FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD

APPELLANT: AMF Bowling Centers, Inc.
DOCKET NO.: 06-25473.001-C-1 through 06-25473.003-C-1
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are AMF Bowling Centers, Inc., the appellant(s), by attorney Dennis M. Nolan, of Dennis M. Nolan, P.C. of Bartlett; and the Cook 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 **Cook** County Board of Review is warranted. The correct assessed valuation of the property is:

DOCKET NO	PARCEL NUMBER	LAND	IMPRVMT	TOTAL
06-25473.001-C-1	18-01-323-011-0000	45,623	9,904	$55,527
06-25473.002-C-1	18-01-323-012-0000	45,623	119,523	$165,146
06-25473.003-C-1	18-01-324-028-0000	41,025	4,302	$45,327

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of a 46-year-old, one-story, thirty-two lane bowling alley building containing 31,000 square feet of gross building area and located in Lyons Township, Cook County. The subject site contains 104,780 square feet of land area with a land to building ratio of 3.38:1.

The appellant, through counsel, submitted evidence before the Property Tax Appeal Board claiming that the fair market value of the subject is not accurately reflected in its assessed value.

In support of this argument, the appellant submitted a copy of a complete self-contained appraisal report prepared by a State of Illinois certified real estate appraiser. The appraisal disclosed that the appraiser made a personal inspection of the subject property and that the appraiser determined the subject's highest

and best use to be its current use. The appraiser utilized the three traditional approaches to value to estimate a market value of $700,000 for the subject as of January 1, 2005.

In the cost approach to value, the appraiser relied on the Cook County Assessor's estimate of value for the land and considered the value appropriate and accurate. Based on a review of their records, the appraiser agreed that the subject site has a value equal to $348,080 or $3.32 per square foot and estimated a value for the subject's land, of $350,000, rounded. Using the *Marshall Valuation Service* as well as other cost manuals to estimate replacement cost, the appraiser estimated a replacement cost new for the subject of $2,680,000. Total accrued depreciation and obsolescence from all causes was estimated to be $2,340,000, and deducted from the estimated replacement cost. A cost of $35,000 for other site improvements was added to the depreciated cost of the main improvement, as was the land value of $350,000. Thus, the appraiser determined a market value for the subject via the cost approach of $725,000 rounded, as of January 1, 2005.

The next method employed by the appraiser was the income capitalization approach. Based upon a review of the subject's current financial statements, an analysis of the market as well as the appraiser's experience and judgement, the appraiser estimated an annual effective gross income from all sources to be $1,065,000. Annual expenses as well as reserves for replacement were estimated to be $935,000. Thus, the appraiser estimated a net operating income of $130,000 for the subject. The appraiser then researched the market utilizing the band of investment technique to determine an adjusted overall capitalization rate of 19.0% for the subject. Applying the capitalization rate to the net operating income resulted in a value for the subject through the income approach of $685,000 rounded, as of January 1, 2005.

Next, the appraiser examined the sales of four, one-story, masonry constructed bowling alley buildings ranging in age from 23 to 45 years old to estimate a value for the subject through the sales comparison approach. The appraisal report disclosed that the appraiser's comparable three is the subject property which sold in February 2004 for a price of $976,000. The remaining three comparables are located in Broadview, Franklin Park and Arlington Heights, Illinois. With land areas ranging in size from 33,175 to 162,000 square feet and building sizes ranging from 19,000 to 42,000 square feet, the comparables have land to building ratios ranging from 1.75:1 to 3.86:1. The comparables sold between March 2003 and February 2004 for prices ranging from $500,000 to $1,150,000 or from $26.32 to $31.48 per square foot of building area, including land. After making adjustments for condition, location, size, land to building ratio, and considering the value of the furniture, fixtures and equipment (FF&E) and business value/goodwill; the appraiser concluded a value for the subject via the sales comparison

approach of $22.50 per square foot of building area, including land, or $700,000, rounded as of January 1, 2005.

The appraisal report disclosed that the subject's sale in February 2004 for a price of $976,000 was a cash sale. The report also disclosed that the sales price represents a "Going Concern" acquisition, which includes the real estate, FF & E, business value and goodwill.

In reconciling the three approaches to value, the appraiser indicated that the income capitalization approach was well supported by the cost approach and the sales comparison approaches to value. The appraiser further indicated that properties such as the subject are normally purchased for the income stream which they generate; therefore, the appraiser placed the greatest weight on the income capitalization approach. The appraiser's final estimate of fair market value for the subject was $700,000, as of January 1, 2005. Based on the evidence submitted, the appellant requested an assessment reflective of a fair market value for the subject of $700,000.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the subject's total combined final assessment of $324,998 which reflects a market value of $855,258, or $27.59 per square foot of building area, utilizing the Cook County Real Property Assessment Classification Ordinance level of assessment of 38% for Class 5a property, such as the subject. As evidence, the board of review submitted five sales with an unadjusted range of from $34.50 to $77.38 per square foot of building area, including land. No analysis or adjustment of the sales data was provided by the board.

The board's evidence disclosed that the Costar service reported the subject property sold for $976,000, as reported by the appellant's appraiser, but indicated that the sale involved a sale lease back. The board's evidence also disclosed that since a sale lease back was involved, it was difficult to determine the amount of goodwill and business value that was transferred because the seller now becomes the lessee and still operates the business. Based on the evidence presented, the board of review requested confirmation of the subject's assessment.

After reviewing the record 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 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 (3rd Dist, 2002); Winnebago County Board of Review v. Property Tax Appeal Board, 313 Ill.App.3d 179 (2nd

Dist. 2000). Proof of market value may consist of an appraisal, a recent arms-length sale of the subject property, recent sales of comparable properties, or recent construction costs of the subject property. (86 Ill.Adm.Code §1910.65(c)). Having considered the evidence, the Board finds the appellant has satisfied this burden and a reduction is warranted.

In determining the fair market value of the subject property, the Property Tax Appeal Board finds the best evidence to be the appellant's complete self-contained appraisal report. The appellant's appraiser utilized the three traditional approaches to value to estimate the fair market value of the subject. The Board finds this appraisal to be persuasive for the appraiser: has experience in appraising; personally inspected the subject property and reviewed the subject's history; utilized appropriate market data in undertaking the three approaches to value; and lastly, used similar properties in the sales comparison approach while providing sufficient detail regarding each sale as well as adjustments that were necessary. The Board gives little weight to the board of review's comparables as the information provided was raw sales data with no adjustments made.

Therefore, the Property Tax Appeal Board finds that the subject had a fair market value of $700,000 as of January 1, 2006. Since fair market value has been established, the Cook County Real Property Assessment Classification Ordinance level of assessment for Class 5a property of 38% shall apply. In applying this level of assessment to the subject, the total assessed value is $266,000, while the subject's current total assessed value is above this amount at $324,998. Therefore, the Board finds that a reduction is warranted.

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.

Chairman

Member

Member

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: April 23, 2010

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.