



**FINAL ADMINISTRATIVE DECISION  
ILLINOIS PROPERTY TAX APPEAL BOARD**

APPELLANT: Exxon Mobil Corporation  
DOCKET NO.: 06-00276.001-C-3  
PARCEL NO.: 19-09-05-100-008-0000

The parties of record before the Property Tax Appeal Board are Exxon Mobil Corporation, the appellant, by attorney Kevin P. Burke, of Smith Hemmesch Burke Brannigan & Guerin of Chicago; and the Will County Board of Review.

Based on the facts and exhibits presented, the Property Tax Appeal Board hereby finds a reduction in the assessment of the property as established by the Will County Board of Review is warranted. The correct assessed valuation of the property is:

**LAND:** \$315,681  
**IMPR:** \$1,274,872  
**TOTAL:** \$1,590,553

Subject only to the State multiplier as applicable.

**ANALYSIS**

The subject property consists of a 21.5-acre industrial site improved with an oil storage facility. Improvements include two bulk oil storage tanks with a total capacity of 867,500 barrels and four small pre-engineered metal buildings totaling approximately 900 square feet of building area. The property is located in Mokena, Frankfort Township, Will County.

The appellant appeared before the Property Tax Appeal Board with its attorney claiming overvaluation as the basis of the appeal. The appellant's counsel first called Craig Mann, property tax agent for the appellant, who is based in Houston, Texas. Mann

described the subject as a holding facility for oil shipped via pipeline from Canada that is then shipped to Exxon Mobil's Joliet Refinery for further processing. The subject has only the pipeline as a supply source and has no loading racks to load tanker trucks for delivery to service stations, since the subject stores only bulk crude oil and not refined products like gasoline. Mann testified the company also owns the Lockport Terminal and a Des Plaines facility that have loading racks costing \$2.6 million and \$1.6 million, respectively. He described the small buildings as "very Spartan" and used for storage and to monitor and test the crude oil. If such tanks were to be dismantled, Mann asserted a process must be used to clean sludge out of a tank, completely clean it and then cut it up with torches. Tanks are periodically cleaned of sludge "every so many years" even if still used and they are inspected for leaks about every ten years.

In support of the overvaluation argument, the appellant submitted an appraisal of the subject property with an estimated market value of \$4,775,000 as of the report's effective date of January 1, 2006. Appraiser Joseph Ryan of LaSalle Appraisal Group, was present at the hearing to provide testimony and be cross examined. Ryan holds the MAI, or Member of the Appraisal Institute, designation, and is a licensed real estate appraiser in Illinois, Michigan and Indiana. The witness testified he has appraised 15-20 oil storage facilities for the appellant, Marathon Oil, British Petroleum, Shell and Buckeye Terminals and has testified before the Property Tax Appeal Board in 75-100 hearings. Ryan was accepted as an expert in the valuation field.

The appraiser considered the cost and sales comparison approaches in determining the subject's market value. In the cost approach, Ryan determined the subject's highest and best use as improved is for continued use as a bulk oil storage facility. In estimating the subject's land value, the appraiser examined six land sales that occurred from August 2003 to March 2005 in Joliet, Mokena and University Park, Illinois. The comparables range in size from 10.486 to 138.00 acres and sold for prices ranging from \$397,784 to \$1,400,000, or from \$10,143 to \$59,166 per acre and \$0.23 to \$1.36 per square foot of land area. The appraiser adjusted the land sales for location, market conditions between the sale date and appraisal date and site size. After considering the adjustments, Ryan chose \$1.00

per square foot as the basis for the subject, resulting in a land value estimate of \$936,104, or \$950,000 rounded.

In estimating a value for the subject's improvements, the appraiser consulted the Marshall Swift Valuation Manual. Regarding the small buildings, the appraiser considered them to be Class X excellent condition. He used a base cost of \$50.00 per square foot and incorporated area, height, story and local multipliers, resulting in \$71.00 per square foot. After applying this rate to the 926 square feet of the four small buildings and allowing 14% depreciation, the appraiser determined a replacement cost new of \$68,839. He valued the two oil storage tanks, built in 1972 and 1979, at \$4,701,282 and \$1,643,668. After deducting depreciation of \$2,820,769 and \$986,201, respectively, the storage tanks had a total depreciated cost of \$2,537,980. Site improvements, including containment dikes around the storage tanks, had a depreciated value of \$900,000. Based on this analysis, the appraiser estimated the subject's value by the cost approach at \$4,446,975 or \$4,500,000, rounded.

In the sales comparison approach, the appraiser examined 19 comparable sales located in Illinois, Indiana, Ohio, Missouri, Wisconsin, Michigan, Iowa and Oregon. Six comparables are located in Illinois, with another in East Chicago, Indiana. Ryan considered location, barrel capacity, age, supply source, loading racks, land size and additional improvements. The comparables ranged in barrel capacity from 130,000 to 1,092,675. All but two had various combinations of bays and arms in their loading racks. The subject has no loading rack. Twelve comparables were supplied solely by pipeline, four were supplied by pipeline or barge, two were supplied solely by barge and one was supplied by rail and barge. The comparables were situated on sites ranging in size from 8.77 to 160 acres. The comparables sold from December 1996 to December 2005 for prices ranging from \$500,000 to \$6,700,000 or from \$2.75 to \$13.22 per barrel. The comparables included buildings that ranged from 1,200 to 120,000 square feet of building area. All sales were between oil companies, as they are the logical users of such facilities. The appraiser made no adjustments for time of sale because market conditions were stable during the sale period and "supply and demand factors that generally apply to real estate markets do not have the same bearing on these properties." He did, however, adjust the comparable sales for location, size, age/condition, supply source and land. After making these

adjustments, Ryan used a unit value of \$5.50 per barrel, which resulted in a value for the subject by the sales comparison approach of \$4,771,250, or \$4,775,000, rounded.

Continuing his testimony, Ryan described each of the 19 comparable sales, noting the characteristics of each. He testified he would not take an average of all the sales he considered because that would not take into account size, location, age, supply source, loading racks, or land size. In his reconciliation, Ryan relied most heavily on the sales comparison approach. He testified he did not perform an income approach because facilities like the subject are usually owner occupied and are not leased. Ryan also acknowledged that his comparable sales 4 through 12 were one transaction where a company called Premcore was getting out of the bulk oil storage business and sold the facilities to Equiva. Ryan had appraised a Premcore storage facility in Blue Island, Illinois. He asserted that when a bulk oil storage facility sells, it often includes pipelines and existing storage contracts.

During cross examination, Ryan was questioned extensively regarding the 19 comparable sales in his appraisal. Several had been appraised by Ryan for other clients. The witness agreed he could not know with certainty the condition of the pipelines or storage tanks because he is not an engineer, but relied on data he had gathered from oil industry personnel he had consulted during this and other appraisal assignments. However, he spoke with a party to each of the sales transactions and requested an opinion of condition on them at the time of sale. However, he asserted that the comparables were still in use at time of sale and "were to API (American Petroleum Institute) standards which is (sic) the standard for the industry." The API periodically tests the integrity of oil storage tanks. Ryan was questioned regarding why he did not subtract depreciation estimates from the comparable sales in determining a value estimate for the subject. He responded that the actual life of a storage tank's superstructure is not as important as the condition of the tank's lining. Because of this, he chose not to extract depreciation from the comparables due to the speculative nature regarding tank condition. The witness asserted that since all storage tanks must meet API standards, buyers of oil storage properties would be well aware of tank condition before they purchase them. He acknowledged that smaller facilities have a higher per barrel sale price than larger properties.

The board of review then questioned Ryan regarding a third tank on the subject property. The witness responded that this tank was a 5,000 gallon "slop" tank and was decommissioned. For this reason, Ryan felt the slop tank had no "contributory value to the whole." Regarding his estimate of the subject's land value, the witness agreed he employed the four tests of highest and best use analysis: whether a use is physically possible, legally permissible, economically viable and maximally productive. Because storage tanks were on the subject property, industrial use was physically possible. Zoning narrowed potential uses of the subject site to I-3, Intensive industrial. He opined that, since the subject had been used for oil storage since 1972, it would be so for the foreseeable future and so did not give significant weight to alternative uses.

The board of review submitted its "Board of Review Notes on Appeal", wherein the subject property's total assessment of \$2,430,221 was disclosed. The subject has an estimated market value of \$7,295,770, as reflected by its assessment and Will County's 2006 three-year median level of assessments of 33.31%.

In support of the subject's assessment, the board of review submitted a letter prepared by the township assessor, property record cards and a grid analysis of five vacant land sales located three blocks to four miles from the subject. The board of review submitted no appraisal or sales of oil storage properties like the subject. The assessor claimed the subject's improvement assessment had not been increased since a 2003 decision by the board of review to lower it to \$1,182,207. The assessor's letter also claimed the subject's land assessment falls below the range of the board of review's vacant land sales.

The board of review called Kevin Burns, deputy assessor of Frankfort Township to testify. At this point, the appellant objected to Burns' testimony because Burns was not the preparer of the board's evidence and was not employed by the assessor's office at the time the evidence was prepared. As his basis for the objection, the appellant cited Section 1910.67(1) of the Official Rules of the Property Tax Appeal Board, which states:

Appraisal testimony offered to prove the valuation asserted may only be given by a preparer of the documented appraisal whose signature appears thereon.  
86 Ill.Adm.Code 1910.67(1)

The Hearing Officer reserved ruling on the appellant's objection and allowed Burns' testimony to be taken. The Board finds the record depicts the board of review's evidence was prepared in the ordinary course of business. Therefore, The Property Tax Appeal Board overrules the appellant's objection.

The board of review's vacant land comparables range in size from 390,298 to 968,252 square feet of land area and sold between August 2004 and May 2006 for prices ranging from \$2,000,000 and \$7,454,000 or from \$4.95 to \$9.43 per square foot of land area. Burns opined "that our land sales are more relevant in terms of location and more recent sales relative to what the appraisal that was submitted by the appellant."

In cross examination, the appellant asked Burns if he had verified any of the land sales, to which the witness replied he had not. Burns acknowledged the board of review's land sale #1 was to a church. He was not sure if comparable #2 is zoned commercial, but acknowledged the legal description indicates the property was subdivided. The witness said he was not sure if comparable #3 was zoned commercial. Burns agreed the board of review's comparable #4 is improved with a retail establishment. Burns also agreed the board of review's comparable #5 involved a sale to St. Xavier University. Finally, the witness acknowledged he was not aware that the British Petroleum oil storage facility adjacent to the subject had a 2006 land assessment of \$3.00 per square foot.

In rebuttal, the appellant asserted the board of review submitted only unverified land sales, none of which appears to be zoned or used for industrial purposes like the subject.

After hearing the testimony and considering the evidence, the Property Tax Appeal Board finds that it has jurisdiction over the parties and the subject matter of this appeal. The Board further finds a reduction in the subject property's assessment is warranted. The appellant contends the market value of the subject property is not accurately reflected in its assessed valuation. When market value is the basis of the appeal the value of the property must be proved by a preponderance of the evidence. National City Bank of Michigan/Illinois v. Illinois Property Tax Appeal Board, 331 Ill.App.3d 1038 (3<sup>rd</sup> Dist. 2002). The Board finds the appellant met this burden of proof and a reduction in the subject's assessment is warranted.

The Board finds the appellant submitted an appraisal of the subject property with an estimated market value of \$4,775,000. Appraiser Joseph Ryan, who prepared the report, was present at the hearing to provide testimony regarding his methodology and to be cross examined. The board of review submitted no appraisal or other market data on comparable properties improved with bulk oil storage facilities like the subject, but instead submitted five vacant land sales, none of which has industrial zoning or use. The board of review contends the subject's improvement assessment had not been increased since a 2003 decision by the board of review to lower it to \$1,182,207 and that the subject's land assessment. The assessor's letter also claimed the subject's land assessment falls below the range of the board of review's vacant land sales.

The Property Tax Appeal Board finds the best evidence of the subject's market value is found in the appellant's appraisal, prepared by Joseph Ryan, who testified he holds the designation of Member of the Appraisal Institute, is a licensed real estate appraiser, has appraised 15-20 oil storage facilities like the subject and additionally, had appraised several of the comparables he used in his sales comparison approach. The appraisal included a cost approach and a sales comparison approach wherein the appraiser considered 19 sales of bulk oil storage facilities located in various states. Six comparables were located in Illinois and one near the subject in northwest Indiana. The appraiser was extensively cross-examined regarding various aspects of the comparables along with his personal knowledge of the oil storage industry in general. The Board finds his responses adequately supported his report. The Board finds Mann's testimony revealed the subject is basically a temporary holding facility, receiving crude oil through a pipeline from Canada. Oil is then shipped by pipeline to the appellant's Joliet refinery. The subject does not store refined products like gasoline or motor oils and for this reason does not have a loading rack like most oil storage operations. Ryan testified the only buyers of properties like the subject would be other oil companies.

The Board finds the vacant land sales submitted in support of the subject's assessment as improved by the board of review do not overcome Ryan's appraisal or his supporting testimony. The board of review's comparables were similar in land area to the subject and were located in Frankfort Township. However, the

record disclosed none of the comparables were zoned for intensive industrial use like the subject. One of the comparables was improved with a retail business. The board of review's witness acknowledged a similar oil storage property adjacent to the subject had a land assessment below the range of the board of review's comparables, but had not been considered by the assessor in his letter in support of the subject's assessment. In Showplace Theatre Company v. Property Tax Appeal Board, 145 Ill.App.3d 774 (2<sup>nd</sup> Dist. 1986), the Appellate Court affirmed the PTAB's decision in this market value appeal, finding that assessments are based on real property consisting of both land and improvements even though Showplace only appealed the land assessment. In the instant appeal, the subject parcel consists of a 21.5-acre industrial parcel improved with a bulk oil storage facility built in 1972. Therefore, the Board finds it inappropriate to consider only the subject's land value in an overvaluation appeal of an improved parcel, as argued by the board of review. The Board finds the subject's estimated market value of \$7,295,770 as reflected by its assessment is excessive and a reduction is warranted.

Based on this analysis, the Property Tax Appeal Board finds the subject had a market value of \$4,775,000, as found in the appellant's appraisal. Since market value has been established, the 2006 Will County three-year median level of assessments of 33.31% shall apply.

This is a final administrative decision of the Property Tax Appeal Board which is subject to review in the Circuit Court or Appellate Court under the provisions of the Administrative Review Law (735 ILCS 5/3-101 et seq.) and section 16-195 of the Property Tax Code.

*Ronald R. Crit*

Chairman

*K. L. Fan*

Member

*Richard A. Huff*

Member

*Harold H. Lewis*

Member

Member

DISSENTING:

C E R T I F I C A T I O N

As Clerk of the Illinois Property Tax Appeal Board and the keeper of the Records thereof, I do hereby certify that the foregoing is a true, full and complete Final Administrative Decision of the Illinois Property Tax Appeal Board issued this date in the above entitled appeal, now of record in this said office.

Date: December 23, 2009

*Allen Castrovillari*

Clerk of the Property Tax Appeal Board

**IMPORTANT NOTICE**

Section 16-185 of the Property Tax Code provides in part:

"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 after adjournment of the session of the Board of Review 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."

In order to comply with the above provision, YOU MUST FILE A PETITION AND EVIDENCE WITH THE PROPERTY TAX APPEAL BOARD WITHIN 30 DAYS OF THE DATE OF THE ENCLOSED DECISION IN ORDER TO APPEAL THE ASSESSMENT OF THE PROPERTY FOR THE SUBSEQUENT YEAR.

Based upon the issuance of a lowered assessment by the Property Tax Appeal Board, the refund of paid property taxes is the responsibility of your County Treasurer. Please contact that office with any questions you may have regarding the refund of paid property taxes.