	300,440	335,440
3,800	289,630	286,730	304,110	289,190	302,950	341,470
3,900	294,880	291,930	310,710	292,110	309,620	345,010
Over 4,000	\$75.00	\$74.25	\$79.50	\$74.75	\$78.75	\$88.75

Basement/foundation schedule (+)

Basements : Base cost per area square foot. For basement area or crawl space, write the valuation correlating to the proper square footage on the Basement line of PRC-2. For finished area, correlate the square footage of finish and add on Finished basement line on the PRC.

	400	600	800	1,000	1,200	1,400	1,600	1,800	2,000	2,400	2,800	3,200	3600	Over 3600
Crawl space	3,265	4,750	6,375	7,370	8,350	9,410	10,740	10,945	11,904	13,415	14,930	17,050	18,145	5.05
Unfinished basement	4,680	6,935	9,000	10,480	12,025	13,500	14,960	16,470	17,980	21,750	24,100	26,400	29,350	8.00
Finished Basement Living area	5,870	10,355	14,820	16,835	19,750	22,730	25,730	28,680	31,630	36,520	41,805	47,970	49,825	15.20
Finished Basement Recreation Room area	3,995	7,335	9,560	10,870	12,935	13,900	16,090	17,430	19,020	21,390	25,460	28,160	32,210	11.45

Plumbing (±)	
Per fixture less than standard...	
Deduct	\$1,885
Per fixture greater than standard...	
Add	\$1,885

Residential Central Air conditioning Schedule (+) For additions or ellis use \$2.50 per square foot of service area in the addition. Air Conditioning is always an addition.						
Total Square foot area	1 Story	1.5 Story	2 Story	Bi-level	Tri-level	2.5 – 3 Story
200	1,200	1,200	1,200	1,200	-----	-----
400	1,200	1,200	1,200	1,200	-----	-----
600	2,020	2,020	2,020	2,020	-----	-----
800	2,500	2,500	2,475	2,500	2,500	2,600
1,000	2,960	2,960	2,925	2,960	2,960	3,165
1,200	3,380	3,360	3,340	3,370	3,380	3,615
1,400	3,780	3,750	3,730	3,765	3,780	4,045
1,600	4,200	4,160	4,140	4,180	4,200	4,495
1,800	4,610	4,520	4,540	4,565	4,610	4,930
2,000	5,050	4,950	4,965	5,000	5,050	5,400
2,200	5,440	5,385	5,330	5,415	5,440	5,820
2,400	5,840	5,830	5,715	5,835	5,840	6,250
2,600	6,250	6,235	6,110	6,245	6,250	6,690
2,800	6,620	6,555	6,460	6,590	6,620	7,085
3,000	6,990	6,850	6,810	6,920	6,990	7,480
3,200	7,345	7,270	7,140	7,310	7,345	7,860
3,400	7,680	7,595	7,465	7,640	7,680	8,215
3,600	8,020	7,860	7,780	7,940	8,020	8,580
3,800	8,445	8,275	8,220	8,360	8,445	9,040
4,000	8,970	8,790	8,700	8,880	8,970	9,600

Porches (+)						
SFGA	Open frame porch	Frame Screened-in porch	Knee wall with glass	Solid wall enclosed frame	Open Masonry Porch	Enclosed masonry porch
24	1,120	1,905	3,050	2,290	1,225	2,935
50	1,970	2,450	4,720	3,580	2,620	4,225
80	2,945	3,990	6,385	4,870	3,915	5,530
100	3,455	4,545	7,470	5,895	4,415	7,000
120	3,955	5,130	7,975	6,340	5,500	7,420
150	4,940	6,415	9,965	7,930	6,590	9,260
200	6,300	7,825	11,655	9,550	8,445	11,180
250	7,500	9,300	13,540	11,195	9,975	13,055
300	8,620	10,580	15,315	12,685	11,325	14,930
350	9,640	11,725	16,975	14,060	12,670	16,590
400	10,460	12,600	18,430	15,265	14,000	18,010
500	12,350	14,960	21,885	18,125	16,425	21,390
600	13,950	17,060	24,950	20,665	18,830	24,385
700	15,535	19,020	26,645	22,900	20,815	25,755
750	15,810	19,365	27,650	23,310	21,025	27,105
800	16,025	19,615	28,425	23,625	21,315	28,445
900	17,190	20,970	32,220	25,245	23,030	27,105
1,000	18,150	22,140	34,010	26,650	25,160	28,445

Stoop, decks, patios (+)			
Stoop -- masonry	1 riser	\$26.90/SF	2 risers \$35/SF
Deck -- wood, elevated			17.35/SF
	If no stairs, deduct		5.75/SF
	If no railing, deduct		1.75/SF
Patio -- concrete			6.35/SF
Patio -- brick in sand			13.20/SF

Garages

The cost of a garage is not included in the base residence cost. The garage costs include wall surfaces, roof surface when applicable, a concrete floor, doors, and electric lighting. Walls and roof cover are the same as the basic residence. The garages cost table includes attached, detached, and built-in garages. Also included are costs for basement garages and areas over attached or detached garages.

Attached garages share a common wall with the residence and costs include interior finish for only that common or share wall.

Detached garages are freestanding structures with totally independent foundation and roof structures from the residence. There is no interior finish included in the costs.

Built-in garages having area both adjacent to and above. Costs include finish for all common surfaces.

Garages: Base cost per square foot of area



Garages	Attached			Detached			Built-in	
	1 Car	2 Car	3 Car	1 Car	2 Car	3 Car	1 Car	2 Car
	275-364	484-676	864+	275-364	484-676	864+	275 – 364	484 - 676
Vinyl Siding on wood stud	33.50	27.30	25.60	37.60	31.50	31.00	27.65	23.75
Wood Siding on wood stud	35.50	31.35	31.20	39.45	33.55	31.45	29.30	27.25
Brick veneer on wood stud	38.85	33.05	32.90	44.70	38.25	35.85	32.05	28.75
Stucco on Wood on wood stud	34.65	29.30	27.00	39.50	33.25	30.35	28.60	25.50
Solid Masonry, brick	40.65	37.60	36.50	48.30	40.15	36.80	33.55	32.70
Basement Garage:	Add lump sums to unfinished basement costs. 1 car: \$2,350 2 car: \$3,200							
Areas over Garage:	If an area over an attached garage is equal to the residence in interior finish, include that area in the total square footage of the residence and price the garage as a built-in. If minimal finish like a bonus room, use 50% of the garage square foot costs. If storage only with high-pitched gable roof, add 20% to the garage costs to cover roof and floor costs.							

Quality	
Grade	Factor
AA	225%
A	150%
B	122%
C	100%
D	82%
E	50%

Fireplace (+)			
Type	1 story	2 story	3 story
Masonry Fireplace & stack	\$5,340	\$5,950	\$6,775
2 nd fireplace on same stack	\$4,410	\$4,915	\$5,840
Pre-fab Fireplace	\$4,205	\$4,700	\$5,200

Partial masonry trim (+) Per SF of surface area				
Quality	A	B	C	D
Brick	\$17.60	\$14.35	\$11.75	\$9.65
Stone	44.10	35.85	30.60	25.30
Artificial Stone	19.00	15.45	12.60	10.35

Paving (+)	
Crushed stone	\$0.65/SF
Concrete	4.90/SF
Asphalt	2.90/SF

Residential REL Table

Schedule A						Schedule B									
Age	Effective Age					Age	Effective Age					Eff. Age	REL	Eff. 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
														101	30

The cost factor of 1.06, developed in Unit 5, Exercise 5-1, will be used for all three of the following exercises. Use the cost factor of 1.06 **only** for these exercises. Do **not** use this cost factor on your exam unless instructed to do so.

Note: The residential PRC (PRC-2) on your exam will not have a narrative description attached as they do in Exercises 6-1 through 6-3. It is important that you study the PRCs in this segment to ensure that you can correctly interpret the specifications of the property based on the items checked on the cards. You will encounter one residential PRC (PRC-2) on your exam.

If you have any questions, please refer to the answer key in the back of this booklet.

Residential	Average Quality	1 Story
Standard design from stock plans 1 Kitchen 1 Full bath No basement Asphalt/Fiberglass Shingles Hot air heat (gas fired) Painted drywall interior Average material and workmanship		

Base cost per square foot of total living area

Total SF	Wood siding Wood frame	Vinyl siding Wood frame	Brick veneer Wood frame	Stucco Wood frame	Concrete Block or Stucco on Blk	Brick Solid Masonry
600	70,070	69,370	74,130	70,550	73,570	86,890
700	78,900	78,110	83,470	79,990	82,840	97,640
800	86,900	86,030	91,940	88,660	91,240	107,320
900	95,000	94,050	100,510	97,330	99,570	117,090
1,000	102,500	101,470	108,840	106,810	108,440	126,080
1,100	110,070	108,970	117,150	114,610	116,230	135,110
1,200	117,140	115,970	125,460	123,470	123,460	143,490
1,300	124,250	123,000	133,530	128,990	130,710	151,900
1,400	130,950	129,640	141,590	135,660	137,500	159,760
1,500	138,180	136,800	149,920	142,130	144,950	168,580
1,600	145,560	144,100	158,240	148,180	151,380	177,220
1,700	152,080	150,560	166,510	155,730	158,160	184,400
1,800	159,640	158,040	174,770	163,090	166,660	193,960
1,900	167,650	165,980	183,020	170,310	174,350	204,110
2,000	175,000	173,250	191,260	177,340	182,000	212,620
2,100	181,500	179,680	198,980	184,500	188,580	220,340
2,200	188,540	186,650	206,700	191,490	195,800	228,700
2,300	195,290	193,330	214,430	198,240	202,710	236,690
2,400	202,270	200,250	222,150	208,510	209,860	244,950
2,500	209,470	207,370	229,830	211,510	217,220	253,670
2,600	216,500	214,330	237,500	218,230	224,190	261,970
2,700	222,940	220,710	245,180	224,820	230,740	269,530
2,800	229,350	227,060	252,860	234,300	237,370	277,080
2,900	235,860	233,500	260,420	237,680	243,990	283,620
3,000	242,220	239,800	267,970	244,040	250,460	290,660
3,100	247,840	245,360	275,510	250,310	256,510	296,790
3,200	254,530	251,980	283,040	258,540	263,440	303,790
3,300	259,150	256,560	288,720	261,470	267,700	309,680
3,400	265,840	263,180	294,390	264,400	274,340	317,680
3,500	270,690	267,980	300,071	271,390	280,160	322,800
3,600	277,950	275,170	305,750	278,370	286,290	329,860
Over 3,600	\$77.00	\$76.20	\$84.00	\$76.60	\$79.30	\$91.60

Residential	Average Quality	1.5 Story
Standard design from stock plans 1 Kitchen 1 Full bath No basement Asphalt/Fiberglass Shingles Hot air heat (gas fired) Painted drywall interior Average material and workmanship		

Base cost per square foot of total living area

Total SF	Wood siding Wood frame	Vinyl siding Wood frame	Brick veneer Wood frame	Stucco Wood frame	Concrete Block or Stucco on Blk	Brick Solid Masonry
600	70,180	69,470	74,390	69,830	73,690	87,020
700	80,080	79,280	84,890	79,680	84,040	96,800
800	86,930	86,060	92,150	86,500	91,280	105,190
900	95,040	94,180	100,650	94,560	99,790	115,000
1,000	102,520	101,600	108,570	101,990	107,640	124,050
1,100	110,870	109,890	117,410	110,320	116,300	134,150
1,200	116,490	115,550	123,490	116,140	122,120	141,230
1,300	123,060	121,700	130,060	122,320	128,220	148,750
1,400	129,880	127,200	135,930	127,840	134,630	155,460
1,500	137,420	137,100	146,460	137,870	145,210	167,660
1,600	143,570	142,130	151,750	142,710	150,320	175,280
1,700	154,580	152,030	163,390	153,810	161,000	181,500
1,800	160,670	158,740	169,670	159,700	168,380	191,800
1,900	166,050	165,060	176,420	166,060	174,910	202,700
2,000	171,370	167,940	180,970	170,510	179,250	209,350
2,100	178,940	176,610	188,780	176,990	187,170	213,690
2,200	185,080	182,670	195,260	183,290	193,410	219,240
2,300	190,710	189,030	201,200	189,870	200,250	228,470
2,400	197,260	195,290	207,910	196,690	207,120	236,710
2,500	204,910	202,040	215,980	202,590	214,440	244,890
2,600	210,040	207,100	221,380	208,880	219,490	252,050
2,700	220,450	217,580	232,130	216,820	230,150	259,540
2,800	226,970	224,250	239,110	225,060	237,180	267,100
2,900	232,910	230,350	245,330	231,810	243,270	276,620
3,000	238,260	234,450	250,890	237,100	248,980	281,640
3,100	243,470	239,530	256,640	241,880	255,640	287,290
3,200	248,950	244,840	261,900	247,210	261,400	294,760
3,300	257,300	252,930	270,680	254,210	270,170	301,040
3,400	264,610	259,580	278,260	261,430	277,840	309,590
3,500	270,400	265,580	284,190	266,340	283,920	316,370
3,600	276,890	274,670	291,010	271,350	290,690	323,860
Over 3,600	\$76.80	\$76.05	\$80.65	\$75.30	\$79.90	\$89.25

Residential	Average Quality	2 Story
Standard design from stock plans 1 Kitchen 1 Full bath No basement Asphalt/Fiberglass Shingles Hot air heat (gas fired) Painted drywall interior Average material and workmanship		

Base cost per square foot of total living area

Total SF	Wood siding Wood frame	Vinyl siding Wood frame	Brick veneer Wood frame	Stucco Wood frame	Concrete Block or Stucco on Blk	Brick Solid Masonry
1,000	102,110	101,470	108,300	101,650	106,980	128,890
1,110	110,120	109,000	116,790	109,470	115,620	134,900
1,200	116,290	115,130	123,270	115,560	122,100	143,360
1,300	123,760	122,520	128,160	123,120	129,980	150,450
1,400	130,880	128,260	134,140	129,830	137,550	158,460
1,500	137,420	136,100	143,280	137,390	143,980	171,980
1,600	144,660	144,370	151,180	143,620	151,890	177,170
1,700	151,220	150,530	157,900	150,520	158,960	180,820
1,800	158,820	157,900	164,470	158,180	165,320	193,800
1,900	166,650	164,630	171,820	165,670	173,590	203,140
2,000	173,500	171,760	183,490	172,020	183,730	211,350
2,100	180,140	179,680	190,950	179,900	189,330	212,690
2,200	187,550	186,130	198,800	186,770	196,580	218,700
2,300	194,160	193,210	205,810	191,790	203,870	230,760
2,400	201,360	200,250	213,400	198,250	211,890	240,950
2,500	207,670	207,340	220,090	207,130	218,050	246,680
2,600	214,630	214,120	227,230	213,190	225,360	253,790
2,700	220,720	218,510	233,280	219,230	232,030	259,530
2,800	227,560	225,280	240,300	226,300	238,940	267,100
2,900	234,260	231,920	246,510	232,370	246,820	273,620
3,000	239,910	237,510	252,200	238,470	252,740	280,640
3,100	246,640	244,170	259,250	245,410	260,650	286,970
3,200	253,250	250,720	265,910	250,080	267,630	296,660
3,300	257,000	254,890	269,850	253,320	271,850	303,790
3,400	263,360	261,250	276,470	260,080	276,530	309,680
3,500	270,170	267,470	283,680	268,820	283,680	317,800
3,600	275,830	273,070	289,620	272,990	289,620	323,860
3,700	284,270	281,420	298,170	281,160	300,440	335,440
3,800	289,630	286,730	304,110	289,190	302,950	341,470
3,900	294,880	291,930	310,710	292,110	309,620	345,010
Over 4,000	\$75.00	\$74.25	\$79.50	\$74.75	\$78.75	\$88.75

Plumbing (±)

Per fixture less than standard...
Deduct \$1,885

Per fixture greater than standard...
Add \$1,885

Quality

Grade	Factor
AA	225%
A	150%
B	122%
C	100%
D	82%
E	50%

Fireplace (+)

Type	1 story	2 story	3 story
Masonry Fireplace & stack	\$5,340	\$5,950	\$6,775
2 nd fireplace on same stack	\$4,410	\$4,915	\$5,840
Pre-fab Fireplace	\$4,205	\$4,700	\$5,200

Partial masonry trim (+) Per SF of surface area

Quality	A	B	C	D
Brick	\$17.60	\$14.35	\$11.75	\$9.65
Stone	44.10	35.85	30.60	25.30
Artificial Stone	19.00	15.45	12.60	10.35

Paving (+)

Crushed stone	\$0.65/SF
Concrete	4.90/SF
Asphalt	2.90/SF

Residential Central Air conditioning Schedule (+) For additions or ellis use \$2.50 per square foot of service area in the addition. Air Conditioning is always an addition.

Total Square foot area	1 Story	1.5 Story	2 Story	Bi-level	Tri-level	2.5 – 3 Story
200	1,200	1,200	1,200	1,200	-----	-----
400	1,200	1,200	1,200	1,200	-----	-----
600	2,020	2,020	2,020	2,020	-----	-----
800	2,500	2,500	2,475	2,500	2,500	2,600
1,000	2,960	2,960	2,925	2,960	2,960	3,165
1,200	3,380	3,360	3,340	3,370	3,380	3,615
1,400	3,780	3,750	3,730	3,765	3,780	4,045
1,600	4,200	4,160	4,140	4,180	4,200	4,495
1,800	4,610	4,520	4,540	4,565	4,610	4,930
2,000	5,050	4,950	4,965	5,000	5,050	5,400
2,200	5,440	5,385	5,330	5,415	5,440	5,820
2,400	5,840	5,830	5,715	5,835	5,840	6,250
2,600	6,250	6,235	6,110	6,245	6,250	6,690
2,800	6,620	6,555	6,460	6,590	6,620	7,085
3,000	6,990	6,850	6,810	6,920	6,990	7,480
3,200	7,345	7,270	7,140	7,310	7,345	7,860
3,400	7,680	7,595	7,465	7,640	7,680	8,215
3,600	8,020	7,860	7,780	7,940	8,020	8,580
3,800	8,445	8,275	8,220	8,360	8,445	9,040
4,000	8,970	8,790	8,700	8,880	8,970	9,600

Basement/foundation schedule (+)

Basements : Base cost per area square foot. For basement area or crawl space, write the valuation correlating to the proper square footage on the Basement line of PRC-2. For finished area, correlate the square footage of finish and add on Finished basement line on the PRC.

	400	600	800	1000	1200	1400	1600	1800	2000	2400	2800	3200	3600	Over 3600
Crawl space	3,265	4,750	6,375	7,370	8,350	9,410	10,740	10,945	11,904	13,415	14,930	17,050	18,145	5.05
Unfinished basement	4,680	6,935	9,000	10,480	12,025	13,500	14,960	16,470	17,980	21,750	24,100	26,400	29,350	8.00
Finished Basement Living area	5,870	10,355	14,820	16,835	19,750	22,730	25,730	28,680	31,630	36,520	41,805	47,970	49,825	15.20
Finished Basement Recreation Room area	3,995	7,335	9,560	10,870	12,935	13,900	16,090	17,430	19,020	21,390	25,460	28,160	32,210	11.45

Garages

The cost of a garage is not included in the base residence cost. The garage costs include wall surfaces, roof surface when applicable, a concrete floor, doors, and electric lighting. Walls and roof cover are the same as the basic residence. The garages cost table includes attached, detached, and built-in garages. Also included are costs for basement garages and areas over attached or detached garages.

Attached garages share a common wall with the residence and costs include interior finish for only that common or share wall.

Detached garages are freestanding structures with totally independent foundation and roof structures from the residence. There is no interior finish included in the costs.

Built-in garages having area both adjacent to and above. Costs include finish for all common surfaces.

Garages: Base cost per square foot of area



Garages	Attached			Detached			Built-in	
	1 Car	2 Car	3 Car	1 Car	2 Car	3 Car	1 Car	2 Car
	275-364	484-676	864+	275-364	484-676	864+	275 - 364	484 - 676
Vinyl Siding on wood stud	33.50	27.30	25.60	37.60	31.50	31.00	27.65	23.75
Wood Siding on wood stud	35.50	31.35	31.20	39.45	33.55	31.45	29.30	27.25
Brick veneer on wood stud	38.85	33.05	32.90	44.70	38.25	35.85	32.05	28.75
Stucco on Wood on wood stud	34.65	29.30	27.00	39.50	33.25	30.35	28.60	25.50
Solid Masonry, brick	40.65	37.60	36.50	48.30	40.15	36.80	33.55	32.70
Basement Garage:	Add lump sums to unfinished basement costs. 1 car: \$2,350 2 car: \$3,200							
Areas over Garage:	If an area over an attached garage is equal to the residence in interior finish, include that area in the total square footage of the residence and price the garage as a built-in. If minimal finish like a bonus room, use 50% of the garage square foot costs. If storage only with high-pitched gable roof, add 20% to the garage costs to cover roof and floor costs.							

Porches (+)						
SFGA	Open frame porch	Frame Screened-in porch	Knee wall with glass	Solid wall enclosed frame	Open Masonry Porch	Enclosed masonry porch
24	1,120	1,905	3,050	2,290	1,225	2,935
50	1,970	2,450	4,720	3,580	2,620	4,225
80	2,945	3,990	6,385	4,870	3,915	5,530
100	3,455	4,545	7,470	5,895	4,415	7,000
120	3,955	5,130	7,975	6,340	5,500	7,420
150	4,940	6,415	9,965	7,930	6,590	9,260
200	6,300	7,825	11,655	9,550	8,445	11,180
250	7,500	9,300	13,540	11,195	9,975	13,055
300	8,620	10,580	15,315	12,685	11,325	14,930
350	9,640	11,725	16,975	14,060	12,670	16,590
400	10,460	12,600	18,430	15,265	14,000	18,010
500	12,350	14,960	21,885	18,125	16,425	21,390
600	13,950	17,060	24,950	20,665	18,830	24,385
700	15,535	19,020	26,645	22,900	20,815	25,755
750	15,810	19,365	27,650	23,310	21,025	27,105
800	16,025	19,615	28,425	23,625	21,315	28,445
900	17,190	20,970	32,220	25,245	23,030	27,105
1,000	18,150	22,140	34,010	26,650	25,160	28,445

Stoop, decks, patios (+)			
Stoop -- masonry	1 riser	\$26.90/SF	2 risers \$35/SF
Deck -- wood, elevated			17.35/SF
	If no stairs, deduct		5.75/SF
	If no railing, deduct		1.75/SF
Patio -- concrete			6.35/SF
Patio -- brick in sand			13.20/SF

Residential REL Table

Schedule A						Schedule B									
Age	Effective Age					Age	Effective Age					Eff. Age	REL	Eff. 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
														101	30
														102	30

See the Property Record Card section of the Illinois Real Property Appraisal Manual to use these tables.

Exercise 6-1



Cost factor _____

PIN 03-10-108-011-0040

Lot size 80' x 120' **Lot value** \$25,000

The lot is improved with a 15-year-old 1-story frame dwelling with vinyl siding. The dwelling has an unfinished basement and an attached 2 car frame garage with vinyl siding — housing 5 rooms, including 2 bedrooms. There is a 24 square foot enclosed masonry (EMP) porch.

Foundation 8" concrete block on spread footing

Heating Gas fired forced air — central air conditioning

Plumbing Standard 5, plus a half-bath — average grade fixtures and galvanized piping

Exterior walls 2" x 4" stud frame, 16" on-center (o.c.), with vinyl siding, painted — 1 3/4" doors — 1 3/8" double-hung windows — 288 SF of face brick trim, grade C

Roof Asphalt shingles over 1/2" plywood sheathing with 2" x 6" rafters, 24" o.c.

Floors Basement - 4" concrete — 1st floor - 2" x 8" joist, 16" o.c. — vinyl asbestos tile and average grade carpet with pad

Interior finish 1/2" drywall — pine doors and trim throughout — average grade kitchen cabinets

Miscellaneous Average quality electrical fixtures — average quality workmanship — 12' x 20' concrete drive and a 4' x 10' concrete walk

CDU Average

Quality grade _____

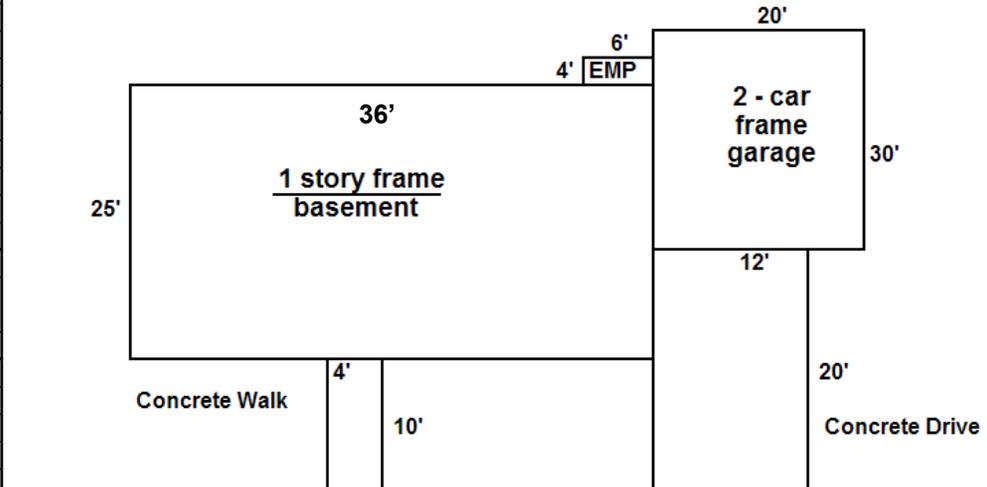
Complete the PRC-2 on the next page.

Exercise 6-1

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

03-10-108-011-0040

Occupancy							Interior Finish					Remodeled		Sold Date		Mo.	Day	Yr.	Age 15	Adj. Age			
1	2	3	4	5	6	7						NH		Amount \$		CDU Average							
Vacant Lot	Dwelling	Other	Mobile Home	A	Summer Home	Apt.	Plaster/dry wall									Grade C							
Living Accommodations							Fiberboard									Dwelling Computations							
Total Rooms		Bedrooms		Family Room			Paneling									1 Sty. Constr.							
							Features					SF		Quality		Type							
Foundation							Pt. Msy Trim									Brk. ¹ Stone Art ³							
8" Msy. Wall			Pier				Finished									Living							
Basement							Basement									Recreation							
1 Full		3 Crawl		4 Slab			Fireplaces #									Stack #							
Area without bsmt.							Integral garage									With: Porch SF OFF EFP ² OMP EMP ⁴ 2-Sty							
							Attached garage									Wd. deck SF Wood deck ⁶							
Heating																Porch SF OFF EFP ² OMP EMP ⁴ 2-Sty							
1 None		2 Central		3 Air Condition		4 Other											Basement SF						
Warm air																Heating/Central air							
Hot water/Steam																Sched. Comb.							
Floor furnace																Plumbing +							
Unit heaters																Attic							
Other																Porch							
Plumbing																Attach./Integral garage							
Standard (5)																Total							
Bathroom (3)																Grade							
Half bath (2)																Total							
Sink/Lavatory water closet																Other features							
Attic																Pt. msy. Walls							
1 None		2 Unfinished		3 Part		4 Full											Fireplace						
																Finished basement							
																Total							
																C/D							
																NH x AP							
																Replacement cost new							
																Eff. Age REL							
																Depr.							
																S C M I Full Value							
Exterior Walls																							
Wood/stucco/aluminum/vinyl siding																							
Concrete block																							
Brick/stone TRIM																							
Other																							
Roof																							
Shingle - asphalt/asbestos/wood																							
Slate/tile																							
Composition																							
Other																							
Floors																							
		B		1		2		3															
Concrete										Walk					1		Concrete						
Wood																							
Tile																							
Carpet																							
Listed by:																Total full value other buildings							
Date:																Total full value all buildings							



Exercise 6-2



Cost factor _____

PIN 04-01-406-002-0040

Lot size 80' x 150' **Lot value** \$32,000

The lot is improved with a 65-year-old, 2-story frame dwelling with wood siding. The dwelling is on a crawl —housing 8 rooms, including 4 bedrooms — detached 1 car frame garage with wood siding. There is a 24 square foot open frame (OFP) porch.

Foundation 8" concrete block wall

Heating Warm air system

Plumbing Standard 5 with cheap grade fixtures and galvanized iron piping

Exterior walls Painted wood siding over 2" x 4" studs, 16" o.c. — 1 3/8" pine doors — 1 3/8" pine double-hung windows

Roof Asphalt shingles, 2" x 4" rafters, 24" o.c. with 3/8" plywood sheathing

Floors 1st and 2nd floors - 2" x 8" joist, 16" o.c. — cheap grade tile and soft wood floors

Interior finish 3/8" plaster board — cheap pine doors and trim throughout — cheap kitchen cabinets

Miscellaneous Poor quality electrical fixtures — lack of electric outlets — below average workmanship — 8' x 100' crushed stone drive

CDU Poor

Quality grade _____

Complete the PRC-2 on the next page.

Exercise 6-3



Cost factor _____

PIN 03-33-333-009-0040

Lot size 80' x 120' **Lot value** \$24,000

The lot is improved with a 56-year-old 1 ½ -story brick solid masonry dwelling — attached 2 car brick solid masonry garage — housing 6 rooms, including 3 bedrooms. The upper level has 650 square feet of finished space. There is also an unfinished basement.

Foundation 8" concrete block walls with concrete footing

Heating Gas fired forced air — central air conditioning

Plumbing Standard 5, plus an additional full bath and a half-bath — average grade fixtures and galvanized piping

Exterior walls Brick — 1 3/4" doors — 1 3/8" double-hung windows

Roof Gambrel with 2" x 6" rafters, 24" o.c. — 1/2" plywood sheathing and asphalt shingles

Floors Basement - 4" concrete, 1st and 2nd floors - 2" x 8" joist, 16" o.c.-sanded maple and some tile and carpeting

Interior finish Lath and plaster — pine doors and trim throughout — average grade kitchen cabinets

Miscellaneous Average quality electrical fixtures — average quality workmanship — 10' x 30' asphalt drive, 4' x 20' concrete walk, and a 1350 SF unfinished basement, enclosed frame porch 20' x 6'

CDU Good

Quality grade _____

Complete the PRC-2 on the next page.

Exercise 6-3

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

03-33-333-009-0040

Occupancy							Interior Finish							Remodeled	Sold Date	Mo.	Day	Yr.	Age 56	Adj. Age																																						
1 Vacant Lot	2 Dwelling	3 Other	4 Mobile Home	5 A e	6 Summer Home	7 Apt.		B	1	2	3		NH	Amount \$				CDU Good																																								
Living Accommodations							Plaster/dry wall							Memo							Dwelling Computations																																					
Total Rooms							Fiberboard														Sty. Constr. SF																																					
Bedrooms							Paneling														Sty. Constr. SF																																					
Family Room							Features							Quality							Type																																					
Foundation							Pt. Msy Trim							Brk. Stone Art ⁵							Porches																																					
8" Msy. Wall							Finished							Living							Condo. Comm. Porch SF							OFF EFP ² OMP EMP ⁴ 2-Sty							Basement																							
Basement							Basement							Recreation							Prorated ⁹ Porch SF							OFF EFP ² OMP EMP ⁴ 2-Sty							Heating/Central air																							
1 Full							3 Crawl							4 Slab							Fireplaces #							Stacl#							With: Porch SF							OFF EFP ² OMP EMP ⁴ 2-Sty							Sched. Comb.									
Area without bsmt.							Integral garage							On grade ¹							Below ²							Wd. deck SF							Wood deck ⁶							Plumbing +																
SF							Attached garage							Frm. ¹							Msy. ²							Carport ³														Attic																
Heating							1 None							2 Central							3 Air Condition							4 Other														Porches																
Warm air																																										Attach./Integral garage																
Hot water/Steam																																										Total																
Floor furnace																																										Total																
Unit heaters																																										Other features																
Other																																										Pt. msy. Walls																
Plumbing							Standard (5)																																			Fireplace																
Bathroom (3)																																										Finished basement																
Half bath (2)																																																										
Sink/Lavatory water closet																																																										
Attic							1 None							2 Unfinished							3 Part							4 Full														Total																
																																																	C x D									
																																																	NH x AP									
																																																	Replacement cost new									
																																																	Eff. Age									
																																																	Depr.									
																																																	REL									
																																																	Full Value									
																																																	S C M I									
Exterior Walls							Wood/stucco/aluminum/vinyl siding																																																			
Concrete block																																																										
Brick/stone																																																										
Other																																																										
Roof							Shingle - asphalt/asbestos/wood																																																			
Slate/tile																																																										
Composition																																																										
Other																																																										
Floors							B							1							2							3																														
Concrete																																																										
Wood																																																										
Tile																																																										
Carpet																																																										
																																																								Listed by:		
																																																								Date:		
																																																								Total full value other buildings		
																																																								Total full value all buildings		

You will encounter one residential PRC (PRC-2) on your exam that does not have any narrative. One of the purposes is to figure out the description of the property by the boxes that have been checked. An example of a PRC-2, in the same format, is on the next page.

Exercise 6-4 Example of Exam PRC

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

Occupancy							Interior Finish				Remodeled	Sold Date			Mo.	Day	Yr.	Age 5	Adj. Age											
1	2	3	4	5	6	7												CDU Average												
Vacant Lot	Dwelling	Other	Mobile Home	A Frame	Summer Home	Apt.		B	1	2	3	Memo							Grade B											
Living Accommodations							Plaster/dry wall											Dwelling Computations												
Fiberboard							Paneling											Sty. Constr. SF												
Total Rooms	Bedrooms	Family Room		Features				SF	Quality	Type									Sty. Constr. SF											
7	3	1		Pt. Msy Trim						Brk.	Stone	Art ³	Porches																	
Foundation							Finished				Living		Condo. Comm.	Porch	SF	OFP	EFP	OMP	EMP	2-Sty	Basement									
Basement							Basement				Recreation		Prorated	%	Porch	SF	OFP	EFP	OMP	EMP	2-Sty	Heating/Central air								
1	3	4		Fireplaces # 1				masonry	Stack # 1	With:		Porch	SF	OFP	EFP	OMP	EMP	2-Sty	Sched. Comb.											
Full	Crawl	Slab		Integral garage				On grade ¹	Below ²	Wd. deck		SF	Wood deck⁶									Plumbing +								
Area without bsmt.							Attached garage				Frm. ¹	Msy²	Carport ³									Attic								
Heating											<div style="border: 1px solid black; padding: 10px; text-align: center;"> <p>30'</p> <p>60'</p> <p>20'</p> <p>10'</p> <p>20'</p> <p>20'</p> <p>24'</p> <p>20'</p> <p>40'</p> <p>1 - story brick/solid masonry unfinished basement</p> <p>Wood Deck w/stairs and railing</p> <p>Brick Family Room Slab</p> <p>Attached 2-car brk/masonry garage</p> <p>Concrete Drive</p> </div>											Porches								
1	2	3	4																			Attach./Integral garage								
None	Central	Air Condition	Other																			Total								
Warm air																													Grade	
Hot water/Steam																													Total	
Floor furnace																													Other features	
Unit heaters																													Pt. msy. Walls	
Other																													Fireplace	
Plumbing																													Finished basement	
Standard (5)																													Total	
Bathroom (3)																		C x D												
Half bath (2)																		NH x AP												
Sink/Lavatory water closet																		Replacement cost new												
Attic																		Eff. Age												
1	2	3	4												Depr.															
None	Unfinished	Part	Full												REL															
% finished																		Full Value												
Exterior Walls																		S C M I												
Wood/stucco/aluminum/vinyl siding																														
Concrete block																														
Brick/stone																														
Other																														
Roof																														
Shingle - asphalt/ asbestos/ wood																														
Slate/tile																														
Composition																														
Other																														
Floors																														
Concrete							B	1	2	3																				
Wood																														
Tile																														
Carpet																														
Listed by:														Total full value other buildings																
Date:														Total full value all buildings																

Unit 6 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 has to 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 RCN to arrive at the full market value, which then reflects the adjustment made for depreciation.

Unit 6

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 particular 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
-

4. T or F PRC-2 is used for calculating land values.
5. T or F A frame house of 1,000 square feet on a slab will not have an adjustment for a basement.
6. T or F All detached garages are calculated using the **Summary of Other Buildings** section on the PRC.
7. T or F The quality grade is used to determine a REL factor.
8. 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 7

Land Valuation

This unit covers land valuation using the front foot method, the square foot method, and the site method.

The purpose of this unit is to provide a basic understanding of calculating land values using the front foot method, the square foot method, the site method, and lot depth tables.

Learning objectives

After completing the assigned readings, you should be able to

- explain the basic methods for valuing land,
- define the front foot method of valuing land,
- explain the use of a standard depth table,
- use a standard depth table to arrive at a value,
- define the square foot method of valuing land, and
- define the site method of valuing land.



Terms and concepts

“65-35 Rule”

Front foot value

Site value

Square foot value

Unit value

Land valuation

The assessor is responsible for placing a value on both land and improvements for each parcel of property located in the jurisdiction.

Legal descriptions fall into three categories — lots and block, land descriptions (which can be described either fractionally, by acreage, or lineally), and metes and bounds. When reading legal descriptions to locate property, read all legal descriptions backwards, except those written in metes and bounds.

Lots and blocks

Lots 1 and 4, in block 30, in the village of Good Hope, McDonough County, Illinois.

Lot 4 in block 28 in the city of Bushnell, according to plat #2 of said city, county of McDonough, state of Illinois.

Lot 6, block 10, Blevins 4th Addition to the city of Macomb, in the county of McDonough, Illinois.

Land descriptions

A true section of land contains 640 acres. Sections are often quartered, with the upper right quadrant, or $\frac{1}{4}$, being referred to as the northeast quarter; the upper left quadrant, or $\frac{1}{4}$, being referred to as the northwest quarter; the lower left quadrant, or $\frac{1}{4}$, as the southwest quarter; and the lower right quadrant, or $\frac{1}{4}$, as the southeast quarter. These quarter sections each contain 160 acres.

Fractional: E $\frac{1}{2}$, NE $\frac{1}{4}$, section 6, T.3N, R.4W,
3rd principal meridian (PM).
NW $\frac{1}{4}$, SW $\frac{1}{4}$, NE $\frac{1}{4}$, section 6, T.3N, R.4W,
3rd principal meridian.
W $\frac{1}{2}$, NE $\frac{1}{4}$, SW $\frac{1}{4}$, section 6, T.3N, R.4W,
3rd principal meridian

Acreage: W 80 acres, NE $\frac{1}{4}$, section 6, T.3N, R.4W of
3 P.M.

Lineal: The E 400' of SE $\frac{1}{4}$, sec. 7, T.2S, R.1E of 3 P.M.

Metes and bounds

Beginning at the SE corner of the NW quarter of section 4, T.7N, R.8E of the 3 P.M. Then north 50 feet to the point of beginning. Then west 550 feet. Then north 400 feet. Then east 550 feet. Then south 400 feet to the point of beginning.

A number of principles are involved in land valuation. Land is valued as 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.

Highest and best use must be

Legal — Use complies with zoning laws, not unlawful, *etc.*

Probable or physically possible — Use is reasonable, not speculative.

Economically feasible — Use is in demand, profitable.

Land and **site** have different meanings. Land is considered to be raw land without amenities, such as streets and utilities. Site is defined as a parcel that has been made ready for its intended purpose.

When valuing residential land, the assessor must first determine the most appropriate unit of value to be used in a particular area. The three most common units of value are

- 1 Front foot value** — the amount of frontage is the most significant factor in determining value.
- 2 Square foot value** — the size is the most significant factor in determining value and is also used to value irregular shaped lots.
- 3 Site value** — the location is the most significant factor in determining value.

In some situations, especially when rural residential land is being valued, the dollar per acre amount could be the most appropriate unit of value.

The assessor must analyze the market to support the unit of value to be used. **Unit value** is determined by dividing the selling price of vacant land by the number

of units, arriving at a \$ per unit value. For example, the selling price for a lot is \$24,000. The lot is 80' x 150'. For lot dimensions, the first number always refers to the width of the lot. The second number refers to the depth of the lot. Since the frontage (width) of the lot is 80' and the depth of the lot is 150', the lot contains 12,000 square feet.

$$\frac{\$24,000}{80'} = \$300/\text{FF} \quad \frac{\$24,000}{12,000} = \$2/\text{SF} \quad \frac{\$24,000}{1} = \text{site value}$$

To decide the most appropriate unit of value to be used, the assessor must determine which unit of value is the most consistent, or which reflects the least percent of deviation. The unit of value with the least percentage of deviation becomes the most appropriate unit of value. The median becomes the base unit of value to be used in the mass appraisal process.

Adjustments to the basic unit value **must be** supported by the market. Adjustments may be required for

- time,
- specific physical characteristics, e.g., trees, landscaping, topography, and
- location, whether a corner or interior lot.

A **front foot** (FF) is a strip of land one foot wide, running from the front of the lot to the rear. When using the front foot method, all front feet that front a street, lake, *etc.*, and run the entire depth of the lot have the same value.

When using the front foot unit method to value residential property, some adjustments to the standard front foot value may be necessary, since not all lots have the same dimensions. The front foot value takes the width into consideration.

Irregular lot adjustments are also made when the front foot value is the unit of comparison. These adjustments are based on the assumption that the utility of the lot may be affected by its shape. The most common rule for shape adjustment is known as the “**65-35 Rule.**” It is based on the premise that a right-angle triangular shaped lot, with its base on the street, has 65 percent

of the value of a rectangular lot of the same frontage. It also assumes that a right-angle triangular shaped lot with its apex, or point, on a street, has 35 percent of the value of a rectangular lot that has the frontage.

Other types of irregularly shaped lots may have to be measured and valued as though they are separate lots, with each value being combined into a final lot value. The most common methods would incorporate the use of average depths, and the use of rectangles and triangles.

As previously stated, when size is the dominant factor in determining value, the square foot unit of value is used. The value of the lot is found by multiplying the number of square feet by the \$/SF value. For example, a lot is 80' x 100' and the unit value is \$.90/SF. The lot has a value of \$7,200. (80' x 100' = 8,000 SF x \$.90.)

Irregular shaped lots will be valued similarly to the steps above, except depth is not a factor in determining a final value. One must keep in mind that if a triangular shaped lot is being valued, the number of square feet contained in the lot is determined by:

$$\frac{\text{base x height}}{2}$$

Exercise 7-1

65/35 Rule for right-angle triangular shaped lots

The "65-35 Rule" is based on the premise that a right-angle triangular shaped lot, with its base on the street, has 65 percent of the value of a rectangular lot of the same frontage and depth. It also assumes that a right-angle triangular shaped lot with its apex, or point, on a street, has 35 percent of the value of a rectangular lot of the same dimensions.

Use the worksheet on the next page for this exercise.

The lots in Exercise 7-1 have a standard depth of 100 feet. Use the front foot method to value these lots, using the following formula:

$$\text{Lot value} = \text{number of FF} \times (\$ \text{ per FF}) \times \text{factor (65/35)}$$

Compute the value for lot C first because it is a rectangular lot. To compute the lot value, multiply the 150' of frontage by the \$100 per front foot value. No shape factor is required.

$$\text{Lot C } 150 \text{ FF} \times \$100/\text{FF} = \$15,000$$

Lot A is a right-angle triangular shaped lot with its base on the street, and will carry 65 percent of the value of lot C, a full lot. To compute the value of lot A, chain multiply the 150' of frontage by the \$100 per front foot value by the shape adjustment factor of 65% (.65).

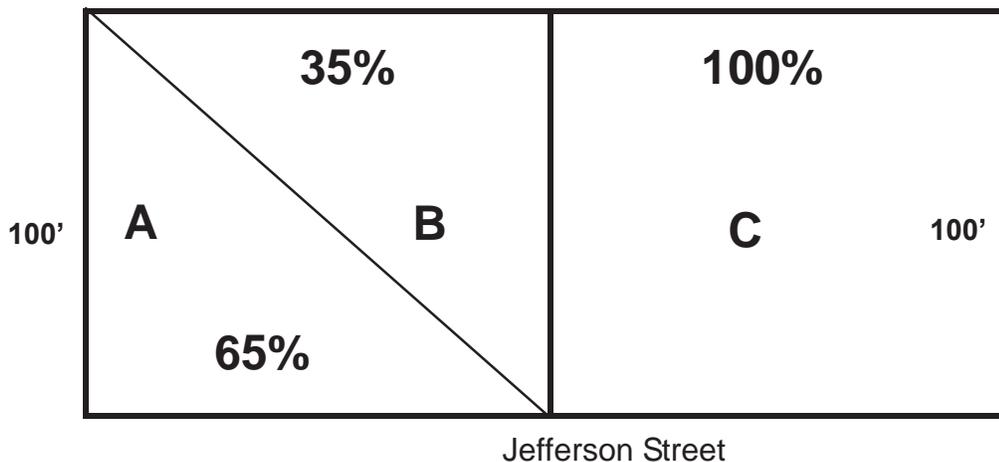
$$\text{Lot A } 150 \text{ FF} \times \$100/\text{FF} \times 65\% (.65) = \$9,750$$

Lot B is a right-angle triangular shaped lot with its apex, or point on the street, and will carry 35 percent of the value of lot C, a full lot. To compute the value of lot B, chain multiply the 150' of frontage by the \$100 per front foot value by the shape adjustment factor of 35% (.35).

$$\text{Lot B } 150 \text{ FF} \times \$100/\text{FF} \times 35\% (.35) = \$5,250$$

Check the accuracy of your computations by adding the values for lots A and B. This value should equal the value of a full lot, such as lot C

Exercise 7-1 65/35 Rule



Compute the values for the three parcels above if the front foot value is \$100/FF.

A _____
 B _____
 C _____

Exercise 7-2

Residential lots

The purpose of this exercise is to familiarize you with the valuation of lots with various shapes.

The lots in this exercise are numbered for identification purposes only. For this exercise, the front foot unit of comparison derived from the market is \$100 per front foot. The square foot value derived from the market is \$1/SF.

Value the lots using the formulas below.

Front foot formula

Lot value = number of FF X \$ per FF X factor for shape

Square foot formula

Lot value = number of SF X \$ per SF

Use the worksheet on page 233 as an example to work the similar exercise on page 234.

1 Lot 004

To compute the lot value, multiply the 100' of frontage by the \$100 per front foot value.

Value of lot 004 100 FF X \$100/FF = \$10,000

To compute the lot value using the square foot value as the unit value, multiply the frontage 100 ' by the depth of 100' by the square foot value (\$1/SF).

100' x 100' x \$1/SF = \$10,000

2 Lot 005

To compute the lot value, chain multiply the 75' of frontage by the \$100 per front foot value.

Value of lot 005 75 FF X \$100/FF = \$7,500

To compute the \$/SF value, simply multiply the frontage of 75' by the depth of 70'.

75' x 70' x \$1/SF = \$5,250

3 Lot 006

The lot is a right-angle triangular shaped lot with its apex, or point, on the street and will carry 35 percent of the value of a rectangular lot having the same dimensions. To compute the lot value, chain multiply the 75' of frontage by the \$100 per front foot value, by the shape adjustment factor of 35% (.35).

$$\text{Value of lot 006 } 75 \text{ FF} \times \$100/\text{FF} \times 35\% (.35) = \$2,625$$

To compute the \$/SF value, the first step is to determine the square footage of the triangular shaped lot. Multiply the base by the height and divide by 2. The square footage is then multiplied by the \$/SF value.

$$\frac{75' \times 100'}{2} = 3,750 \text{ SF} \times \$1/\text{SF} = \$3,750$$

4 Lot 007

The lot is a right-angle triangular shaped lot with its base on the street, and will carry 65 percent of the value of a rectangular lot having the same frontage and depth. To compute the lot value, chain multiply the 75' of frontage by the \$100 per front foot value, by the shape adjustment factor of 65% (.65).

$$\text{Value of lot 007 } 75 \text{ FF} \times \$100/\text{FF} \times 65\% (.65) = \$4875$$

Follow the same process for lot 007 as you did for lot 006.

$$\frac{75' \times 100'}{2} = 3,750 \text{ SF} \times \$1/\text{SF} = \$3,750$$

5 Lot 008

To compute the lot value using front foot, chain multiply the 75' of frontage by the \$100 per front foot value.

$$\text{Value of lot 008 } 75 \text{ FF} \times \$100/\text{FF} = \$7,500$$

To compute the lot value using square foot, chain multiply the 75' of frontage by the depth of 120' and then by the \$/SF.

$$75' \times 120' \times \$1/\text{SF} = \$9,000$$

6 Lot 009

The sides of lot 009 are unequal in length. To compute the lot value, multiply the 75' of frontage by the \$100 per front foot value.

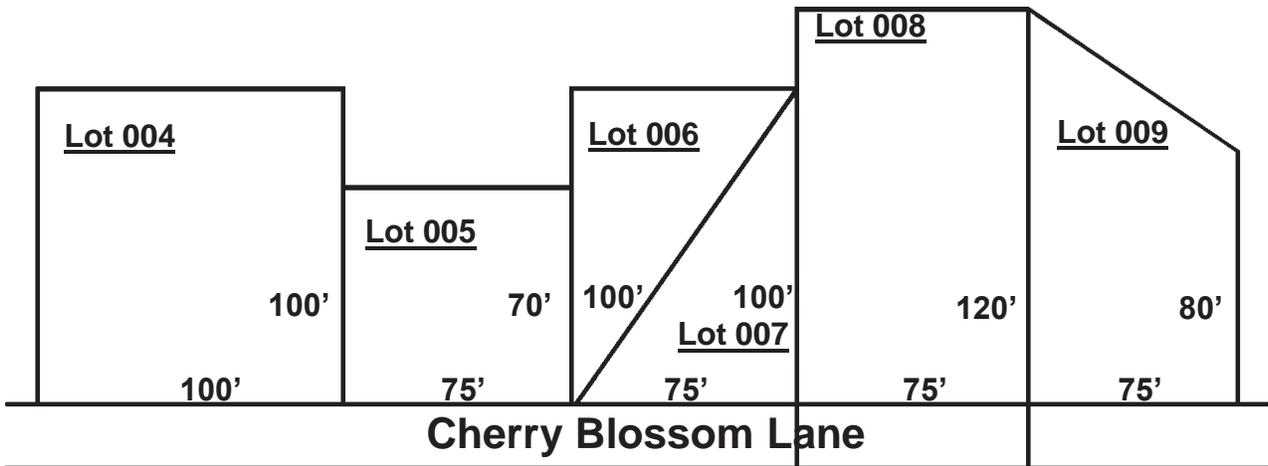
$$\text{Value of lot 009 } 75 \text{ FF} \times \$100/\text{FF} = \$7500$$

When using \$/SF as the unit value, this lot will be divided into a triangular-shaped portion (40' x 75') containing 1,500 SF, and a rectangular-shaped portion (75' x 80') containing 6,000 SF. Adding the 1,500 SF and the 6,000 SF gives a total of 7,500 SF for the entire lot.

This lot contains 7,500 SF x \$1/SF = \$7,500.

Exercise 7-2 worksheet
Residential lots

\$100/ FF \$ 1/SF



Front foot

- Lot 004 100 FF x \$100/FF = \$10,000
- Lot 005 75 FF x \$100/FF = \$7,500
- Lot 006 75 FF x \$100/FF x 35% (.35) (shape adjustment factor) = \$2,625
- Lot 007 75 FF x \$100/FF x 65% (.65) (shape adjustment factor) = \$4,875
- Lot 008 75 FF x \$100/FF = \$7,500
- Lot 009 75 FF x \$100/FF = \$7,500

Square foot

- Lot 004 100' x 100' x \$1/SF = \$10,000
- Lot 005 75' x 70' x \$1/SF = \$5,250
- Lot 006 75' x 100' ÷ 2 = 3,750 SF x \$1/SF = \$3,750
- Lot 007 75' x 100' ÷ 2 = 3,750 SF x \$1/SF = \$3,750
- Lot 008 75' x 120' x \$1/SF = \$9,000
- Lot 009 75' x 80' x \$1/SF = \$6,000
- 40' x 75' ÷ 2 = 1,500 SF x \$1/SF = \$1,500
- \$ 6,000 + \$ 1,500 = \$ 7,500

Exercise 7-3

Calculating FF values and SF values

Calculate the FF values and the SF values for lots 024 through 029.

The FF value is \$140/FF
The SF value is \$.80/SF

Lot 024 FF value = _____
 SF value = _____

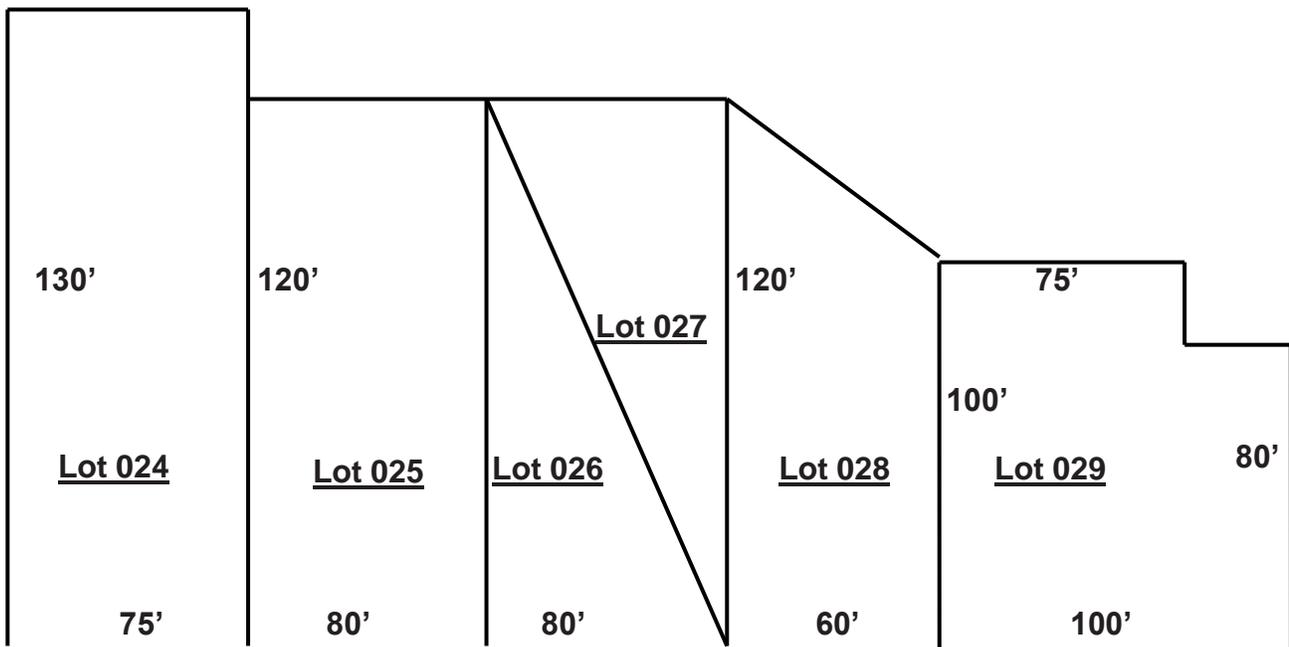
Lot 027 FF value = _____
 SF value = _____

Lot 025 FF value = _____
 SF value = _____

Lot 028 FF value = _____
 SF value = _____

Lot 026 FF value = _____
 SF value = _____

Lot 029 FF value = _____
 SF value = _____



Exercise 7-4

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.

Site	Sales price	Sale date	Size	Location	Physical features
1	\$ 9,000	Current	75 x 200	Interior	Level - trees
2	\$ 8,500	Current	75 x 200	Corner	Level - trees
3	\$10,000	Current	75 x 200	Interior	Rolling - trees
4	\$ 9,000	1 year ago	75 x 200	Interior	Rolling - trees
5	\$ 8,000	Current	75 x 200	Interior	Level - no trees
6	\$ 6,500	1 year ago	75 x 200	Corner	Level - no trees
7	\$ 7,500	Current	75 x 200	Corner	Level - no trees

Time adjustment instructions:

A time adjustment identifies sales with identical features, except the sale date. Sale 3 is identical to sale 4, except sale 3 is a current sale and sale 4 sold 1 year ago. The time adjustment indicated is + \$1,000 each year. Look for additional sales for number 1 below.

- Based on the above sales, a site that sold today is worth \$_____ more than a site that sold a year ago.
- A site that is on rolling terrain is worth \$_____ more than a site on level terrain.
- A site that has trees is worth \$_____ more than a site without trees.
- An interior site is worth \$_____ more than a corner site.

Alternate methods of developing land values

In areas where an inactive market for vacant land exists, alternate methods of valuation may have to be used. These methods are useful in certain restricted circumstances and should be used with caution, as they are poor substitutes for actual market information.

- 1 Allocation** — based on the proportion between the value of the land and the value of the improvements.
- 2 Extraction** — land value is found by subtracting the building value from the sales price

Summary

The assessor is responsible for determining the value of both the land and the improvement for all properties located in his or her jurisdiction. **Land** is valued as vacant and at its highest and best use.

Several principles may be used to value land. The three most common units of value are **front foot value, square foot value, and site value.**

A **front foot** is a strip of land 1 foot wide running from the front to the rear of the lot. Adjustments may be necessary when using the front foot (FF) method to value residential property. The adjustments described below may be necessary.

An irregular lot adjustment is also made when the front foot value is the unit of comparison. These adjustments are based on the assumption that the utility of the lot may be affected by its shape.

The most common rule for shape adjustment is known as the “**65-35 Rule.**” It is based on the premise that a right-angle triangular shaped lot with its base on the street has 65 percent of the value of a rectangular lot having the same frontage. It also assumes that a right-angle triangular shaped lot with its apex, or point on a street has 35 percent of the value of a rectangular lot having the same frontage.

The area of a triangle is found by multiplying the base by the height and dividing by 2.

Unit 7

Review questions

Match these terms with the correct definition.

- | | | | |
|-------|------------------------|----------|--|
| _____ | “65-35 Rule” | A | as vacant and at its highest and best use. |
| _____ | Front foot | B | based on the premise that the value of a right-angle triangular shaped lot is affected by its shape. |
| _____ | How land is valued | C | a strip of land 1 foot wide running from the front to the rear of the lot. |
| _____ | $\frac{b \times h}{2}$ | D | based on the assumption that the front portion of the lot is more valuable on a unit basis than the rear portion |
| _____ | $\frac{SP}{\#units}$ | E | area of a triangular-shaped lot |
| | | F | unit value |

Unit 8

Farmland Valuation

This unit covers farmland valuation.

The purpose of this unit is to provide a basic understanding of the procedures involved in calculating values for various soil types, as well as establishing a value for the farm homesite and residence.

Learning objectives

After completing the assigned readings, you should be able to

- explain who is responsible for certifying farmland values,
- understand the method of valuing farmland, and
- explain the use of an aerial base tax map



Terms and concepts

Use value
Farm homesite
Cropland
Pasture land
Other farmland
Productivity index (PI)
Agricultural economic value (AEV)
Individual soil weighted method

Assessment of the farm

Until the late 1970's, farmland in Illinois was assessed for property tax purposes in the same manner that most property still is — on the basis of its fair market value. In 1977, the basis for farmland assessments began to move away from fair market value and toward agricultural use value. In September 1981, with the passage of

legislation known as the “Farmland Assessment Law,” the transition from fair market value to total use value was completed.

Agricultural **use value** is based upon land use under average level management, productivity of the soils, and the present worth of the future net income accruing to the land from farm production. Use value assessments, unlike market value assessments, recognize a difference between value in use and value in exchange. Because use value assessments are generally lower than market value assessments, they provide property tax relief to owners of farmland.

Recent Legislation

Public Act 98-0109 (passed into law on July 15, 2013) amended 35 ILCS 200/10-115(e) that will change the calculation of the certified values beginning with the 2015 certified values for property taxes payable in 2016. This amendment changes to 10% limitation in the increase or decrease based on the median cropped soil productivity index of 111. For the certified values for the 2015 taxable year only, there will be an additional \$5 reduction from the 10% limitation. The \$5 deduction was to help soften the blow of the expected increases that will more significantly affect farm parcels at the lower range of the soil productivity scale.

This is informational only. A lengthy discussion of this legislation is outside the scope of this course.

Definition of a farm

To be eligible for a farm assessment, tracts of land must meet the statutory requirements of Section 1-60 of the Property Tax Code, below.

Sec. 1-60. Farm.

When used in connection with valuing land and buildings for an agricultural use, any property used solely for the growing and harvesting of crops; for the feeding, breeding

and management of livestock; for dairying or for any other agricultural or horticultural use or combination thereof; including, but not limited to, hay, grain, fruit, truck or vegetable crops, floriculture, mushroom growing, plant or tree nurseries, orchards, forestry, sod farming and greenhouses; the keeping, raising and feeding of livestock or poultry, including dairying, poultry, swine, sheep, beef cattle, ponies or horses, fur farming, bees, fish and wildlife farming. The dwellings and parcels of property on which farm dwellings are immediately situated shall be assessed as a part of the farm. Improvements, other than farm dwellings, shall be assessed as a part of the farm and in addition to the farm dwellings when such buildings contribute in whole or in part to the operation of the farm. For purposes of this Code, “farm” does not include property which is primarily used for residential purposes even though some farm products may be grown or farm animals bred or fed on the property incidental to its primary use. The ongoing removal of oil, gas, coal or any other mineral from property used for farming shall not cause that property to not be considered as used solely for farming. (Source: P.A. 86-1481; 87-877; 88-455.)

Section 10-110 of the code also adds as an eligibility requirement that the land be used as a farm for the preceding two years.

The four parts of a farm

In setting the assessment on a farm parcel, local assessing officials must consider four separate parts of the farm: farm homesite, farm residence, farm buildings, and farmland. These four parts and the assessment method for each are described below.

1 — Farm homesite is defined as the land on a farm parcel used for residential purposes. The farm homesite is assessed at $33\frac{1}{3}$ percent (10 percent in Cook) of its market value as residential land, like all other residential land in the county. The market value is whatever comparable rural residential land is selling for in the area. This part of the farm is subject to board of review (in all counties except Cook) and state equalization factors.

2 — Farm residence is assessed at $33\frac{1}{3}$ percent (10 percent in Cook) of its market value as residential property, like all other residential improvements in the

county. Like the farm homesite, the residence is subject to board of review (in all counties except Cook) and state equalization factors.

3 — Farm buildings are assessed at 33 1/3 percent (10 percent in Cook) of their contributory value to the productivity of the farm. Contributory value considers the current use of the improvements and what that use adds to the overall productivity of the farming operation. Contributory value is the same concept as value in use. This part of a farm parcel assessment is subject to board of review factoring (in all counties except Cook), but not state equalization factors.

4 — Farmland is assessed (in all counties except Cook) according to

- The type of soils present and those soils' potential to produce crops.
- Factors that detract from productivity, such as slope and erosion and flooding.
- Land use; the statutes identify four categories of farmland and a method of assessing each one.

Farmland is not subject to board of review or state equalization factors.

COOK COUNTY:

“Section 10-130. Farmland valuation; counties of 3,000,000 or more.

In counties with more than 3,000,000 inhabitants, the equalized assessed value per acre of farmland shall be the lesser of either 16 percent of the fair cash value of the farmland at the price it would bring at a fair, voluntary sale for use by the buyer as a farm as defined in Section 1-60, or 90% of the 1983 average equalized assessed value per acre certified by the Department. (Source: P.A. 86-954; 88-455)”

The four categories of farmland

ALL OTHER COUNTIES:

The four categories of farmland are cropland, permanent pasture, other farmland, and wasteland. Cropland, permanent pasture, and other farmland are assessed based on soil productivity. Wasteland is assessed based on its contributory value. The definition and method for assessing each of these categories follows.

1 — Cropland is

- all land from which crops were harvested or hay was cut;
- all land in orchards, citrus groves, vineyards, and nursery and greenhouse crops;
- land in rotational pasture and grazing land that could have been used for crops without additional improvements;
- land used for cover crops, legumes, and soil improvement grasses, but not harvested and not pastured;
- land on which crops failed;
- land in cultivated summer fallow; and
- idle cropland.

Cropland is the highest assessed farmland category. Cropland is assessed at the full amount of the EAV corresponding to the productivity indexes of cropland soils in all counties except Cook.

2 — Permanent pasture includes any pasture land except

- pasture land qualifying under the cropland definition, which includes rotational pasture and grazing land that could have been used for crops without additional improvements, and
- woodland pasture.

Permanent pasture is generally assessed at one-third of the amount of the cropland EAVs corresponding to the **productivity indexes (PIs)** of the permanent pasture soils.

3 — Other farmland includes

- woodland pasture;
- woodland including wood lots, timber tracts cutover, and deforested land; and
- farm building lots other than homesites.

Other farmland is generally assessed at one-sixth of the amount of the cropland EAV corresponding to the PIs of the other farmland soils.

4 — Wasteland is the portion of a qualified farm tract that is not put into cropland, permanent pasture, or other farmland as the result of soil limitations and not as the result of management choices.

In many instances, wasteland enhances the productivity of other parts of the farm parcel. For instance, some land may be more productive because wasteland provides a path for water to run off or a place for water to collect. There are instances, possibly a bluff, when wasteland contributes nothing to the productivity of the farm. Wasteland that contributes to the productivity of the farm is assessed at one-sixth of the EAV per acre of cropland of the lowest PI certified by the department. Wasteland that does not contribute to the productivity of the farm should be given a zero assessment.

Department certified values

To achieve equitable farmland assessments statewide, the department issues guidelines and annual farmland assessment data for the valuation of farmland. Guidelines on the assessment of farmland are issued through Publication 122 and department memorandums. The assessment data that is used to value farmland is provided on the chart of certified values. This chart contains 5-year averages of gross income, production costs, net income, agricultural economic value (AEV), and equalized assessed value (EAV) for productivity indices (PIs) 82 through 130. The net income is the difference between the gross income and the production costs. The net income for each PI is capitalized (divided) by the 5-year Agri-Bank farmland mortgage interest rate, the quotient of which is the AEV. The EAV, for which cropland is assessed, is found by multiplying the AEV by 33 $\frac{1}{3}$ percent. Because EAVs are equalized, farmland is not subject to state equalization factors.

The steps in assessing farmland

The department uses the **individual soil weighted method** for valuing farmland. The individual soil weighted method weights a soil's assessed value by the number of acres of the soil.

The following section outlines the steps in arriving at the EAV and works through a sample farmland assessment using a PRC. When working through the sample farm assessment you should refer to the **PRC-1F; Table 2: Productivity Indexes for Average Level Management; Table 3: Slope - Erosion Adjustment Table; the 2014 Department Certified Values**; and the soil map of the subject farm and farm homesite. These reference materials begin on page 255.

A decision must be made as to whether the farmed portion of the parcel is eligible for a farmland assessment. To be eligible, the farmed portion has to have been in a qualified farm use for the previous two years and the primary use of the parcel cannot be residential. If the parcel is a farm, proceed as indicated below.

The steps in using the individual soil weighted method

Step 1

Obtain adequate aerial base tax maps, using soil maps as overlays.

This step can be accomplished by acquiring or developing a set of aerial base tax maps. Modern detailed soil maps have been completed for the entire state by the Natural Resource Conservation Service. These maps provide an inventory of the soil types found in a specific area. The various soil types are depicted on the soil map and are numerically coded for identification. Detailed soil maps should be reproduced as overlays and at the same scale as the aerial base tax maps to provide for ease of identification of soil types by land use category. Any necessary corrections for map distortion should be made.

An example problem (Exercise 8-1) begins on page 252. The soil map for the farm parcel is shown at the top of the page.

Step 2

Depict all land use categories on the aerial photograph.

The subject parcel is found to contain qualified farm uses, as well as a residence. Based upon visual inspection and aerial photo interpretation, it was determined that the parcel contains areas of **cropland** and **other farmland**. The parcel is predominantly cropped, but a homesite and farm buildings are located in the southeast corner of the parcel.

Step 3

Determine the acres of each soil type, within each land use category, that will be assessed by PI.

The soils used as **cropland** were measured and found to contain 40 acres of soil #46, 4 acres of #48B, 24 acres of #50, and 2 acres of #128C2.

The soils used as **other farmland** were measured and found to contain 1 acre of soil #46 and 2 acres of #50.

Enter the “soil type identification numbers,” or soil IDs, and “acreage amounts” for both **cropland** and **other farmland** on the PRC. These steps have been completed on the sample PRC-1F.

Step 4

Determine base soil PI ratings for each soil type identified in each land use category.

Refer to **Table 2: Productivity Indexes for Average Level Management**, on pages 255 - 257 to find the PI rating for each type of soil.

The unadjusted PIs for the **cropland** soils identified on the parcel are: soil #46 = 118; soil #48 = 111; soil #50 = 119; soil #128 = 112.

The unadjusted PIs for the **other farmland** soils identified on the parcel are: soil #46 = 118; and soil #50 = 119.

Enter base PIs under the column heading “PI” on PRC-1F. (These indexes have been completed on the PRC.)

Step 5

Adjust PIs for slope and erosion, when applicable, for each soil type identified in each land use category.

The appropriate slope and erosion debasements, adjustment factors, are found on **Table 3: Slope — Erosion Adjustment Table** on page 259. The unadjusted PIs of each soil type should be multiplied by the appropriate slope and erosion debasement factor to obtain the adjusted PI.

Slope is indicated on a detailed soil survey map by the letter following the soil number. In this particular soil survey, the slopes are:

Letter code	Percent slope used	Percent slope used in Table 3
No letter or A	0-2 Percent slope	1 Percent
B	2-4 Percent slope	3 Percent
C	4-7 Percent slope	6 Percent

Because Table 3 cannot be used with slope ranges, a central point of the slope ranges should be used unless a better determinant of slope is available. For the slope ranges used in the example, the central points are given above.

Erosion is indicated on a detailed soil survey map by a number following the letter indicating slope. Erosion is indicated as follows:

Number code	Degree of erosion
No number or 1	Uneroded
2	Moderate erosion
3	Severe erosion

Given the preceding information, the designation of a soil as #128C2 indicates soil #128 with 4-7 percent slope and moderate erosion.

Using **Table 3: Slope — Erosion Adjustment Table**, find the percentage adjustment to the PI of a soil designated as “C” slope “2” erosion, read down the “slope”

column on the left side for “favorable subsoil” to 6 percent and across to the “moderate erosion” column to find the number 93, or 93 percent adjustment. Applying this 93 percent adjustment to the PI of soil #128 given in Table 2 results in a PI adjusted for slope and erosion of 104 for the #128C2 soil ($112 \times 93\%$ ($.93$) = 104).

The productivity of the **cropland** soils in the example parcel are adjusted as follows:

- Soil #46 with an unadjusted PI of 118 contains no significant slope and erosion and receives no adjustment;
- soil #48B with an unadjusted PI of 111 has to be adjusted only for slope (B) with a 99 percent adjustment factor ($111 \times .99$) equaling an adjusted PI of 110;
- soil #50 with an unadjusted PI of 119 contains no significant slope and erosion and receives no adjustment; and
- soil #128C2 with an unadjusted PI of 112 must be adjusted for both slope (C) and erosion (2) by use of an adjustment factor of 93 percent. $112 \times .93$ equals an adjusted PI of 104.

The productivity of the **other farmland** soils in our example contains no significant slope and erosion and receives no adjustment. The adjusted PI for soil #46 remains at 118 and the adjusted PI for soil #50 remains at 119.

Enter “debasement factors” and “adjusted PIs” where indicated on the PRC-1F. (These values have been entered on the PRC.)

Step 6

Determine the certified value for each adjusted PI.

Refer to the **2014 Department Certified Values**, on page 260 and locate the cropland EAVs for each of the adjusted PIs. Soil #46 with PI of 118 has an EAV of \$280.41 per acre; Soil #48B with adjusted PI of 110 has an EAV of \$193.93 per acre; soil #50 with PI of 119 has an EAV of \$292.13 per acre; and soil #128C2 with adjusted PI of 104 has an EAV of \$146.66 per acre.

Repeat the procedure for the **other farmland** category. Remember that **other farmland** is to be valued at one-sixth of the EAV of cropland. Soil #46 with PI of 118 (EAV \$280.41 divided by 6) has an EAV of \$46.74 per acre; and soil #50 with PI of 119 (EAV \$292.13 divided by 6) has an EAV of \$48.69 per acre.

Enter the certified values where indicated on the sample PRC-1F on page 253.

Step 7

Calculate the assessment for each soil type for both land use categories.

The assessment is the EAV and equals the number of acres of each soil type multiplied by the certified value for the PI of the soil.

Cropland

- The EAV of soil #46 is \$280.41 per acre multiplied by 40 acres = \$11,216;
- the EAV of soil #48B is \$193.93 per acre multiplied by 4 acres = \$776;
- the EAV of soil #50 is \$292.13 per acre multiplied by 24 acres = \$7,011; and
- the EAV of soil #128C2 is \$146.66 per acre multiplied by 2 acres = \$293.

Other farmland — The EAV of soil #46 is \$46.74 per acre multiplied by 1 acre = \$47 and the EAV of soil #50 is \$48.69 per acre multiplied by 2 acres = \$97.

Enter the total assessment for each **cropland** and **other farmland** soil type where indicated on PRC-1F.

Step 8

Subtotal the number of acres and the assessed value of the soil types for cropland and other farmland.

Cropland — The total of the cropland acreage is 70 acres and the total cropland EAV is \$19,296.

Other farmland — The total of the other farmland acreage is 3 acres and the total other farmland EAV is \$144.

Enter “acreage” and “assessed value” sub-totals for **cropland** and **other farmland** where indicated on PRC-1F

Step 9

Determine total farm acres and total farm assessment by adding respective sub-totals for each land use. Add **cropland** sub-totals of 70 acres and \$19,296, plus **other farmland** sub-totals of 3 acres and \$144 for farmland totals of 73 acres and \$19,440.

Enter “total farmland acres” and “total assessed value” for both **cropland** and **other farmland** on the “Total All Farmland” line.

The steps in assessing the farm homesite

Farm homesites are the part of the farm parcel used for residential purposes. This includes the lawn and land on which the residence and garage are situated. Also included should be areas in non-commercial gardens and orchards, and similar uses.

Rural residential land, which is not part of a farm, is generally comparable in value to the farm homesite. Both are subject to the state equalization factor and both should be assessed at 33 $\frac{1}{3}$ percent of market value. The sales comparison approach should be used to value farm homesites and rural residential land whenever possible. The assessment of the farm homesite described in our sample parcel is demonstrated below.

Step 1

The first step will be determining the market value of the subject homesite. This will be accomplished by analyzing the recent sales of comparable homesites. The unit of value will be dollar per acre (\$/acre).

This parcel contains a two-acre homesite which will be assessed using the sales comparison approach. The following sales of comparable rural residential land were found. Determine the unit value for each sale by dividing the sale price by the number of acres.

Sale no.	Sale price	No. acres	Sale price/acre
1	\$29,500	10	\$2,950
2	9,000	3	3,000
3	21,500	7	3,071
4	12,000	4	3,000

These sales strongly indicate a market value for rural residential land of \$3,000/acre.

Our subject property contains 2 acres, so the market value would be \$6,000. (2 acres x \$3,000/acre)

Step 2

The second step is to determine the assessed value of the property. This is accomplished by applying the township level of assessments (33 1/3 percent) to the market value (\$6,000), the AV = \$2,000. (\$6,000 x 33 1/3 %)

Enter the total value and the level of assessments where indicated on the PRC-1F.

Assessing the farm residence

Farm residences are assessed according to market value in the same manner as urban residences. You will not go through the valuation of the farm residence in this unit.

Assessing the farm buildings

The valuation of farm buildings is the final component in the assessment of farm real estate. The law requires farm buildings, which contribute in whole or in part to the operation of the farm, to be assessed as part of the farm. Farm buildings should be valued based upon their current use and respective contribution to the productivity of the farm. Farm buildings are assessed at 33 1/3 percent of their contributory value. The state equalization factor is not applied to farm buildings.

Valuation of farm buildings based upon contribution relies on theory as well as reality. Farm buildings are usually an integral part of the farm. When farms are sold in the market places, the land and improvements

are valued together. The portion of this value attributable to farm buildings depends upon the degree to which they contribute to farming operations. Some farm buildings, even though they are in good physical condition, may play a minor role in the operation of the farm and have little value. These same buildings on another farm may be vitally important to the farming operation. The contributory value of the farm buildings in these two instances would be different.

The sales comparison and income approaches to value are difficult to apply. The sales comparison, or market approach, is inadequate because farm buildings are rarely sold in isolation. The land and buildings are considered together in the sale of the farm. The same problem arises in using the income approach. It is difficult to attribute a portion of the farm income solely to the buildings.

Value then must be based on cost. This entails a third problem - depreciation. Since most farm buildings are constructed in the hopes of increasing efficiency or productivity, the un-depreciated cost of the building will approximate market value when the building is new. The un-depreciated cost of the building may be quite different than the value as the building ages. This difference between actual cost of replacement and the value of the building is **depreciation**.

Replacement cost is the cost of replacing an existing structure with an equally desirable structure having similar, if not the same, utility. Reproduction cost is the cost of constructing a replica of the building with the same design, materials, and quality of workmanship, while replacement cost is the cost of a contemporary building of equal utility.

The concept of replacement cost evolves from the appraisal principle that value of property is no more than the cost of acquiring an equally desirable substitute. This is known as the “**principle of substitution**.” Replacement cost is the upper limit of building value.

Depreciation is the difference between replacement cost new and current value. Depreciation can be in the form of physical deterioration, functional inadequacy, or economic obsolescence.

Physical deterioration is a loss in the physical ability of a building to withstand normal use. Deterioration results from use, wear and tear, structural defects, and decay. Physical depreciation is observable and identifiable.

Functional inadequacy is a loss in value due to characteristics of the building that cause a failure of the building to serve the purpose for which it was intended. Inadequacy may result from poor design, surplus capacity, and changes in farming techniques. Functional inadequacy causes a loss in desirability and usefulness.

Economic obsolescence is a loss in value due to changes in the economic environment of the farm. Economic obsolescence results from external influences, such as land use changes, government regulations, and market conditions for farm products. Economic obsolescence causes a loss in desirability and utility.

Depreciation reflects loss in value due to all possible factors. Value of contribution to productivity can be determined by deducting all depreciation from replacement costs. This value will reflect such factors as improper design, or functional inadequacy; neglect of repairs, or physical deterioration; and more stringent government regulations, or economic obsolescence.

Estimation of farm buildings' contribution to the operation of the farm first requires a thorough inspection of the buildings. The inspection should include the structural components of the buildings and their functional capacity. The structural details to be recorded are measurements, excavation, foundation, framing, exterior walls, roof, interior partitions, floors, electric wiring, plumbing, heating, ventilation, built-in equipment, and any other permanent features.

Functional features to note include relative location, current use, capacity, design, and other possible uses. Physical deterioration is observed during the inspection of the property as well. Economic obsolescence requires investigation into such factors as government regulation changes, current market fluctuations, and any land use changes of the surrounding property.

The steps in assessing a farm building

- Step 1** Estimate the **RCN** of the building, in its current use.
- a.** Measure the square feet of the area being utilized;
 - b.** Decide the type of structure that provides the same utility for the current use; and
 - c.** Multiply the square foot area being used by the replacement cost from the appropriate schedules found in Publication 122 Instructions for Farmland Assessments, making sure to adjust for features which are not included in the base costs.

This step allows for both functional and economic depreciation. Remember that the existing type of structure may well provide the highest utility.

- Step 2** Estimate the remaining physical life of the existing structure. This step allows for physical depreciation.

- Step 3** Compute the REL factor.
- a.** Select a typical life expectancy figure for the existing structure.
 - b.** Divide the remaining physical life by the typical life expectancy, giving REL.

- Step 4** Multiply the RCN by the REL factor to find the building's contributory value to the farm.

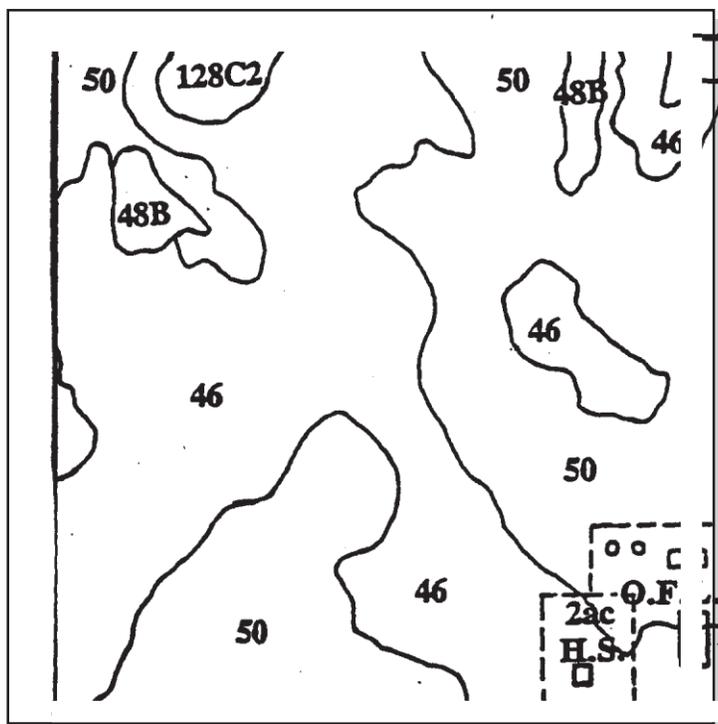
- Step 5** Determine assessed value by multiplying the contributory value by 33 $\frac{1}{3}$ percent.

Exercise 8-1 Farm assessment

Farmland

The soil types and acreage for each use of the farm parcel are listed below.

Use the PRC-IF on the next page to calculate the EAV of the farmland, using the individual soil weighted method.



Cropland		Other farmland	
Soil	AC	Soil	AC
46	40	46	1
48B	4	50	2
50	24		
128C2	2		

1 What is the EAV of the farmland? _____

Farm homesite

Parcel: 07-32-100-027-0011

Sale no.	Sale price	Acres	\$/AC
1	\$29,500	10	_____
2	9,000	3	_____
3	21,500	7	_____
4	12,000	4	_____

Given the recent sales of comparable homesites above, determine the EAV of the homesite. The township level of assessments is 33 1/3 percent.

2 What is the EAV of the homesite? _____

Property Record — Farm — Individual Soil Weighting Method

Ownership/Mailing Address & Abbr. Legal	Individual soil weighted method					Zoning	Card No.	Township	Vol.	Tax Code	Area	Sect.	Block	Parcel	Unit				
												— of —							
						Division					Record of Ownership					Date	Deed Stamp	Sale Price	
Soil ID	PI	Adj. Factor(s)	Adj. PI	No. Acres	Year 2014		Year _____			Year _____			Year _____			Year _____			
					Cert. Value	Asmt.	Cert. Value	Asmt.	Cert. Value	Asmt.	Cert. Value	Asmt.	Cert. Value	Asmt.	Cert. Value	Asmt.			
46	118		118	40	280.41	11,216													
48 B	111	.99	110	4															
50	119		119	24															
128C2	112	.93	104	2															
Subtotal:				70															
Permanent Pasture (1/3 EAV)																			
Subtotal:																			
Other Farmland (1/6 EAV)																			
46	118		118	1															
50	119		119	2															
Subtotal:				3															
Contributory Wasteland 1/6 Lowest EAV																			
Non-Contributory Wasteland					0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Dedicated Roads					0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total All Farmland				73															
					No. Acres	Value	Level	Asmt.	Value	Level	Asmt.	Value	Level	Asmt.	Value	Level	Asmt.		
Homesite					2	\$6000	33 ¹ / ₃	\$2000											
Residential Bldgs.																			
Farm Bldgs.							33 ¹ / ₃		33 ¹ / ₃		33 ¹ / ₃		33 ¹ / ₃		33 ¹ / ₃		33 ¹ / ₃		

Example of PRC-IF — Individual soil weighted method

Table 2**Productivity of Illinois Soils Under Average Management
Slightly Eroded, 0 to 2 Percent Slopes**

Revised January 2, 2008

IL map symbol	Soil type name	Subsoil rooting	B 810 Productivity Index (PI)
			Average management
2	Cisne silt loam	Favorable	97
3	Hoyleton silt loam	Favorable	96
4	Richview silt loam	Favorable	98
5	Blair silt loam	Unfavorable*	92
6	Fishhook silt loam	Unfavorable	86
7	Atlas silt loam	Unfavorable	79
8	Hickory loam	Favorable	81
9	Sandstone rock land	Crop yield data not available	
10	Plumfield silty clay loam	Unfavorable*	72
12	Wynoose silt loam	Favorable	86
13	Bluford silt loam	Favorable	90
14	Ava silt loam	Unfavorable	89
15	Parke silt loam	Favorable	97
16	Rushville silt loam	Favorable	97
17	Keomah silt loam	Favorable	105
18	Clinton silt loam	Favorable	107
19	Sylvan silt loam	Favorable	98
21	Pecatonica silt loam	Favorable	100
22	Westville silt loam	Favorable	100
23	Blount silt loam	Favorable	93
24	Dodge silt loam	Favorable	108
25	Hennepin loam	Unfavorable	80
26	Wagner silt loam	Favorable	96
27	Miami silt loam	Favorable	99
28	Jules silt loam	Favorable	108
29	Dubuque silt loam	Unfavorable	85
30	Hamburg silt loam	Favorable	95
31	Pierron silt loam	Favorable	90
34	Tallula silt loam	Favorable	116
35	Bold silt loam	Favorable	97
36	Tama silt loam	Favorable	123
37	Worthen silt loam	Favorable	126
38	Rocher loam	Favorable	96
40	Dodgeville silt loam	Favorable	92
41	Muscatine silt loam	Favorable	130
42	Papineau fine sandy loam	Favorable	91
43	Ipava silt loam	Favorable	126
45	Denny silt loam	Favorable	105
46	Herrick silt loam	Favorable	118*
47*	Virden silt loam*	Favorable*	122*
48	Ebbert silt loam	Favorable	111
49	Watsoka loamy fine sand	Favorable	82*

Table 2**Productivity of Illinois Soils Under Average Management
Slightly Eroded, 0 to 2 Percent Slopes****Revised January 2, 2008**

IL map symbol	Soil type name	Subsoil rooting	B 810 Productivity Index (PI)
			Average management
50	Viriden silty clay loam	Favorable	119
51	Muscatune silt loam	Favorable	130
53	Bloomfield fine sand	Favorable	75*
54	Plainfield sand	Favorable	67*
55	Sidell silt loam	Favorable	117
56	Dana silt loam	Favorable	116*
57	Montmorenci silt loam	Favorable	103
59	Lisbon silt loam	Favorable	121*
60	La Rose silt loam	Favorable	104
61	Atterberry silt loam	Favorable	117
62	Herbert silt loam	Favorable	116
63	Blown-out land	Crop yield data not available	
64	Parr fine sandy loam	Favorable	95
67	Harpster silty clay loam	Favorable	117
68	Sable silty clay loam	Favorable	126
69	Milford silty clay loam	Favorable	113
70	Beaucoup silty clay loam	Favorable	116
71	Darwin silty clay	Favorable	98
72	Sharon silt loam	Favorable	108
73	Ross loam	Favorable	119
74	Radford silt loam	Favorable	120
75	Drury silt loam	Favorable	112
76	Otter silt loam	Favorable	123
77	Huntsville silt loam	Favorable	127
78	Arenzville silt loam	Favorable	115
79	Menfro silt loam	Favorable	106
81	Littleton silt loam	Favorable	126
82	Millington loam	Favorable	111
83	Wabash silty clay	Favorable	103
84	Okaw silt loam	Favorable	85
85	Jacob clay	Favorable	73
86	Osco silt loam	Favorable	125
87	Dickinson sandy loam	Favorable	92
88	Sparta loamy sand	Favorable	81*
89	Maumee fine sandy loam	Favorable	83*
90	Bethalto silt loam	Favorable	118
91	Swygert silty clay loam	Unfavorable	104
92	Sarpy sand	Favorable	74*
93	Rodman gravelly loam	Unfavorable	74*
94	Limestone rock land	Crop yield data not available	
95	Shale rock land	Crop yield data not available	
96	Eden silty clay loam	Unfavorable	72
97	Houghton peat	Favorable	107
98	Ade loamy fine sand	Favorable	91*
99*	Sandstone and limestone rock land*	Crop yield data not available	

Table 2

**Productivity of Illinois Soils Under Average Management
Slightly Eroded, 0 to 2 Percent Slopes**

Revised January 2, 2008

IL map symbol	Soil type name	Subsoil rooting	B 810 Productivity Index (PI)
			Average management
100	Palms muck	Favorable	104
102	La Hogue loam	Favorable	107
103	Houghton muck	Favorable	115
104	Virgil silt loam	Favorable	117
105	Batavia silt loam	Favorable	114
106*	Hitt sandy loam*	Favorable*	100*
107	Sawmill silty clay loam	Favorable	123
108	Bonnie silt loam	Favorable	98
109	Raccoon silt loam	Favorable	94
111	Rubio silt loam	Favorable	101
112	Cowden silt loam	Favorable	103
113	Oconee silt loam	Favorable	105
114*	O'Fallon silt loam*	Unfavorable*	89*
115	Dockery silt loam	Favorable	114
116	Whitson silt loam	Favorable	103
119	Elco silt loam	Favorable	99
120	Huey silt loam	Unfavorable	79
122	Colp silt loam	Unfavorable	87
123	Riverwash	Crop yield data not available	
124*	Beaucoup gravelly clay loam*	Favorable*	116*
125	Selma loam	Favorable	114
126*	Bonpas silt loam, overwash*	Favorable*	117*
127	Harrison silt loam	Favorable	115
128	Douglas silt loam	Favorable	112
131	Alvin fine sandy loam	Favorable	98
132	Starks silt loam	Favorable	106
134	Camden silt loam	Favorable	106
136	Brooklyn silt loam	Favorable	99
138	Shiloh silty clay loam	Favorable	115*
138+*	Shiloh silt loam, overwash	Favorable	111*
141	Wesley fine sandy loam	Favorable	100
142	Patton silty clay loam	Favorable	117
145	Saybrook silt loam	Favorable	117
146	Elliott silt loam	Favorable	111
147	Clarence silty clay loam	Unfavorable	95
148	Proctor silt loam	Favorable	120
149	Brenton silt loam	Favorable	125

Certified Values for Assessment Year 2014 (\$ per acre)

Item # Average Management PI	Gross Income	Non-Land Production Costs	Net Land Return	Agricultural Economic Value	Equalized Assessed Value	2014 Certified Value
82	\$546.67	\$447.33	\$99.34	\$1,770.83	\$590.28	\$15.26
83	\$552.35	\$450.81	\$101.54	\$1,809.98	\$603.33	\$16.87
84	\$558.02	\$454.28	\$103.74	\$1,849.14	\$616.38	\$18.48
85	\$563.69	\$457.76	\$105.93	\$1,888.30	\$629.43	\$20.15
86	\$569.37	\$461.24	\$108.13	\$1,927.46	\$642.49	\$21.83
87	\$575.04	\$464.71	\$110.33	\$1,966.62	\$655.54	\$23.44
88	\$580.71	\$468.19	\$112.52	\$2,005.78	\$668.59	\$24.94
89	\$586.39	\$471.67	\$114.72	\$2,044.94	\$681.65	\$31.13
90	\$592.06	\$475.14	\$116.92	\$2,084.10	\$694.70	\$37.53
91	\$597.73	\$478.62	\$119.11	\$2,123.25	\$707.75	\$43.95
92	\$603.41	\$482.09	\$121.31	\$2,162.41	\$720.80	\$50.35
93	\$609.08	\$485.57	\$123.51	\$2,201.57	\$733.86	\$56.75
94	\$614.75	\$489.05	\$125.70	\$2,240.73	\$746.91	\$63.16
95	\$620.43	\$492.52	\$127.90	\$2,279.89	\$759.96	\$69.56
96	\$626.10	\$496.00	\$130.10	\$2,319.05	\$773.02	\$75.96
97	\$631.77	\$499.48	\$132.30	\$2,358.21	\$786.07	\$82.36
98	\$637.44	\$502.95	\$134.49	\$2,397.36	\$799.12	\$88.75
99	\$643.12	\$506.43	\$136.69	\$2,436.52	\$812.17	\$95.87
100	\$648.79	\$509.91	\$138.89	\$2,475.68	\$825.23	\$105.55
101	\$654.46	\$513.38	\$141.08	\$2,514.84	\$838.28	\$115.78
102	\$660.14	\$516.86	\$143.28	\$2,554.00	\$851.33	\$126.31
103	\$665.81	\$520.33	\$145.48	\$2,593.16	\$864.39	\$136.95
104	\$671.48	\$523.81	\$147.67	\$2,632.32	\$877.44	\$146.66
105	\$677.16	\$527.29	\$149.87	\$2,671.47	\$890.49	\$154.94
106	\$682.83	\$530.76	\$152.07	\$2,710.63	\$903.54	\$163.34
107	\$688.50	\$534.24	\$154.26	\$2,749.79	\$916.60	\$171.65
108	\$694.18	\$537.72	\$156.46	\$2,788.95	\$929.65	\$179.14
109	\$699.85	\$541.19	\$158.66	\$2,828.11	\$942.70	\$186.50
110	\$705.52	\$544.67	\$160.85	\$2,867.27	\$955.76	\$193.93
111	\$711.20	\$548.15	\$163.05	\$2,906.43	\$968.81	\$203.32
112	\$716.87	\$551.62	\$165.25	\$2,945.59	\$981.86	\$213.79
113	\$722.54	\$555.10	\$167.44	\$2,984.74	\$994.91	\$224.46
114	\$728.22	\$558.57	\$169.64	\$3,023.90	\$1,007.97	\$235.31
115	\$733.89	\$562.05	\$171.84	\$3,063.06	\$1,021.02	\$246.31
116	\$739.56	\$565.53	\$174.03	\$3,102.22	\$1,034.07	\$257.52
117	\$745.23	\$569.00	\$176.23	\$3,141.38	\$1,047.13	\$268.90
118	\$750.91	\$572.48	\$178.43	\$3,180.54	\$1,060.18	\$280.41
119	\$756.58	\$575.96	\$180.62	\$3,219.70	\$1,073.23	\$292.13
120	\$762.25	\$579.43	\$182.82	\$3,258.85	\$1,086.28	\$310.24
121	\$767.93	\$582.91	\$185.02	\$3,298.01	\$1,099.34	\$357.00
122	\$773.60	\$586.39	\$187.22	\$3,337.17	\$1,112.39	\$401.27
123	\$779.27	\$589.86	\$189.41	\$3,376.33	\$1,125.44	\$416.45
124	\$784.95	\$593.34	\$191.61	\$3,415.49	\$1,138.50	\$438.29
125	\$790.62	\$596.81	\$193.81	\$3,454.65	\$1,151.55	\$485.68
126	\$796.29	\$600.29	\$196.00	\$3,493.81	\$1,164.60	\$534.40
127	\$801.97	\$603.77	\$198.20	\$3,532.97	\$1,177.66	\$584.43
128	\$807.64	\$607.24	\$200.40	\$3,572.12	\$1,190.71	\$605.50
129	\$813.31	\$610.72	\$202.59	\$3,611.28	\$1,203.76	\$625.61
130	\$818.99	\$614.20	\$204.79	\$3,650.44	\$1,216.81	\$645.93

The 5-year capitalization rate is 5.61 percent.

Table 3

Slope — Erosion Adjustment Table															
Favorable Subsoil					Unfavorable Subsoil										
Percent of Slope	1			2		3		Percent of Slope	1			2		3	
	Uneroded	Moderate Erosion	Severe Erosion						Uneroded	Moderate Erosion	Severe Erosion				
	0	1.00	.96			.89			0	1.00	.94			.79	
(A)	1	1.00	.96			.88		(A)	1	1.00	.93			.78	
	2	1.00	.96			.87			2	1.00	.92			.77	
(B)	3	.99	.95			.86		(B)	3	.99	.91			.76	
	4	.99	.95			.86			4	.98	.91			.75	
	5	.98	.94			.85			5	.97	.90			.74	
(C)	6	.98	.93			.85		(C)	6	.96	.89			.73	
	7	.97	.92			.84			7	.95	.88			.72	
	8	.96	.91			.83			8	.95	.87			.71	
	9	.95	.90			.82			9	.94	.86			.70	
(D)	10	.94	.89			.81		(D)	10	.93	.85			.69	
	11	.93	.88			.80			11	.92	.84			.68	
	12	.92	.87			.79			12	.91	.83			.67	
	13	.91	.86			.77			13	.89	.81			.66	
	14	.90	.85			.76			14	.88	.80			.65	
(E)	15	.89	.84			.75		(E)	15	.87	.79			.64	
	16	.88	.82			.74			16	.86	.78			.63	
	17	.87	.81			.73			17	.85	.77			.62	
	18	.86	.79			.72			18	.83	.76			.60	
	19	.84	.78			.71			19	.82	.74			.59	
	20	.83	.76			.69			20	.80	.72			.57	

SLOPE

Letter Code	% Slope	% Slope Used in Table 3
No letter or A	0- 2% slope	1%
B	2- 4% slope	3%
C	4- 7% slope	6%
D	7-12% slope	10%
E	12-18% slope	15%

EROSION

No number or	1	uneroded
	2	moderate erosion
	3	severe erosion

TYPICAL LIFE EXPECTANCIES

Grain Bins.....	30
Silos.....	30
Barns.....	30
Stables.....	30
Poultry Houses.....	20
Confinement Barns.....	20
Equipment Storage Sheds.....	20
Miscellaneous Sheds.....	15
Pole Buildings.....	20
Dairy Barns.....	30
Corn Cribs.....	15

Unit 8 Summary

Farmland is valued according to its productivity and its actual use.

The four categories of farmland are **cropland, permanent pasture, other farmland, and wasteland** (contributory or non-contributory).

The method used in valuing farmland is the **individual soil tract method**.

The department sends a list of the certified farmland equalized assessed values, titled "Department Certified Values," to each county annually. The farmland values range from a PI of 82 for the least productive soil to a PI of 130 for the highest or most productive soil.

For Cook County: The equalized assessed value per acre of farmland is the lesser of either 16 percent of the fair cash value of the farmland (estimated at the price it would bring at a fair, voluntary sale for use by the buyer as a farm) or 90 percent of the 1983 average equalized assessed value per acre certified by the department.

Review Questions

- 1 T or F Permanent pasture is the most productive type of farmland.
- 2 T or F Aerial base photo maps provide a complete and visual record of all real property.
- 3 T or F Farm residences and homesites are not equalized.
- 4 T or F Farmland is valued according to the type of crops produced.
- 5 T or F A soil identified as 50D3 does not have any erosion.
- 6 T or F The Department of Farm and Home certifies all farmland values.

Unit 9

Sales Ratio and Equalization

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

The purpose of this unit is to provide a basic understanding of how equalization is used to bring about a fair distribution of the property tax burden, and to teach the skills necessary to perform a simple sales ratio study.

- Learning objectives** After completing the assigned readings, you should be able to
- define equalization,
 - explain the use of an assessment/sales ratio study, and
 - calculate a coefficient of dispersion (COD).



Terms and concepts

Assessment/sales ratio study
Coefficient of dispersion (COD)
Equalization
Equalization factor
Equalized assessed value (EAV)
Mean
Median
Market value (MV)
Level of assessments

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 assessment levels, on the average, to a uniform percentage of market value.

CCAOs, all boards of review except in Cook county, and the Department have the authority to apply **equalization factors**, sometimes referred to as multipliers. Assessing officials in Cook County do not have the authority to apply equalization factors.

Equalization that occurs within the boundaries of a county is called intra-county equalization. Examples of intra-county equalization include: neighborhood or township multipliers (area equalization) and residential, commercial, or industrial multipliers (class equalization).

Inter-county equalization factors, sometimes called state multipliers, or state equalization factors, are issued annually for each county by the department. The application of these factors to all appropriate property in each county ensures that the **median**, or middle, assessment level in all counties is statutorily at 33 $\frac{1}{3}$ percent of **market value**. This median is sometimes referred to as the **median level of assessment**, or median assessment level. If a county receives a multiplier of 1.0000, this means that the median assessment level in the county is 33 $\frac{1}{3}$ percent. Intra-county equalization may be necessary before a 33 $\frac{1}{3}$ percent level is achieved.

Equalization factors will not correct inequities in individual assessments. A lack of assessment uniformity within an area or class may necessitate a reassessment of individual properties before intra-county equalization. The importance of having uniform assessment levels that are grouped closely around the median level of assessments cannot be over-emphasized because it is the median level of assessments that is adjusted to 33 $\frac{1}{3}$ percent.

Equalization is the application of a factor to each jurisdiction so that all jurisdictions throughout the state have assessment levels at the same average percentage of market value. This example shows how the tax bills of two similar properties in one school district, which overlaps two counties, are affected by unequal assessment levels. The example then shows how the application of an equalization factor establishes equity.

Without applying the equalization factors, the taxpayers in this overlapping taxing district would not pay the same amount to the taxing district, even though both properties have a market value of \$90,000. With the application of equalization factors, the **equalized assessed values (EAV)** of both properties are the same and both property owners share equally in the tax burden.

Example with no equalization

	County A	County B
Property market value	\$90,000	\$90,000
3-Year average assessment level	33.33%	23.00%
Assessed value (AV)	\$30,000	\$20,700
Overlapping district tax rate		
\$3.43/\$100 EAV	3.43%	3.43%
Tax bill (for district)	\$1,029	\$710

	County A	County B
Equalization factor	$\frac{\text{desired level } 33.33\%}{\text{3-year level } 33.33\%} = 1.0000$	$\frac{33.33\%}{23.00\%} = 1.4491$

Example with equalization

	County A	County B
Tax bill (for district)	\$1,029	\$710
Same properties' assessed values	\$30,000	\$20,700
Equalization factor	1.0000	1.4491
EAV	\$30,000	\$30,000
Overlapping district tax rate		
\$2.90/\$100 EAV*	2.9%	2.9%
Tax bill (for district)	\$870	\$870

Not all properties are subject to equalization factors. State-assessed properties, coal rights, farmland, farm buildings, and wind turbines** are not affected by state multipliers; their assessed values are defined by law as equalized assessed values. However, both the farm residence and homesite are subject to the state multiplier because their assessed values are based on market values.

* The increase in EAV resulted in a lower tax rate calculated by the county clerk.

**with a nameplate capacity of at least 0.5 MW

The assessment/sales ratio study

The primary tool in the equalization process is the **assessment/sales ratio study**. The assessment/sales ratio study provides information on the percentage relationship of assessed value to market value for real property in certain classes of property and geographic areas. This percentage is called the median level of assessment. Assessment/sales ratio studies also provide information on the variation in assessment levels among, and within, these classes of property and geographic areas.

Assessment/sales ratio studies are used

- in the computation of equalization factors.
State-issued county multipliers are used by the Department to carry out the statutory responsibility of equalizing the levels of assessments among counties (inter-county). Township multipliers are issued by the county (intra-county) to equalize the level of assessments within that county.
- in the review and appeal of assessments.
These studies provide a measure of the average assessment level for a given geographic area, or category of property, against which assessments of individual parcels may be judged in determining the degree of any over-assessment or under-assessment.
- as a diagnostic tool for local assessing officials to evaluate assessment practices.
It is the responsibility of local assessing officials to use assessment/sales ratio studies to evaluate their assessment policies and make assessment changes, when warranted, so that the final assessments of all property in their jurisdiction are at a uniform percentage of market value.

A minimum of 25 useable sales (arms-length transactions) are needed to conduct an assessment/sales ratio study. Appraisals may also be used if sales are not available.

The following are examples of some types of sales that would not be used in an assessment/sales ratio study:

- Land and improvements that are classified as farm,
- Compulsory sales which are court-ordered, sale in lieu of foreclosure, or condemnation. (A short sale and bank REO (real estate owned) sale are included in a sales ratio study.)
- Sales conveying less than full title,
- Sales between related parties,
- Sales involving government organizations,
- Sales involving lending institutions, and
- Sales in which the assessed value and the sales price are not comparable, such as splits, partial assessments, and the destruction of an improvement.

Form PTAX-203, Real Estate Transfer Declaration, sometimes called the “RETD,” is the primary source of sale information used for the assessment/sales ratio study. The RETD, shown on the next page, contains information on the amount of the sale, the use of the property, and the conditions of the sale. An RETD must be filed with the county recorder when a deed is recorded. The RETDs are then given to the CCAO, who supplies copies to the township or multi-township assessor.



PTAX-203

Illinois Real Estate Transfer Declaration

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

Step 1: Identify the property and sale information.

1 _____
Street address of property (or 911 address, if available)

City or village ZIP

Township

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

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

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

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

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

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

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

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

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

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

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

County: _____

Date: _____

Doc. No.: _____

Vol.: _____

Page: _____

Received by: _____

9 Identify any significant physical changes in the property since January 1 of the previous year and **write the date of the change**.
Date of significant change: _____ / _____ / _____
(Mark with an "X.")

_____ Demolition/damage _____ Additions _____ Major remodeling
_____ New construction _____ Other (specify): _____

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

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

b _____ Sale between related individuals or corporate affiliates

c _____ Transfer of less than 100 percent interest

d _____ Court-ordered sale

e _____ Sale in lieu of foreclosure

f _____ Condemnation

g _____ Short sale

h _____ Bank REO (real estate owned)

i _____ Auction sale

j _____ Seller/buyer is a relocation company

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

l _____ Buyer is a real estate investment trust

m _____ Buyer is a pension fund

n _____ Buyer is an adjacent property owner

o _____ Buyer is exercising an option to purchase

p _____ Trade of property (simultaneous)

q _____ Sale-leaseback

r _____ Other (specify): _____

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

Step 2: Calculate the amount of transfer tax due.

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

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

Assessment uniformity indicators

The most commonly used statistical measure of assessment uniformity is the **coefficient of dispersion** (COD). Other measures of assessment uniformity include the Coefficient of Concentration (COC), the Median Absolute Deviation (MAD), and the Price Related Differential (PRD). The COD provides a measure of the variation of individual assessment ratios around the median level of assessment. 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 that property is not uniformly assessed. This also indicates that the property tax burden is not fairly distributed among taxpayers in that particular area or jurisdiction.

Assume that a county has a median level of assessment at 30 percent and a COD of 40 percent. The assessment levels of individual properties, on the average, can be expected to deviate from the median level by plus or minus 40 percent (40 % of 30% = .40 x .30 = .12 = 12 percent) from 18 percent (30 percent minus 12 percent) to 42 percent (30 percent plus 12 percent).

**Formula for
arriving at
the COD**

Step 1 Determine the sales ratio for each sale.

$$\text{Sales ratio} = \frac{\text{Prior year's assessed value}}{\text{Current year's sale price}} \times 100(\%)$$

Step 2 Rank sales ratios (put them in order) & determine the **median**, or middle value.

Step 3 Calculate deviations of each ratio.

$$\text{Deviation} = \text{sales ratio} - \text{median}^*$$

*When subtracting the median from the sales ratio, ignore plus or minus signs.

Step 4 Find the average deviation.

$$\text{Average deviation} = \frac{\text{Sum of deviations}}{\text{Number of sales}}$$

Step 5 Calculate the COD.

$$\text{COD} = \frac{\text{Average deviation}}{\text{Median}} \times 100(\%)$$

Exercise 9-1

Assessment/sales ratio study and determining a COD

The primary purpose of an assessment/sales ratio study is to determine the median level of assessments for a particular jurisdiction. The assessment/sales ratio study may also be used in determining a COD.

Follow the steps below, and use the worksheet on page 273 for this exercise.

- Step 1** Determine the percent relationship of assessed value to actual market value using the sales ratio formula. For each sale, divide the prior year's assessed value by the current year's selling price and then multiply it by 100 to change it to a percent.

$$\text{Sales ratio} = \frac{\text{assessed value}}{\text{sale price}} \times 100(\%) \quad \frac{10,000}{35,000} \times 100 = 28.57\%$$

The first sale has an assessed value for the prior year of \$10,000, and the current year's selling price is \$35,000.

Divide the assessed value of \$10,000 by the sale price of \$35,000. Then multiply it by 100 to change to a percent. This gives you a sales ratio of 28.57%.

Round to 2 decimal places consistently throughout this exercise. To round numbers, first carry the answer out 3 decimal places. If the last digit is 5 or greater, round up the number in the second decimal place. If the last digit is less than 5, leave the number in the second decimal place as it is. For example, 28.575 is rounded to 28.58, and 28.571 is rounded to 28.57. If your calculator shows a number with only one decimal point like 27.3, write it as 27.30 so that always has 2 decimal places.

Follow Step 1 to find the sales ratios for the remaining 10 sales.

- Step 2** Next, rank all of the ratios and determine the median level of assessments. You may rank your ratios from highest to lowest, or vice versa, since either ranking will produce the same result. In this exercise, rank the ratios from lowest to highest in the space designated in the lower left corner of the worksheet on page 273.

The middle ratio is the median when there are an odd number of ratios. The mean, or average, of the middle two ratios is the median when there are an even number of ratios.

This example has an odd number of ratios. When you rank all 11 ratios, starting with the lowest ratio of 15.83% and ending with the highest ratio of 41.18%, the middle ratio, or median, is 28.72%. There are exactly 5 ratios above 28.72%, and 5 ratios below 28.72%. Therefore, for this jurisdiction, the median level of assessments has been determined to be 28.72%. Write the median of 28.72% in all of the blank spaces under the median column.

Complete the following steps to determine a COD, which will indicate the degree of uniformity in the assessments.

Step 3 Subtract the median ratio from each of the sale ratios.

$$\text{Deviation} = \text{sales ratio} - \text{median}^* \quad 28.57 - 28.72 = .15$$

*When subtracting the median from the sales ratio, ignore plus or minus signs.

For the first sales ratio, take the sales ratio of 28.57 and subtract the median of 28.72. The difference, or deviation, is .15. Write all sales ratios to 2 decimal places. If the calculator does not show 2 decimal places, fill in with zeroes. The second difference is determined by taking the ratio of 41.18 and subtracting the median of 28.72. The difference, or deviation, is 12.46. Again, ignore the plus or minus signs. Continue this process for each remaining ratio.

Add all the deviations to obtain the sum of the deviations. Write this answer on the line directly below the last deviation of .36.

Add the first deviation of .15 through the last deviation of .36, which gives you a sum of deviations of 50.52.

Step 4 To find the average deviation from the median ratio, divide the sum of the deviations by the number of sales.

$$\text{Average deviation} = \frac{\text{sum of deviations}}{\text{\# of sales}} \quad \frac{50.52}{11} = 4.59$$

Divide the sum of deviations of 50.52 by 11, the number of sales, which gives you an average deviation of 4.59.

Step 5 To determine the COD, divide the average deviation of 4.59 by the median ratio of 28.72, which gives you a COD of 15.98 (%).

$$\text{COD} = \frac{\text{average deviation}}{\text{median}} \times 100(\%)$$

$$\frac{4.59 \times 100}{28.72} = 15.98\%$$

Once you complete Exercise 9-1, refer to the answer key in the back of this booklet to check your answers.

Exercise 9-1 worksheet

Assessment/sales ratio study and determining a COD

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

Sale ratios
ranked

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

Formulas

$$\text{Sales ratio} = \frac{\text{assessed value}}{\text{sales price}} \times 100(\%)$$

$$\text{Deviation} = \text{sales ratio} - \text{median}^*$$

$$\text{Average deviation} = \frac{\text{sum of deviations}}{\text{\# of sales}}$$

$$\text{COD} = \frac{\text{average deviation}}{\text{median}} \times 100\%$$

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

Exercise 9-2

Assessment/sales ratio study with additional sale

Using the same ratios found in the previous exercise, you will see the effect one additional sale has upon the median level of assessment and the COD.

Step 1 Look at the last sale, which has a prior year's assessed value of **\$3,000**, and a current year's selling price of **\$3,000**. When you divide the assessed value by the sale price, you obtain a sales ratio of **100%**. Comparing this ratio to the statutory level of **33.33%**, you realize that this particular ratio differs greatly from the desired level.

Step 2 Rank all of the ratios, paying particular attention to the fact that you have 12 sales, versus the previous example of 11 sales. When you have an even number of sales, you must first find the mean, or average, of the two middle values to determine the median.

$$28.72 + 29.03 = 57.75 \qquad 57.75 \div 2 = 28.88 (\%)$$

The two middle ratios are **28.72 (%)** and **29.03 (%)**. Add these two ratios, whose sum is **57.75**. Divide **57.75** by **2** to find the median.

28.88 (%) is now the median level of assessments for this jurisdiction.

Step 3 Complete the same steps you followed in the previous exercise to determine the COD in this exercise. Subtract the median of **28.88** from each sales ratio to get the deviation, or difference, for each ratio. The additional sale causes the sum of deviations to increase from **50.52** to **121.80**.

Step 4 Divide the sum of deviations of **121.80** by 12, the number of sales. This yields an average deviation of **10.15**.

Step 5 To determine the COD, divide the average deviation from step 4 of **10.15** by the median of **28.88**. Then multiply by 100 to change the COD to a percent. For this example, the one additional sale increased the COD from **15.98** to **35.15**, or from **15.98%** to **35.15%**.

Exercise 9-2 worksheet

Assessment/sales ratio study with additional sale

Assessed value	Sale price	Sales ratio %	Median	Deviation %
\$10,000	\$35,000	28.57	28.88	.31
17,500	42,500	41.18	28.88	12.30
1,900	12,000	15.83	28.88	13.05
9,000	26,000	34.62	28.88	5.74
9,000	31,000	29.03	28.88	.15
1,400	8,000	17.50	28.88	11.38
7,200	23,000	31.30	28.88	2.42
8,000	24,500	32.65	28.88	3.77
5,600	19,500	28.72	28.88	.16
14,000	50,000	28.00	28.88	.88
19,000	67,000	28.36	28.88	.52
3,000	3,000	100.00	28.88	<u>71.12</u>
Sum of deviations				121.80

Sale ratios Ranked

Sale ratios Ranked		Formulas	
1	15.83	Average deviation	= $\frac{\text{sum of deviations}}{\# \text{ of sales}}$
2	17.50		= $\frac{121.80}{12} = 10.15$
3	28.00		
4	28.36	COD	= $\frac{\text{average deviation}}{\text{median}} \times 100(\%)$
5	28.57		= $\frac{10.15}{28.88} \times 100(\%)$
6	28.72] median 28.88	= 35.15 or 35%
7	29.03		
8	31.30		
9	32.65		
10	34.62		
11	41.18		
12	100.00		

According to the standards of the International Association of Assessing Officers (IAAO), the COD for residential property should be 15 percent or less, and the COD for vacant land and income-producing property should be 20 percent or less.

Equalization

An equalization factor is calculated using the average of the median levels of assessments for the prior 3 years. To calculate a 2014 multiplier, average the medians from 2011, 2012, and 2013. Then divide 33.33 % (33 1/3 %) by the average of the medians. These medians from the prior 3 years may need to be adjusted for changes due to reassessment before using them in the calculation.

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

Example :

McKinley Co	Median (%)	3-year avg	2014 multiplier
2011	30.19		
2012	29.16		
2013	30.78	_____	_____

$$3\text{-year average} = 30.19 + 29.16 + 30.78 = 90.13 \div 3 = 30.04$$

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

Winston County

2011	30.60		
2012	30.23		
2013	31.27	_____	_____

The 3-year average for Winston County is 30.70 % and the equalization factor is 1.0857.

2014 equalization factor is applied to 2014 assessments, taxes payable in 2015.

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

Unit 9 Summary

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

An **assessment/sales ratio study** is performed to determine the level of assessment in a particular jurisdiction.

The **state equalization factor** is determined by taking the statutory level of assessment and dividing it by the prior 3-year average median level of assessment for a jurisdiction. Cook county also has a state equalization factor.

Unit 9 Review 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 A sales ratio study is used to determine the percentage of homes that have sold during a certain period of time.
- 3 T or F The state equalization factor is always 1.0000.
- 4 T or F Only jurisdictions with a COD of 16 qualify for the bonus.
- 5 T or F A coefficient of dispersion is a measure of uniformity of assessments.

Unit 10

Instant Assessments

This unit covers the instant and pro-rated assessments for new improvements or destroyed property.

The purpose of this unit is to provide a very basic overview of the instant and pro-rated assessments.

Learning objectives

After completing the assigned readings, you should be able to

- understand the use of instant assessments,
- understand the use of pro-rated assessments, and
- recite the statutory reference for instant and pro-rated assessments for destroyed property.



Terms and concepts

Instant assessment
Pro-rated assessment
Section 9-175
Section 9-180

Instant assessments

The pro-rata valuation provisions of the Property Tax Code, referred to as **instant assessments**, require assessment officials to assess improvements as of the time they are inhabitable and fit for occupancy or for intended customary use during the assessment year. The total assessment is equal to the instant assessment, plus the January 1 assessment for the property. The January 1 assessment may have included a partial assessment for a partially completed improvement.

The instant assessment value is found by multiplying the full assessment for the newly completed improvement by the portion of the year remaining from the date the improvement is completed, occupied, or used.

Section 9-175, Owner on assessment date, states that “the owner of property on January 1 in any year shall be liable for the taxes of that year.”

Section 9-180, Pro-rata valuations; improvements or removal of improvements, states that “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.)

Similar provisions allow for an assessment reduction if property is destroyed or rendered uninhabitable during the year, unless destruction resulted from the willful misconduct of the owner of such property. In counties other than Cook, the assessor must mail an application to the owner of property that was destroyed or rendered uninhabitable by natural disaster or accidental means. The assessment is reduced by an amount pro-rated from the time of the destruction to the end of the assessment year.

The notice forms for a **pro-rated assessment**, due to the destruction of an improvement, and for an instant assessment are on pages 285 and 287. The owner must apply within 90 days after the destruction, or within 90 days after the township assessor has mailed the application form as required by Section 9-190.

The following demonstration is an example of a “partial assessment” by the township assessor and a prorated “instant assessment” by the CCAO.

During the period when a township assessor was assessing property, a residential improvement was examined by the township assessor who determined that the improvement was 70% completed at the time values were being entered in the assessment book. The assessor also determined the value of the land to be \$24,000.

The assessor must first determine the value of the improvement at 100% complete (RCN value from a cost manual or a market value from comparable properties) and then adjust that value to reflect the 70% completion

Example 1

The RCN, or market value (MV) of the improvement was determined to be \$100,000.

The township assessor would use \$70,000 as the MV. (RCN of \$100,000 x 70% completed = \$70,000)

Assuming that the township level of assessments was $33\frac{1}{3}\%$ of MV, the assessed value (AV) of this improvement would be \$23,331 (\$70,000 x 33.33%).

The AV for the land is \$7,999. (\$24,000 x 33.33%)

The total AV is \$31,330.
(\$23,331 improvement + \$7,999 land)

Example 2

An assessment may also be reduced if an improvement has been destroyed. For example, on August 5 (Julian date 217), a fire damaged a downtown commercial building. The official damage report placed a 70% loss on the structure. The full MV as of January 1 was \$120,000. Site value was \$30,000.

Step 1

A full MV must be determined for the time period of January 1 through August 4. This equals 216 days.

$$\$120,000 \times \frac{216}{365} = \$71,014$$

Step 2

An adjusted MV must be determined for the time period of August 5 through December 31. This equals 149 days (365 – 216).

$$\$120,000 \times 30\% \text{ (remaining \% of value)} = \$36,000$$

$$\$36,000 \times \frac{149}{365} = \$14,696$$

The MV becomes \$85,710. (\$71,014 + \$14,696)

The AV for this improvement is \$28,567.

(\$85,710 x 33.33%)

The MV for the site is not adjusted. The AV of the site is \$9,999 (\$30,000 x 33.33%)

Supplemental exercise

- 1 As of January 1, the township assessor had determined that a residential improvement was 60% completed; the RCN was \$95,000 and the land value was \$15,000. The assessment level for this township is the statutory level. The AV for the land would be \$_____. The AV of the improvement would be \$_____.

This improvement was inhabited and fit for occupancy. The CCAO assessed this property as of May 1 (Julian date 121), using \$95,000 for the MV and \$15,000 for the land value. Assessing at the statutory level, the AV for the land would be \$_____. The AV for the improvement would be \$_____.

- 2 On September 24 (Julian date 267), fire damaged a downtown commercial building. The official damage report placed an 80% loss on the structure. The MV as of January 1 was \$240,000 and the site value was \$36,500. The board of review (assessing at the statutory level of $33\frac{1}{3}\%$) would place an AV of \$_____ on the land and an AV of \$_____ on the improvement.

Summary

Section 9-180 provides for the instant assessment of property and that it should be computed on the basis of a year of 365 days.

Unit 10 Review questions

- 1 T or F Instant assessments means the assessor will come out the instant you call and request that your property be appraised.
- 2 T or F Section 9-175 contains provisions for instant assessments.
- 3 T or F Property owners do not need to fill out any forms or applications.

Unit 11

Exemptions and the Board of Review

This unit covers the responsibilities of the board of review with regard to 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 must complete before forwarding a non-homestead application to the Department for a final decision.

Learning objectives

After completing the assigned readings, you should be able to

- follow the application process for non-homestead exemptions,
- identify the required documentation for each application package, and
- identify the responsibilities of local review boards in the exemptions area.



Terms and concepts

Non-homestead exemptions
Homestead exemptions
Section 16-70
Application requirements

Non-homestead exemptions

Some non-homestead properties qualify to be exempt from property taxation. Some examples include

- all property of schools not sold or leased or otherwise used with a view to profit,
- property used exclusively for religious purposes,
- property belonging to the state of Illinois,
- property used exclusively for fire protection purposes and belonging to any city, village, or incorporated town,
- United States property,
- all property used exclusively as graveyards or grounds for burying the dead, and
- property belonging to a charitable organization and used exclusively for charitable purposes, and
- all property belonging to any county or municipality used exclusively for the maintenance of the poor or is being held for future expansion or development except if leased for other than public use.

Property cannot be listed as exempt from taxation until the following steps have taken place:

- 1** The property owner must file an application form for a non-homestead exemption with the local board of review,
- 2** The property owner must attach pertinent, supporting documentation with each application, and
- 3** The board must make a recommendation after a hearing on the application and forward the entire application package to the department for final approval.

Any person wishing to claim a non-homestead exemption for the first time must file an application with the board of review. Application forms may be obtained from the board in the county in which the property is located. These forms are listed in Unit 2.

The board of review can accept an application only if the taxpayer has

- used the correct application form,
- filled out the application correctly, and
- attached the required, supporting documentation.

Supporting documentation includes the legal description of the property, the property index number (PIN), proof of ownership, such as affidavit of use, picture, and copies of any lease or contract concerning the property. **In Cook County, the applicant may be required to file a complaint form, in addition to the exemption application.** Also, there are specific guidelines for applications dealing with multiple parcels.

A property owner who applies for a non-homestead exemption that reduces the assessed valuation of the property by more than \$100,000, is also required to deliver a copy of the application to any municipality, school district, community college district, and fire protection district in which the property is located. The board should give the municipalities, school districts, community college districts, fire protection districts, and the taxpayer an opportunity to be heard. However, an exemption will not be invalidated if a municipality, school district, community college district, or fire protection district does not receive the notice.

Sections 16-70 and 16-130 of the Property Tax Code provides that boards of review determine the application of any person who is assessed on property claimed to be exempt from taxation. However, the decision of the board is not final, except for homestead exemptions. **The final decision on non-homestead exemptions is made by the department.**

The application must be made for the tax year in which the board is in session. For example, if a 2013 board is still in session in January of 2014, an application for exemption for the 2014 tax year cannot be considered, nor can a determination or recommendation be made by the 2013 board. Only a board in session for the 2014 tax year can consider and determine exemption applications for the 2014 tax year.

The clerk (**secretary in Cook county**) of the board, in all cases other than homestead exemptions, must complete a statement of all facts in the case and forward it to the department. **The department determines whether the property is legally liable to taxation.** The department then notifies the board of review of its decision, and the board corrects the assessment, if necessary.

The extension of taxes cannot be delayed by any exemption proceeding. If the department, or a court of competent jurisdiction, rules that the property is exempt, any taxes that were extended upon the assessment are abated, or if paid, are refunded. The parcel receiving the non-homestead exemption is not removed from the property rolls, but is retained on the assessment list. The approved parcels should be coded exempt, or identified in some manner, as receiving a non-homestead exemption.

Any applicant who does not agree with the department's decision denying an exemption or allowing only a partial exemption should not file another exemption application on the property for the same tax year. Instead, the applicant should make a written request for a formal hearing before the department within 20 days after the department's notice of decision is mailed. The department will return an application if the board of review forwards one for which a decision has already been rendered for that tax year.

Homestead exemptions

Currently there are ten types of homestead exemptions available. One of these is only applicable in Cook county.

General Homestead Exemption

This exemption is available to residential property that is occupied on January 1 of the assessment year as a principle residence. The amount of exemption is the increase in the current year's EAV, above the 1977 EAV, to a maximum reduction in EAV of \$6,000 (\$7,000 in Cook county).

**Long-time
Occupant
Homestead
Exemption
(LOHE)**

**Cook County
only**

This exemption is for residential property that is occupied as a primary residence for a continuous period by a qualified taxpayer with a total household income of \$100,000 or less. The property must be occupied for 10 continuous years or 5 continuous years if the person received assistance to acquire the property as part of a government or non-profit housing program. This exemption limits EAV increases. Properties that qualify for the SCAFHE will receive the same amount calculated for the GHE.

**Homestead
Improvement
Exemption**

This exemption applies to homestead property used exclusively for residential purposes. It is limited to the fair cash value that was added to the homestead property by any new improvement, up to an annual maximum of \$75,000. The exemption continues for four years from the date the improvement is completed and occupied.

**Senior Citizens
Homestead
Exemption**

This exemption is available for residential property that is occupied as the principle residence of a person who is 65 years of age or older during the assessment year and is liable for the payment of the property taxes. The amount of the exemption is a \$5,000 reduction in the EAV of the property. This exemption is in addition to the General Homestead Exemption.

**Senior Citizens
Assessment
Freeze
Homestead
Exemption**

This exemption allows qualified senior citizens to elect to maintain the EAVs of their homes at the base year values and prevent any increase in assessment due to inflation. The base year value will increase based on the EAV of added improvements to the residence. The senior citizen must be 65 years of age or older, occupy the property as his or her principle residence for 2 consecutive years and have a total household income of \$55,000 or less. This exemption must be applied for annually.

Several other programs benefit the senior citizens of Illinois, in addition to the homestead exemptions. A guide, Property Tax Relief Available to Illinois Senior Citizens, is shown on the third page following.

Natural Disaster Homestead Exemption

This exemption is on homestead property for a rebuilt residential structure following a natural disaster. The amount of the exemption is the reduction in EAV of the residence in the first taxable year for which the taxpayer applies for an exemption minus the EAV of the residence for the taxable year prior to the taxable year in which the natural disaster occurred. The exemption continues at the same amount until the taxable year in which the property is sold or transferred.

Disabled Veterans' Exemption

This exempts up to \$70,000 of the assessed value for certain types of housing owned and used by disabled veterans. The Illinois Department of Veterans' Affairs determines the eligibility for this exemption, which must be reestablished annually.

Disabled Veterans' Standard Exemption

This exempts up to \$5,000 of the equalized assessed value on the primary residence for veterans with a service-connected disability. A qualified disabled veteran with a disability of 50 percent but less than 70 percent will receive a \$2,500 reduction in EAV or a veteran with a disability of at least 70 percent will receive a reduction in EAV of \$5,000. The application for this exemption is filed with the CCAO of the county and must be reestablished annually.

An un-remarried surviving spouse of a disabled veteran can continue to receive this exemption on his or her spouse's primary residence or transfer the Disabled Veterans' Standard Exemption to another primary residence after the disabled veteran's original primary residence is sold, provided this exemption had previously been granted to the disabled veteran. 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 PTAX-342 to transfer the exemption to himself or herself.

Persons with Disabilities Exemption

This exempts \$2,000 of the equalized assessed value of the primary residence occupied by a qualified person with a disability who is liable for the payment of the property taxes. The application for this exemption is filed with the CCAO of the county and must be reestablished annually.

Note: Only one of the Disabled Veterans', Disabled Veterans' Standard, and the Persons with Disabilities exemptions may be claimed.

Returning Veterans' Exemption

This exemption applies to residents who served as a member of the US Armed Forces, Illinois National Guard, or US Reserved Forces upon returning from active duty in an armed conflict involving the US. This exempts \$5,000 in equalized assessed value on the principle residence in the year the member of the armed forces returned from active duty and the following year and who is liable for the payment of the property taxes. If the returning veteran acquires a principal residence in the year he or she returns, the exemption is only applied the year after he or she returns. The application is filed with the CCAO of the county.

Property Tax Relief Available to Illinois Senior Citizens

Type	Initial application	Filed with	Date to file initial application	Age limit	Income limit	Description
General Homestead Exemption ¹ (35 ILCS 200/15-175)	Yes, unless automatic in county.	CCAO, if county requires it.	Varies in each county.	N/A	N/A	Reduction in EAV, up to \$6,000 (\$7,000 in Cook). Difference between current EAV and 1977 EAV, up to the maximum.
Homestead Improvement Exemption ¹ (35 ILCS 200/15-180)	Yes, unless automatic in county.	CCAO, if county requires it. PTAX-323	Varies in each county.	N/A	N/A	Prevents increases in assessed valuation attributable to a new improvement of existing structure for up to 4 years. Maximum of \$75,000 in fair cash value.
Sr. Citizens Homestead Exemption ¹ (35 ILCS 200/15-170)	Yes, unless automatic in county. ⁴	CCAO PTAX-324	Before board of review adjournment.	65 ²	N/A	Reduction in EAV of \$5,000.
Sr. Citizens Assessment Freeze Homestead Exemption ¹ (35 ILCS 200/15-172)	Yes - PTAX-340	CCAO Cook Co.	Generally July 1 in all counties but Cook Co. However, an earlier date may be set by co. ordinance. date set by co assessor	65 ²	\$55,000 per household (all using home as principal residence).	Establishes a base year for which the assessed valuation is frozen. The base amount increases if improvements (increasing the assessed valuation) are added.
Sr. Citizens Real Estate Tax Deferral Program (320 ILCS 30/1 et. seq.)	Yes - IL- 1017	Co. collector or treasurer	Jan. 1 - Mar. 1 of program year.	65 ³	\$55,000 per household (husband and wife).	Allows deferral of all real estate taxes (up to 80% of equity interest) on the personal residence of qualifying seniors until property is sold.

¹ Board of review may require CCAO's determination of eligibility upon complaint.

² Eligible if applicant turns 65 during the tax year.

³ Eligible if applicant is 65 or older by June 1 of application year.

⁴ Application may be required in subsequent years.

Certificates of Error

If, at any time before judgment on taxes is entered for a tax year by the court, an error or mistake is discovered in any assessment, other than errors of judgment as to the valuation, a certificate of error may be issued to a person erroneously assessed. The certificate states the nature of the error and its cause or causes. For example, the property in question has either an approved non-homestead exemption, or recently received one from the department, but was erroneously assessed.

Certificates of error can be issued by a board of review and endorsed by the CCAO, or they can be issued by the CCAO and endorsed by the board of review. When a certificate of error is introduced in evidence, it becomes a part of the court records and cannot be removed from the files, except upon the order of the court.

Summary

Some properties are exempt from taxation. The application forms for the non-homestead exemption must be filled out correctly with all supporting documentation attached in order to be submitted to the board of review. The application must be for the tax year for which the board is in session.

If the non-homestead exemption application reduces the assessed valuation of any property by more than \$100,000, the owner is required to deliver a copy of the application to any municipality, school district, community college district, and fire protection district in which the property is situated.

For non-homestead exemptions, the clerk (secretary in Cook) of the board must make out a full and complete statement of all facts in the case and forward it to the department. The department determines whether the property is legally liable to taxation. The department then notifies the board of review of its decision, so the board can correct the assessment, if necessary.

Unit 11

Review questions

- 1 Name the entity that has the final approval authority for all non-homestead exemptions.

- 2 List three different types of non-homestead properties that are considered exempt.

a

b

c

- 3 Last year's board of review for County ABC is still in session on February 15 of this year. A religious organization acquires property on February 1 of this year and files an application for a non-homestead exemption on February 15 of this year. Does this board have the power to consider this application? Why or why not?

Unit 12

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, and
- calculate the levy.



Terms and concepts

LAR Formula
Levy
Maximum tax rates
Tax Base

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

Tax base (A) — This is 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) — This is 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.

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

To find the levy, cover up the “L” in the formula so you are left with $A \times R$.

Multiply the tax base “A” by the tax rate “R.”

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

If you know the levy and the tax rate, to find the tax base, cover up the “A” in the formula so you are left with

$$\frac{L}{R}$$

Divide the levy “L” by the tax rate “R.”

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

To determine the tax rate, cover up the “R” in the formula so you are left with

$$\frac{L}{A}$$

Divide the levy “L” by the tax base “A.”

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

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

For example: 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.

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

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

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

For example: 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.

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

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

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

For example: 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.

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

Exercise 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> </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. 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.

Individual tax bill

There are several processes involving different local government officials that are followed in determining an individual tax bill for most types of property.

- 1 Property is valued by the assessor to determine fair market value (MV).
- 2 The assessor determines the assessed value (AV) by dividing the fair market value by 3, or multiplying by 33.33% (.3333).

In Cook County, the fair market value is multiplied by the applicable class ordinance level.

- 3 Equalization factors (township, class, area, and state multipliers) may be applied to the assessed value to derive the equalized assessed value (EAV) for the parcel of property.

Assessed value in Cook County is only equalized by the state equalization factor.

- 4 After all qualified exemptions, such as various homestead exemptions, are deducted from the EAV, the remaining value becomes the taxable EAV.
- 5 The taxable EAV is multiplied by the applicable tax rate for each of the taxing districts in which the property is situated.
- 6 All of the amounts due each taxing district are added to obtain a total tax bill. Another way to produce the total tax bill is to multiply the taxable EAV by the aggregate tax rate. The aggregate rate is the total of all the district rates in which the property is situated.

Exercise 2 Tax bills

Determine the tax bill on a residential property with a market value of \$96,750, and a taxable EAV of \$32,250. The property is situated in six taxing districts. Compute the tax rate for each taxing district (levy ÷ taxable EAV) and then determine the amount of tax due for each district and total (aggregate) tax due. (taxable EAV x tax rate).

	District	Levy	Taxable EAV	Rate	Tax
1	School	\$996,173	\$31,425,000	<u>3.1700</u> %	\$ <u>1,022.33</u>
2	County	\$473,630	\$94,726,000	<u>.5000</u> %	\$ <u>161.25</u>
3	Township	\$178,994	\$25,482,000	_____ %	\$ _____
4	City	\$144,661	\$15,272,000	_____ %	\$ _____
5	Fire	\$110,707	\$37,846,000	_____ %	\$ _____
6	Library	\$76,360	\$15,272,000	_____ %	\$ _____

Aggregate tax rate = _____ % x taxable EAV \$ _____ =
 Tax bill \$ _____

Effective tax rate = $\frac{\text{taxes billed}}{\text{market value}}$ = _____ = _____ %

The aggregate rate is applied to the taxable EAV.
 The effective tax rate is applied to market value.

Exercise 3 Applying the LAR Formula

Note: For a refresher in converting from percent to \$/100, see page x in the Guide to Mathematical Terms and Equations at the beginning of the manual.

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

- 1 If the levy for a local taxing body is \$500,000 and the tax rate for the local taxing body is \$2.7500/ \$100, the equalized assessed valuation for the local taxing body's district will be:

- 2 The equalized assessed valuation for a local taxing body is \$32,427,500 and the tax rate is 3.9860%. The levy for this taxing body will be:

- 3 A taxing body has levied for \$40,000. The maximum tax rate for the taxing body is 30 cents/\$100 equalized assessed value. The district's equalized assessed valuation is \$3,750,000. What is the amount of money the taxing body will receive?

- 4 The equalized assessed valuation for a local taxing body is \$125,000, the district has levied for \$75,000, and the maximum tax rate is \$1.25/\$100 equalized assessed value. What is the amount of money the taxing body will receive?

Summary

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

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

where **L** is the levy
A is the tax base
R is the tax rate

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

Unit 12

Review

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

\$ _____ / \$100

Unit 13

Ethics and Resources

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.

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 Ethics Committee drafted a proposed Code of Ethics and Standards of Professional Assessment Practices for Illinois. This proposed draft has been submitted for approval to the state “Core Group” of the Project on Education and Professionalism for Assessors. Included in the draft are four canons, as well as eleven standards.

This draft is included as an example only. Board of review members should contact their county officials for a copy of the ethics code adopted for their jurisdictions.

Proposed Code of Ethics and Standards of Professional Assessment Practice for Illinois

Canon 1

An assessing official shall conduct himself or herself in a manner that promotes professionalism in the assessment process.

Canon 2

An assessing official must follow the Illinois state statutes and cooperate with all other public officials in carrying out his or her responsibilities to the assessment profession and the public.

Canon 3

In the assessment of any property, an assessing official must develop each analysis and opinion without bias and without intent to benefit his or her own self or another individual.

Canon 4

An assessing official must comply with these Standards of Professional Assessment Practice for Illinois.

Standards of Professional Assessment Practice

Standard 1

An assessing official must conform in all respects to these Canons of Ethics and Standards of Professional Assessment Practice, as they may be amended from time to time, and give full faith and allegiance to such oaths of office as the official may take. The official shall obey and apply equitably all applicable laws and regulations as may be required in the pursuance of his or her duties.

Standard 2

In developing a real property assessment and/or appraisal, an assessing official must be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible assessment and/or appraisal. The officer shall seek guidance from other assessment or appraisal professionals as necessary to meet this standard.

Standard 3

In developing a mass appraisal, an assessing official must be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce credible assessments. The officer shall seek guidance from other assessment or appraisal professionals as necessary to meet this standard.

Standard 4

In estimating values for assessment purposes, an assessing official must estimate “market value” as that concept is defined by the courts of Illinois, regardless of the assessment percentage to be used, except when the law requires special valuation techniques.

Standard 5

An assessing official must conduct all official activities in a manner that will reflect credit on the assessment profession. The official must cooperate fully with other public officials in all matters affecting equity and the efficiency of the property tax system.

Standard 6

An assessing official must make available for public review all public records in his or her custody unless access to such records is specifically limited or prohibited by law, or the information has been obtained on a confidential basis and the law permits such information to be treated confidentially. The official must make every effort to inform the public about their rights and responsibilities under the law and the property tax system.

Standard 7

An assessing official must avoid the appearance of impropriety and must uphold the professional reputation of other assessing officials.

Standard 8

An assessing official must use no professional designation unless duly authorized to do so, and must claim no qualifications in any report, testimony or elsewhere, that are not factual or that may be subject to erroneous interpretation.

Standard 9

An assessing official must accept no fee appraisal or other assignment in which the official has an unrevealed personal interest or bias, or which cannot be completed without placing the official's personal integrity or that of the assessment profession in jeopardy. The official may accept no fee appraisal or other assignment that could foreseeably conflict with any assessment jurisdiction or responsibility the official may have.

Standard 10

An assessing official must not accept any assessment or appraisal engagement for which the amount of the official's compensation is contingent upon reporting a predetermined value; or on the amount of the value estimate; or on reporting a predetermined opinion, conclusion, or recommendation; or on the amount of a tax reduction obtained by a client using the official's services; or on any other result, value, or subsequent transaction that might impair or give the appearance of impairing the official's objectivity and professionalism.

Standard 11

An assessing official must not only uphold this Code of Ethics and Standards of Professional Assessment Practice by example, but must also encourage, by counsel and advice, adherence to this code and standards by others in the profession.

Note: Canons 1 through 4 and Standards 2 and 3 were adapted from those promulgated by the Appraisal Institute. Standards 1, and 4 through 10 were adapted from those promulgated by the International Association of Assessing Officers.

Where to go for help

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/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.

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.

Unit 13

Review questions

- 1 What do you think is the most important duty of the board of review?

- 2 List two reference sources for board of review members.

**Answer key
for Board of Review —
Basic course**

Mathematical Terms and Equations

Exercise 1 — Converting decimals to percents and percents to decimals

	Decimal	Percent (%)	\$/ \$100 AV	\$/ \$1000 (mills)
1	<u>.1200</u>	12	<u>\$ 12 /\$100</u>	<u>120 mills</u>
2	<u>.0175</u>	1.75	<u>\$ 1.75 /\$100</u>	<u>17.5 mills</u>
3	.0325	<u>3.25</u>	<u>\$ 3.25 /\$100</u>	<u>32.5 mills</u>
4	.0004	<u>.04</u>	<u>\$.04 /\$100</u>	<u>.4 mill</u>
5	<u>.0255</u>	<u>2.55</u>	\$ 2.55 /\$100	<u>25.5 mills</u>
6	<u>.0006</u>	.06	<u>\$.06 /\$100</u>	<u>.6 mill</u>
7	.1234	<u>12.34</u>	<u>\$ 12.34 /\$100</u>	<u>123.4 mills</u>
8	<u>.00033</u>	<u>.033</u>	\$.033/\$100	<u>.33 mill</u>
9	<u>.00428</u>	<u>.428</u>	<u>\$.428/\$100</u>	4.28 mills
10	.0225	<u>2.25</u>	<u>\$ 2.25 /\$100</u>	<u>22.5 mills</u>
11	<u>.0045</u>	.450	<u>\$.45 /\$100</u>	<u>4.5 mills</u>
12	<u>.00162</u>	<u>.162</u>	<u>\$.162/\$100</u>	1.62 mills

Exercise 2 — Land values

	Site shape	Measurements	Square footage	Approx. acreage
1	Rectangular	400' x 800'	<u>320,000</u>	<u>7.3 (7.34)</u>
2	Rectangular	320' x 480'	<u>153,600</u>	<u>3.5 (3.52)</u>
3	Triangular	320' x 480'	<u>76,800</u>	<u>1.8 (1.76)</u>
4	Triangular	150' x 180'	<u>13,500</u>	<u>.3 (.30)</u>
5	Square	150' x 150'	<u>22,500</u>	<u>.5 (.51)</u>
6	Triangular	600' x 900'	<u>270,000</u>	<u>6.2 (6.19)</u>

Unit 1

Review questions

- 1 Define *ad valorem* tax.
A tax that is based on the value of the property owned.
It is assessed according to its value.

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

- 3 What are the two classifications of property?
 - 1 Real
 - 2 Personal

- 4 The largest share of property tax goes to schools.

- 5 List the three approaches to value.
 - 1 Sales comparison or market approach
 - 2 Cost approach
 - 3 Income approach

- 6 What four steps are involved in the assessment of any property?
 - 1 Identifying the real property
 - 2 Listing it
 - 3 Appraising it
 - 4 Placing a value on the tax rolls

- 7 What two types of properties are assessed by the state?
 - 1 Railroad operating property
 - 2 Pollution control facilities

Unit 1

Review questions (cont.)

- 11 In all counties except Cook, property is to be viewed, inspected, and revalued once every 4 years.
Cook county has a 3 year reassessment cycle.
- 12 The board of review, makes the final decision on property values at the county level.

Unit 2

Review questions

Complete the following exercises using the Property Tax Code.

- 1 Cite the section and paragraph governing the following:
- | | | |
|---|----------------------|--|
| A | <u>Sec 5-5, 6-15</u> | Boards of review, political makeup and compensation. |
| B | <u>Section 6-30</u> | Boards of review in commission counties. |
| C | <u>Section 5-5</u> | Board of review compensation in Cook county |
| D | <u>Section 6-35</u> | Elected boards of review. |
| E | <u>Section 16-30</u> | Meetings of the board of review. |
| F | <u>Section 16-50</u> | Omitted property. |
- 2 Use the Property Tax Code to answer the following questions and cite the correct section.
- A Can the board of review issue a certificate of error for an error of judgment?
No Section 16-75
- B On what type of exemption does the board have the final decision?
Homestead exemption Section 16-70

C What is the minimum number of signatures required on the affidavit for certification of the assessment books?

Two Section 16-85

D Is the board required to publish notice of an increase in assessment due to the application of an equalization factor? (Does not apply to Cook county.)

Yes, proposed increase only Section 12-40,12-60

E Is the board required to 1) send out individual notices and 2) publish changes to individual assessments?

1) Yes, individual notices. Section 12-50

2) Does not have to publish but makes a list of changes. Section 12-60

F What happens to the assessment books when the board of review has completed its work?

The board of review shall deliver one Section 16-90

set of books to the county clerk and

one set to the CCAO

G Are members of the board of review required to take an oath of office?

Yes Section 5-10, 6-55

H Upon 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 Section 16-5
in his or her office requested by the board to assist it in the proper discharge of its duties

- I When does the board of review adjourn?
When the work is completed but no later than March 15. In Cook County, 60 days after the last delivery to it of the assessment books for any township or taxing district Section 16-35,16-150
- J What action is the board required to take after a formal complaint has been filed?
The board shall review assessment, and correct it, as appears to be just. Section 16-55
- K In commission counties, the county commissioners generally constitute the board of review. Are the commissioners compensated for their work as members of the board of review?
No Section 6-30
- L 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 an appointed board of review Section 6-10,6-30, & 6-35
- M What is the political make-up of an appointed board of review and how is it determined?
Two members affiliated with the political party polling the highest vote in a contested election for any county office in the county, 3rd member cannot be of the same political party. Section 6-15
Two members affiliated with the political party polling the highest vote in a contested election for any county office in the county, 1 member party polling second highest vote. Section 6-34
- N Are boards of review required by statute to make and publish reasonable rules governing their business?
Yes Section 9-5

Unit 2

Review questions (cont.)

- O** Are there penalty provisions for failure of board members to perform their duties?
Yes Section 25-15, 25-20, 25-25
- P** In commission counties, does an appointed board of review have to meet any requirements?
Yes Section 6-30
- Q** Who pays the property taxes on land leased from the State?
The lessee Section 15-55
- R** For what type of exemption does the Department have the final administrative decision, (subject to the administrative review law)?
Non-homestead Section 16-70
- S** **In Cook county**, how many signatures are required to endorse a certificate of correction?
A majority of the members (2) Section 14-10

Unit 3

Refer to the instructions on the previous page to complete the following data.

Parcel	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Address	453 Fox	1029 Park	1207 Pine	759 Seneca	806 State
Sale date	1 year ago	1 year ago	2 years ago	1 year ago	Last Dec. 28
LB ratio	1:5.5	1:6	1:5.5	1:6	1:5.5
Sales pr.	\$642,000	\$626,000	\$510,000	\$612,000	\$584,000
Gross rent	\$110,700	\$111,840	\$ 99,960	\$113,280	\$108,240
GIM	5.8	5.6	5.1	5.4	5.4
Expenses	\$ 25,440	\$ 25,680	\$ 23,040	\$ 26,040	\$ 24,900
Net income	85,260	86,160	76,920	87,240	83,340
Overall rate	13.28%	13.76%	15.08%	14.25%	14.27%
Units	28	24	20	22	22
Units price	22,929	26,083	25,500	27,818	26,545
Rooms	96	92	88	92	85
Rooms	6,688	6,804	5,795	6,652	6,871

Unit 3

Parcel	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Time	+5	+5	+10	+5	—
Size	—	—	—	—	—
Quality	—	—	-5	—	—
Condition	+5	—	—	+5	-10
Floor plan	—	+6	—	—	—
Location	—	+3	+5	-10	—
Total adj. %	+10	+14	+10	-10	-10
Adj. sale	706,200	713,640	561,000	550,800	525,600
Adj. unit	25,221	29,735	28,050	25,036	23,891
Adj. room	7,356	7,757	6,375	5,987	6,184
GIM	5.8	5.6	5.1	5.4	5.4

Sale 5 is most comparable to the subject property.

Unit 3

Refer to the instructions on the previous page and complete the following example.

Subject property has 24 units.

Comparable's adjusted unit price 23,891 x 24 units = \$ 573,384

Subject property has 90 rooms.

Comparable's adjusted room price 6,184 x 90 rooms = \$ 556,560

Subject property has a gross rent of \$113,845.

Comparable's GIM 5.4 x \$113,845 = \$ 614,763

Using the cost approach the value for the subject property is \$701,484.

Using the income approach the value for the subject property is \$631,399.

Using the sales comparison, or market approach, what amount do you think is the best indication of value for the subject property?

\$ 614,763

Examining the three values noted above for the cost, income and sales comparison, or market approach, what amount do you think would be the best indication of value for the subject property?

\$ 631,399

Unit 3

Review Questions

- 1 T or F The three approaches to value are the market approach, the income approach, and the sales comparison approach.
- 2 T or F When using the sales comparison, or market approach, one never adjusts the subject.
- 3 T or F The formula for the GIM is the gross rent divided by the sales price.
- 4 T or F Make a minus adjustment to your comparable if it is inferior to your subject.
- 5 T or F If the market is showing an annual increase of 3 percent, a sale occurring 2 years ago would have a minus adjustment of 6 percent.
- 6 T or F The GIM is a unit of comparison in the income approach to value.
- 7 T or F The property most comparable to the subject is the comparable with the least number of adjustments.

Exercise 4-1

IRV Formulas

Using the IRV formula, complete the following questions.

- 1 A parking lot recently sold for \$250,000. The parking lot has 100 parking spaces, each renting for \$25 per month. Allowable expenses are \$6,000 annually. What is the capitalization rate?

$$\text{ANSWER } \underline{.0960 \text{ or } 9.6\%} \quad R = \frac{I}{V} \quad \frac{24,000}{250,000} \quad 100 \times 25 \times 12 = \frac{30,000}{\text{NOI}} - \frac{6,000}{24,000}$$

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

$$\text{ANSWER } \underline{\$180,000} \quad V = \frac{I}{R} \quad \frac{16,740}{.0930} = 180,000$$

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

$$\text{ANSWER } \underline{\$51,461} \quad I = R \times V \quad 452,600 \times .113$$

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

$$\text{ANSWER } \underline{.1422 \text{ or } 14.22\%} \quad R = \frac{I}{V} \quad \frac{53,428}{375,700}$$

- 5 A parking lot recently sold for \$157,000. The mortgage/interest rate is 5.25%; the equity rate is 3.81%; the effective tax rate is 2.35%. What is the parking lot's net annual income?

$$5.25\% + 3.81\% + 2.35\% = 11.41\% = 0.1141$$

$$\text{ANSWER } \underline{\$17,914} \quad I = R \times V = 0.1141 \times 157,000 = 17,914$$

- 6 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 14.54%. What is the value of this building?

$$\text{ANSWER } \underline{\$330,124} \quad V = \frac{I}{R} \quad \frac{48,000}{.1454} \quad 350 \quad 200 \times 12 \times 20 = \$48,000$$

$$- \frac{150}{200}$$

Unit 4

Review questions

- 1 What is the formula for the income approach?

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

- 2 A 100-space gravel parking lot rents for \$30 a month per space. The effective tax rate is 2.54%, the mortgage interest rate is 9.35%, and the equity rate is 2.00%. What is the value of the parking lot?

$$9.35\% (.0935) + 2.54\% (.0254) + 2.00 = 13.89\% = .1389$$

$$100 \times 30 \times 12 = \frac{36,000}{.1389} = \$259,179$$

\$ 259,179

- 3 A 2-story commercial building has a value of \$960,000. The building provides its owner with a monthly net income of \$6,000 per floor. This is well in line with similar properties. What is the building capitalization rate?

$$6,000 \times 2 = 12,000 \times 12 = \frac{\$144,000}{960,000}$$

15 %

- 4 Land used as a gravel parking lot recently sold for \$270,000. The equity rate is 3.25%, the mortgage interest rate is 8.15%, and the effective tax rate is 2.50%. What is the net income of this parking lot?

$$3.25\% + 8.15\% + 2.50\% = 13.9\%$$

$$\underline{13.90\% \times 270,000 = \$37,530}$$

- 5 A 12-unit apartment building has (6) 1-bedroom units, (4) 2-bedroom units, and (2) 3-bedroom units. The 3-bedroom units rent for \$400 a month, the 2-bedroom units rent for \$350 a month, and the 1-bedroom units rent for \$275 a month. Similar properties in the area have recorded their monthly income to be at \$3500 a month. What is the potential gross income of this 12-unit apartment building?

$$\underline{\$3,500 \times 12 = \$42,000}$$

Unit 4

Review questions (cont.)

Match these terms to the correct definition. Some terms may require more than one definition.

<u> F </u>	Potential gross income	A	Equity rate
<u> A, B, and D </u>	Land rate	B	Mortgage interest
<u> E </u>	Unallowable expense	C	certain amount set aside over a period expenses of time for wear and tear items to be replaced
<u> A, B, and D </u>	Building capitalization rate	D	Effective tax rate
<u> C </u>	Reserve for replacements	E	Real estate taxes
		F	Based on 100 percent occupancy using economic rent versus contract rent

Unit 5 Exercise

5-1 worksheet — Cost factor study

Sale Number	Age	Sale Price	Lot Value	Building Residual	Manual Value	Cost Factor
1	N	\$104,000	\$17,000	\$87,000	\$82,300	1.06
2	N	97,700	17,000	<u>80,700</u>	78,400	<u>1.03</u>
3	N	67,800	10,500	57,300	54,500	1.05
4	N	62,900	8,000	<u>54,900</u>	51,800	<u>1.06</u>
5	N	85,600	15,500	70,100	63,700	1.10
6	N	89,200	16,000	<u>73,200</u>	63,100	<u>1.16</u>
7	N	80,300	16,000	64,300	61,200	1.05
8	N	88,300	16,500	<u>71,800</u>	69,000	<u>1.04</u>
9	30	53,500	8,000	45,500	47,900	.95
10	N	93,100	16,500	<u>76,600</u>	72,100	<u>1.06</u>
11	N	76,700	15,500	61,200	58,300	1.05
12	N	86,500	16,000	<u>70,500</u>	66,500	<u>1.06</u>
13	44	67,900	11,000	56,900	59,300	.96
14	N	92,700	16,000	<u>76,700</u>	69,500	<u>1.10</u>
15	12	72,400	11,000	61,400	60,200	1.02

Rank

1	<u>1.03</u>
2	<u>1.04</u>
3	<u>1.05</u>
4	<u>1.05</u>
5	<u>1.05</u>
6	<u>1.06</u>
7	<u>1.06</u>
8	<u>1.06</u>
9	<u>1.06</u>
10	<u>1.10</u>
11	<u>1.10</u>
12	<u>1.16</u>
13	_____
14	_____
15	_____

$$1.06 + 1.06 = 2.12$$

$$2.12 \div 2 = 1.06$$

$$\text{Median} = 1.06$$

Note: Sales 9, 13, and 15 are not used because the properties are over one year in age.

Unit 5

Review questions

- 1 What are the three types of depreciation? Place a ✓ next to the one that is generally incurable.

_____ Physical

_____ Functional

✓ _____ Economic

- 2 What is the purpose of a cost factor?

To adjust the Appraisal Publication's values to the local labor and material rates.

- 3 What is a mass appraisal system?

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

Exercise 6-1

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

03-10-108-011-0040

Occupancy							Interior Finish				Remodeled	Sold Date			Mo.	Day	Yr.	Age 15	Adj. Age																			
1	2	3	4	5	6	7					NH	Amount \$			CDU Average																							
Vacant	Dwelling	Other	Mobile Home	A Home	Summer Home	Apt.	Plaster/dry wall	B	1	2	3	Memo								Grade C																		
Living Accommodations							Fiberboard									Dwelling Computations																						
Total Rooms 5		Bedrooms 2		Family Room			Paneling									1	Sty.	Constr.	FRM	900	SF																	
Foundation							Pt. Msy Trim 288				Quality C				Type Brk¹ Stone² Art³				Porches 900 SF 94,050																			
8" Msy. Wall							Pier				Finished				Living				Condo. Comm.				Porch 24 SF				OFF ¹ EFP ² OMP EMP⁴ 2-⁵ Sty				Basement				9,740			
Basement							Basement				Recreation				Prorated %				Porch				SF				OFF ¹ EFP ² OMP EMP⁴ 2-⁵ Sty				Heating/Central air				2,730			
1 Full		3 Crawl		4 Slab			Fireplaces #				Stack #				With:				Porch				SF				OFF ¹ EFP ² OMP EMP⁴ 2-⁵ Sty				Sched. Comb.							
Area without bsmt. SF							Integral garage				On grade ¹				Below ²				Wd. deck				SF				Wood deck ⁶				Plumbing + 2				3,770			
Attached garage							600				Frm¹				Msy. ²				Carport ³																			
Heating							1 None				2 Central		3 Air Condition		4 Other																							
Warm air																																						
Hot water/Steam																																						
Floor furnace																																						
Unit heaters																																						
Other																																						
Plumbing							Standard (5)																															
Bathroom (3)																																						
Half bath (2)																																						
Sink/Lavatory water closet																																						
Attic							1 None		2 Unfinished		3 Part		4 Full																									
Exterior Walls							Wood/stucco/aluminum/vinyl siding																															
Concrete block																																						
Brick/stone							TRIM																															
Other																																						
Roof							Shingle - asphalt/asbestos/wood																															
Slate/tile																																						
Composition																																						
Other																																						
Floors							Concrete				B				1				2				3															
Wood																																						
Tile																																						
Carpet																																						
Listed by:																							Total full value other buildings				1,222											
Date:																							Total full value all buildings				119,635											

1 story frame basement

2 - car frame garage

Concrete Drive

Exercise 6-2

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

04-01-406-002-0040

Occupancy							Interior Finish				Remodeled	Sold Date Mo. Day Yr.			Age 65	Adj. Age						
1	2	3	4	5	6	7					NH	Amount \$			CDU Poor							
Vacant Lot	Dwelling	Other	Mobile Home	Apt.	Summer Home						Memo			Grade D								
Living Accommodations							Plaster/dry wall				Crawl (7370+8350) / 2 based on 1100 SF			Dwelling Computations								
Total Rooms 8			Bedrooms 4		Family Room -		Fiberboard							2	Sty FRM	Cons: 1100	SF					
Foundation							Paneling							Sty		Constr.	SF					
Basement							Features				SF				Quality				Type			
8" Msy. Wall							Pt. Msy Trim				Brk. Stone Art ³				Porch				Porch			
Basement							Finished				Living				Condo. Comm				Porch			
Basement							Basement				Recreation				Prorated				Porch			
Fireplaces #							Stack #				With:				Porch				SF			
Integral garage							On grade ¹				Below ²				Wd. deck				SF			
Attached garage							Frm. ¹				Msy. ²				Carport ³							
Heating																						
None							Central				Air Condition				Other							
Warm air																						
Hot water/Steam																						
Floor furnace																						
Unit heaters																						
Other																						
Plumbing																						
Standard (5)																						
Bathroom (3)																						
Half bath (2)																						
Sink/Lavatory water closet																						
Attic																						
None							Unfinished				Part				Full							
							Concrete				Patio				10'							
							100															
Exterior Walls																						
Wood/stucco/aluminum/vinyl siding																						
Concrete block																						
Brick/stone																						
Other																						
Roof																						
Shingle - asphalt/asbestos/wood																						
Slate/tile																						
Composition																						
Other																						
Floors																						
Concrete																						
Wood																						
Tile																						
Carpet																						
Listed by:																			Total full value other buildings			
Date:																			Total full value all buildings			

1100 x 2 = 2200	187,550
Basement	7,860
Heating/Central air	
Sched. Comb.	
Plumbing + 0	
Attic	
Porches 24 SF OFF	1,120
Attach./Integral garage	
Total	196,530
Grade D	0.82
Total	161,155
Other features	
Pt. msy. Walls	
Fireplace	
Finished basement	
Total	161,155
C x D	1.06
NH x AP	
Replacement cost new	170,824
Eff. Age 78	REL 39%
Depr. 61%	0.39
S C M I	Full Value
	66,621

Exercise 6-3

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

03-33-333-009-0040

Occupancy							Interior Finish				Remodeled	Sold Date			Mo.	Day	Yr.	Age 56	Adj. Age													
1	2	3	4	5	6	7					NH	Amount \$			CDU Good																	
Vacant Lot	Dwelling	Other	Mobile Home	Apt	Summer Home						Memo					Grade C																
Living Accommodations							Plaster/dry wall				Basement based on 1350 SF																					
Total Rooms 6							Fiberboard				Welling Computations																					
Bedrooms 3							Paneling				1 1/2 Sty Bk Constr. 1350 SF																					
Family Room							Features				Sty. Constr. SF																					
Foundation							Pt. Msy Trim				1350 + 650 209,350																					
8" Msy. Wall							Living				Basement 1350																					
Basement							Recreation				Heating Central air																					
Fireplaces #							Stack #				Sched. Comb.																					
Integral garage							On grade ¹				Plumbing + 5 - 9,425																					
Attached garage 625							Frm. ¹ Msy. ² Carport ³				Attic																					
Heating							<p style="text-align: center;">45'</p> <p style="text-align: center;">1 1/2 story brick/solid masonry basement (1350)</p> <p style="text-align: center;">25' 2-car brk/masonry garage (625)</p> <p style="text-align: center;">Finished upper level 650 square feet</p> <p style="text-align: center;">10' Asphalt Drive (300)</p> <p style="text-align: center;">20' EFP (120)</p> <p style="text-align: center;">Concrete Walk (80)</p>																									
1 None																																
2 Central																																
3 Air Condition																																
4 Other																																
Warm air																																
Hot water/Steam																																
Floor furnace																																
Unit heaters																																
Other																																
Plumbing																																
Standard (5)																																
Bathroom (3)																																
Half bath (2)																																
Sink/Lavatory water closet																																
Attic																																
1 None																																
2 Unfinished																																
3 Part																																
4 Full																																
% finished																																
Exterior Walls																																
Wood/stucco/aluminum/vinyl siding																																
Concrete block																																
Brick/stone																																
Other																																
Roof																																
Shingle - asphalt/asbestos/wood																																
Slate/tile																																
Composition																																
Other																																
Floors																																
Concrete																																
Wood																																
Tile																																
Carpet																																
Listed by:							Total full value other buildings 736																									
Date:							Total full value all buildings 156,435																									

Answer Key

Exercise 6-4 Example of Exam PRC

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

Occupancy							Interior Finish				Remodeled	Sold Date			Mo.	Day	Yr.	Age 5	Adj. Age																							
1	2	3	4	5	6	7					NH	Amount \$			CDU Average																											
Vacant Lot	Dwelling	Other	Mobile Home	A	Summer Home	Apt.					Memo					Grade B																										
Living Accommodations							Plaster/dry wall									Dwelling Computations																										
Total Rooms 7							Fiberboard									1 Sty Brk Constr. 2200 SF																										
Bedrooms 3							Paneling									Sty. Constr. SF																										
Family Room 1							Features				SF				Quality				Type																							
Foundation							Pt. Msy Trim				Brk. Stone Art ⁵				Porches				2200 SF				228,700																			
8" Msy. Wall							Finished				Living				Condo. Comm				Porch SF				OFF ¹ EFP ² OMP ⁴ EMP ⁴ 2-Sty				Basement				16,470											
Basement							Basement				Recreation				Prorated ⁹				Porch SF				OFF ¹ EFP ² OMP ⁴ EMP ⁴ 2-Sty				Heating/Central air				5,440											
1 Full							3 Crawl				4 Slab				Fireplaces # 1				masonry				Stack # 1				With: Porch SF				OFF ¹ EFP ² OMP ⁴ EMP ⁴ 2-Sty				Sched. Comb.							
Integral garage							On grade ¹				Below ²				Wd. deck SF				Wood deck ⁶				Plumbing + 3				5,655															
Attached garage							Frm. ¹				Msy. ²				Carport ³								Attic																			
Heating																																										
1 None							2 Central				3 Air Condition				4 Other																											
Warm air																																										
Hot water/Steam																																										
Floor furnace																																										
Unit heaters																																										
Other																																										
Plumbing																																										
Standard (5)																																										
Bathroom (3)																																										
Half bath (2)																																										
Sink/Lavatory water closet																																										
Attic																																										
1 None							2 Unfinished				3 Part				4 Full																											
Exterior Walls																																										
Wood/stucco/aluminum/vinyl siding																																										
Concrete block																																										
Brick/stone																																										
Other																																										
Roof																																										
Shingle - asphalt/asbestos/wood																																										
Slate/tile																																										
Composition																																										
Other																																										
Floors																																										
Concrete																																										
Wood																																										
Tile																																										
Carpet																																										
Listed by:																							Total full value other buildings				4,765															
Date:																							Total full value all buildings				347,761															

1 - story brick/solid masonry unfinished basement

Unit 6

Review questions

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

Cheap 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 particular improvement was originally built with excellent materials and workmanship. Which one of the following will the assessor adjust?

Cost

Quality grade

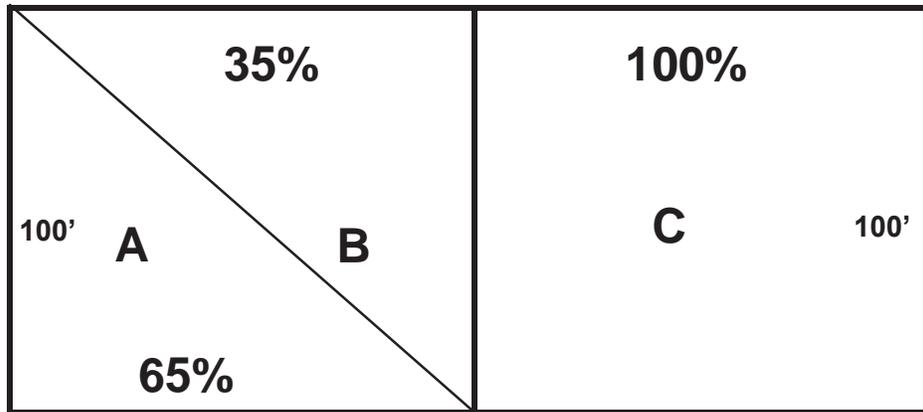
CDU rating used to determine the REL factor

- 3 Quality grade refers to the

Quality of materials and workmanship.

- 4 T or F You need to make an adjustment if an improvement has 5 plumbing fixtures.
- 5 T or F A frame house of 1000 square feet on a slab will not have an adjustment for a basement.
- 6 T or F All detached garages are calculated using the **Summary of Other Buildings** section on the PRC.
- 7 T or F PRC-2 is used for calculating land values.
- 8 T or F The quality grade is used to determine an REL factor.
- 9 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.

Exercises 7-1 65/35 Rule



Jefferson Street

Compute the values for the three parcels above if the front foot value is \$100/FF.

\$100/FF

- A \$ 9,750 (15' X \$100/FF X 65%)
- B \$ 5,250 (15' X \$100/FF X 35%)
- C \$15,000 (15' X \$100/FF)

Exercises 7-2 (Answers given in the text)

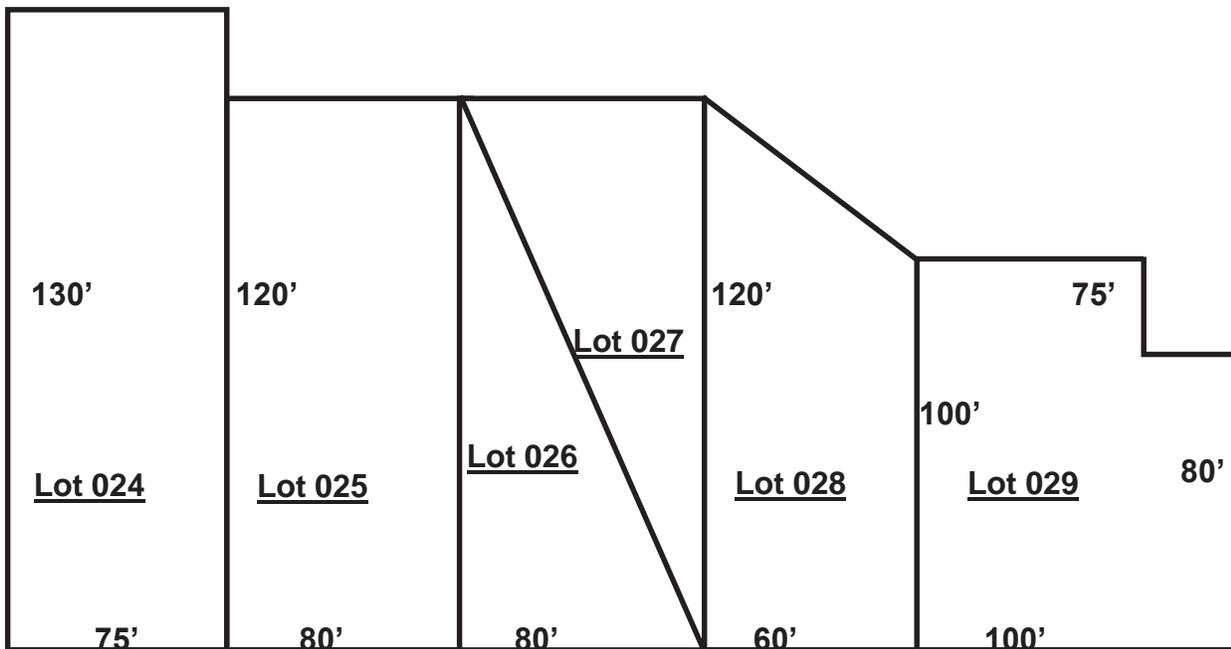
Exercise 7-3 Calculating FF values and SF values

Calculate the FF values and the SF values for lots 024 through 029.

The FF value is 140/FF

The SF value is .80/SF

Lot 024	FF value = <u>\$ 10,500</u>	Lot 027	FF value = <u>\$ 3,920</u>
	SF value = <u>\$ 7,800</u>		SF value = <u>\$ 3,840</u>
Lot 025	FF value = <u>\$11,200</u>	Lot 028	FF value = <u>\$ 8,400</u>
	SF value = <u>\$ 7,680</u>		SF value = <u>\$ 5,280</u>
Lot 026	FF value = <u>\$ 7,280</u>	Lot 029	FF value = <u>\$14,000</u>
	SF value = <u>\$ 3,840</u>		SF value = <u>\$ 7,600</u>



<p>Lot 024 75 x 140 = 10,500</p> <p>75 x 130 x .80 = 7,800</p>	<p>Lot 025 80 x 140 = 11,200</p> <p>80 x 120 x .80 = 7,680</p>	<p>Lot 026 80 x 140 x 65% = 7,280</p> <p>$\frac{80 \times 120}{2} \times .80 = 3,840$</p> <p>Lot 027 80 x 140 x 35% = 3,920</p> <p>$\frac{80 \times 120}{2} \times .80 = 3,840$</p>	<p>Lot 028 60 x 140 = 8,400</p> <p>600 + 6,000 = 6,600 x .80 = 5,280</p>	<p>Lot 029 100 x 140 = 14,000</p> <p>100 x 80 x .80 = 6,400 75 x 20 x .80 = $\frac{1,200}{7,600}$</p>
--	--	---	--	--

Exercise 7-4

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 contributory value for time, location, and physical features.

Site	Sales price	Sale date	Size	Location	Physical features
1	\$ 9,000	Current	75 x 200	Interior	Level - trees
2	\$ 8,500	Current	75 x 200	Corner	Level - trees
3	\$ 10,000	Current	75 x 200	Interior	Rolling - trees
4	\$ 9,000	1 year ago	75 x 200	Interior	Rolling - trees
5	\$ 8,000	Current	75 x 200	Interior	Level - no trees
6	\$ 6,500	1 year ago	75 x 200	Corner	Level - no trees
7	\$ 7,500	Current	75 x 200	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 that has 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 7

Review questions

Match these terms with the correct definition.

B “65-35 Rule”

A as vacant and at its highest and best use.

C&D Front foot

B based on the premise that the utility of a right-angle triangular shaped lot is affected by its shape.

A How land is valued

C a strip of land 1 foot wide running from the front to the rear of the lot.

E $\frac{b \times h}{2}$

D based on the assumption that the front portion of the lot is more valuable on a unit basis than the rear portion

F $\frac{SP}{\# \text{ units}}$

E area of a triangular-shaped lot

F unit value

Property Record — Farm — Individual Soil Weighting Method

Ownership/Mailing Address & Abbr. Legal	Individual soil weighted method					Zoning	Card No.	Township	Vol.	Tax Code	Area	Sect.	Block	Parcel	Unit	
							— of —									
						Division			Record of Ownership			Date	Deed Stamp	Sale Price		
Soil ID	PI	Adj. Factor(s)	Adj. PI	No. Acres	Year 2014		Year _____		Year _____		Year _____		Year _____		Year _____	
					Cert. Value	Asmt.	Cert. Value	Asmt.	Cert. Value	Asmt.	Cert. Value	Asmt.	Cert. Value	Asmt.	Cert. Value	Asmt.
46	118		118	40	280.41	11,216										
48 B	111	.99	110	4	193.93	776										
50	119		119	24	292.13	7,011										
128C2	112	.93	104	2	146.66	293										
Subtotal:				70	19,296											
Permanent Pasture (1/3 EAV)																
Subtotal:																
Other Farmland (1/6 EAV)																
46	118		118	1	46.74	47										
50	119		119	2	48.69	97										
Subtotal:				3	144											
Contributory Wasteland 1/6 Lowest EAV					0	0	0	0	0	0	0	0	0	0	0	
Non-Contributory Wasteland					0	0	0	0	0	0	0	0	0	0	0	
Dedicated Roads					0	0	0	0	0	0	0	0	0	0	0	
Total All Farmland				73	19,440											
				No. Acres	Value	Level	Asmt.	Value	Level	Asmt.	Value	Level	Asmt.	Value	Level	Asmt.
Homesite				2	\$6000	33 ¹ / ₃	\$2000									
Residential Bldgs.																
Farm Bldgs.						33 ¹ / ₃			33 ¹ / ₃			33 ¹ / ₃			33 ¹ / ₃	

Example of PRC-1F — Individual soil weighted method

Unit 8

Review Questions

- 1 T or F Permanent pasture is the most productive type of farmland.
- 2 T or F Aerial base photo maps provide a complete, visual record of all real property.
- 3 T or F Farm homes and homesites are not equalized.
- 4 T or F Farmland is valued according to the type of crops produced.
- 5 T or F A soil identified as 50D3 does not have any erosion.
- 6 T or F The Department of Farm and Home certifies all farmland values.

Exercise 9-1 worksheet

Assessment/sales ratio study and determining a COD

Assessed value	Sale price	Sales ratio %	Median	Deviation %
\$10,000	\$35,000	28.57	<u>28.72</u>	<u>.15</u>
17,500	42,500	<u>41.18</u>		<u>12.46</u>
1,900	12,000	15.83		<u>12.89</u>
9,000	26,000	<u>34.62</u>		<u>5.90</u>
9,000	31,000	29.03		<u>.31</u>
1,400	8,000	<u>17.50</u>		<u>11.22</u>
7,200	23,000	31.30		<u>2.58</u>
8,000	24,500	<u>32.65</u>		<u>3.93</u>
5,600	19,500	28.72		<u>0.00</u>
14,000	50,000	<u>28.00</u>		<u>.72</u>
19,000	67,000	28.36		<u>.36</u>

Sale ratios ranked

Sum of deviations 50.52

1 15.83

$$\text{Sales ratio} = \frac{\text{assessed value}}{\text{sales price}} \times 100(\%)$$

2 17.50

Formulas

3 28.00

$$\text{Deviation} = \text{sales ratio} - \text{median}^*$$

4 28.36

$$\text{Average deviation} = \frac{\text{sum of deviations}}{\# \text{ of sales}} \quad \frac{50.52}{11} = 4.59$$

5 28.57

$$\text{COD} = \frac{\text{average deviation}}{\text{median}} \times 100(\%) \quad \frac{4.59}{28.72} \times 100 = 15.98\%$$

6 28.72

7 29.03

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

8 31.30

9 32.65

10 34.62

11 41.18

Unit 9

Review 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 A sales ratio study is used to determine the percentage of homes that have sold during a certain period of time.
- 3 T or F The state equalization factor is always 1.0000.
- 4 T or F Only jurisdictions with a COD of 16 qualify for the bonus.
- 5 T or F A coefficient of dispersion is a measure of uniformity of assessments.

Supplemental exercise

- 1 As of January 1, the township assessor had determined that a residential improvement was 60% completed; the RCN was \$95,000 and the land value was \$15,000. The assessment level for this township is the statutory level. The AV for the land would be \$ 5,000. The AV of the improvement would be \$ 18,998.

$$15,000 \times 33.33\% = 4,999.50 \qquad 95,000 \times 60\% = 57,000$$

$$57,000 \times 33.33\% = 18,998.10$$

This improvement was inhabited and fit for occupancy. The CCAO assessed this property as of May 1 (Julian date 121), using \$95,000 for the MV and \$15,000 for the land value. Assessing at the statutory level, the AV for the land would be \$ 5,000. The AV for the improvement would be \$ 27,500.

$$57,000 \times \frac{120}{365} = 18,739.72 \qquad 18,740$$

$$95,000 \times \frac{245}{365} = 63,767.12 \qquad \underline{63,767}$$

$$(365 - 120 = 245) \qquad 82,507$$

$$\qquad \qquad \qquad 18,740$$

$$\qquad \qquad \qquad \underline{63,767}$$

$$\qquad \qquad \qquad 82,507$$

$$\qquad \qquad \qquad \underline{\times 33.33\%}$$

$$\qquad \qquad \qquad 27,499.50$$

- 2 On September 24 (Julian date 267), fire damaged a downtown commercial building. The official damage report placed an 80% loss on the structure. The MV as of January 1 was \$240,000 and the site value was \$36,500. The board of review (assessing at the statutory level of 33 1/3%) places an AV of \$ 12,165 on the land and an AV of \$ 62,635 on the improvement.

$$36,500 \times 33.33\% = 12,165.45 \qquad 174,904$$

$$240,000 \times \frac{266}{365} = 174,904.10 \text{ (1-1 through 9-23)} \qquad \underline{+ 13,019}$$

$$\qquad \qquad \qquad 187,923$$

$$\qquad \qquad \qquad \underline{\times 33.33\%}$$

$$240,000 \times 20\% = 48,000 \times \frac{99}{365} = 13,019.18 \text{ (9-24 through 12-31)}$$

$$\text{(80\% loss)} \qquad \qquad \qquad 62,634.74$$

Unit 10

Review questions

- 1 T of F Instant assessments means the assessor will come out the instant you call and request that your property be appraised.
- 2 T of F Section 9-175 contains provisions for instant assessments.
- 3 T of F Property owners do not need to fill out any forms or applications.

Unit 11

Review questions

- 1 Name the entity that has the final approval authority for all non-homestead exemptions.

Illinois Department of Revenue

- 2 List three different types of non-homestead properties that are considered exempt.

a All property donated by the U. S. for school property.

b Property used exclusively for religious purposes.

c Property belonging to the state of Illinois.
(any listed on page 292.)

- 3 Last year's board of review for County ABC is still in session on February 15 of this year. A religious organization acquires property on February 1 of this year and files an application for a non-homestead exemption on February 15 of this year. Does this board have the power to consider this application? Why or why not?

No. Only a board in session for this tax year can

consider and determine exemption applications for this year.

Unit 12

Exercise 1 — Tax rates

	L	A	R
1	\$660,000	\$30,000,000	<u>2.2000% (.022000)</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% (.004000)</u>
6	\$900,000	<u>\$120,000,000</u>	.7500%
7	\$44,600	<u>\$54,257,900</u>	<u>.0822% (.000822)</u>
8	\$150,000	<u>\$42,253,521</u>	.3550%
9	<u>\$83,436</u>	\$12,750,000	.6544%

Exercise 2 — Tax bills

Determine the tax bill on a residential property with a market value of \$96,750, and an EAV of \$32,250. The property is situated in six taxing districts. Compute the tax rate for each taxing district and then determine the amount of tax (taxable EAV x rate).

	District	Levy	EAV	Rate	Tax
1	School	\$996,173	\$31,425,000	<u>3.1700%</u>	<u>\$1,022.33</u>
2	County	\$473,630	\$94,726,000	<u>.5000%</u>	<u>\$ 161.25</u>
3	Township	\$178,994	\$25,482,000	<u>.7024%</u>	<u>\$ 226.52</u>
4	City	\$144,661	\$15,272,000	<u>.9472%</u>	<u>\$ 305.47</u>
5	Fire	\$110,707	\$37,846,000	<u>.2925%</u>	<u>\$ 94.33</u>
6	Library	\$76,360	\$15,272,000	<u>.5000%</u>	<u>\$ 161.25</u>

Aggregate tax rate = 6.1121 % x taxable EAV \$ 32,250 =

Tax bill \$ 1,971.15 1,971.14*

Effective tax rate = $\frac{\text{taxes billed}}{\text{market value}}$ = .020374 = 2.0374 %

*The amount of the tax bill is rounded to the nearest even number for two equal installment amounts.

Exercise 3

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

- 1 If the levy for a local taxing body is \$500,000 and the tax rate for the local taxing body is 2.7500%, the equalized assessed valuation for the local taxing body's district will be:

\$18,181,818

- 2 The equalized assessed valuation for a local taxing body is \$32,427,500 and the tax rate is 3.9860%. The levy for this taxing body will be:

\$1,292,560

- 3 A taxing body has levied for \$40,000. The maximum tax rate for the taxing body is 30 cents/\$100 equalized assessed value. The district's equalized assessed valuation is \$3,750,000. What is the amount of money the taxing body can expect to receive?

\$11,250

- 4 The equalized assessed valuation for a local taxing body is \$125,000, the district has levied for \$75,000, and the maximum tax rate is \$1.25/\$100 equalized assessed value. What is the amount of money the taxing body will receive?

\$1,562

Unit 12

Review

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

$$\underline{\mathbf{.4000\%}} \qquad 60,000 \div 15,000,000$$

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:

$$\underline{\mathbf{\$ 36,923,077}} \qquad 1,200,000 \div .0325$$

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:

$$\underline{\mathbf{\$ 786,470}} \qquad 26,660,000 \times .0295$$

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

$$\underline{\mathbf{.0350\%}} \qquad 22,750 \div 65,000,000$$

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

$$\underline{\mathbf{\$.50 / \$100}} \qquad \$75,000 \div 15,000,000$$

Unit 13

Review questions

- 1 What do you feel is the most important duty of the board of review?

No correct answer, opinion only.

- 2 List two reference sources for board of review members.

Appraisal Publications

Property Tax Code