



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

APPELLANT: Macktown State Bank
DOCKET NO.: 07-01853.001-C-1
PARCEL NO.: 04-33-381-009

The parties of record before the Property Tax Appeal Board are Macktown State Bank, the appellant, by attorney James E. Tuneberg, of Guyer & Enichen in Rockford, and the Winnebago 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 Winnebago County Board of Review is warranted. The correct assessed valuation of the property is:

LAND: \$72,498
IMPR.: \$235,170
TOTAL: \$307,668

Subject only to the State multiplier as applicable.

ANALYSIS

The subject parcel of 53,579 square feet is improved with a branch bank and paved parking lot located in Roscoe, Winnebago County. The one-story masonry building was constructed in 1998 and contains 5,226 square feet of building area with a full finished basement, wet sprinklers and a 560 square foot canopy.

The appellant appeared before the Property Tax Appeal Board through Attorney James A. Rodriguez of Guyer & Enichen claiming both overvaluation and lack of uniformity as the bases of the appeal.

Appellant called Owen T. Bach as a witness. Bach is currently employed as a Property Tax Analyst with the Guyer & Enichen law firm. He was a member of the board of review for 11 years and also has recently achieved the Certified Illinois Assessing Official, Designation M (CIAO-M) from the Illinois Property Assessment Institute which is the highest designation conferred by the organization.

In support of the overvaluation claim, the appellant submitted two comparable sales. Bach researched and selected the comparable sales, having researched for fee simple, unencumbered sales and found only two sales of branch banks in the area, one of which was admittedly dated. Sale #1 is located on a main street in Rockford and Sale #2 is located in Beloit, Wisconsin, about 10 to 15 miles from the subject property. The parcels contain 34,965 and 65,296 square feet of land area, respectively. The parcels are improved with one-story branch bank buildings that were built in 1977 and 1985; the buildings contain 2,934 and 4,388 square feet of building area, respectively. Sale #1 sold in January 1989 for \$385,000 and based on the records of the township assessor included in the evidence, resold in May 2003 for \$365,000. Sale #2 occurred in December 2006 for \$600,000. These 2003 and 2006 sales reflect prices of \$124.40 and \$136.74 per square of building area including land.

In support of the inequity argument, the appellants submitted a listing of assessments for all banks in Rockford Township. The listing of 62 properties provides the parcel number, address, building name, size, year built, "gross value," foundation (basement yes or no), number of floors, structure (bank, central; bank, branch; bank, mini), and type. These buildings were built between 1963 and 2006, range in size from 1,122 to 142,225 square feet, and vary in number of stories from 1 to 7. The gross value of these properties ranges from \$65,720 to \$4,500,000 or from a stated building value per square foot range of \$22.26 to \$179.61.

Based on the foregoing evidence, the appellant requested a reduction in the subject's assessment to \$307,668 or a market value of approximately \$923,004 or \$176.62 per square foot of building area including land.

On cross examination, Bach was asked if he gave any consideration or factor to the sale prices presented due to the stigma of being a former bank being in a location and having failed or changed hands. Bach testified that he did not assign any factor and further stated these were branches that the banks just decided to sell. Bach is not aware of any stigma or deficiency in the sales of bank branches due to the nature of the structure (vault and other amenities for other uses) and/or the size of the market for such a structure. To the extent there are such issues, Bach testified it would be true for all banks, not just the sales presented by appellant in this matter. Bach opined that the existence of a vault is a very minimal consideration and does not believe it has any effect on the sale price; for certain buyers who wish to secure items, a vault could be a benefit. Bach testified that he had no evidence to suggest that the existence of a vault affects the salability of the property.

Bach also opined that the ages of the two sales presented, 10 and 13 years older, would not have a significant impact on their value in comparison to the subject. He further stated only if

the ages varied by 20 or 30 years would there be an effect on market value as compared to the subject.

Bach testified that valuation theory prefers the sales comparison approach which may then be reconciled with the cost approach to value to support the market value. He contended the arbitrary parameters in the cost approach are very subjective such as depreciation, class of buildings, area/location factors and such that go into the cost approach.

Bach conceded that the class of the subject is superior to the two comparable sales presented, however, the subject's superiority is the reason the value being requested for the subject in this appeal is higher on a per-square-foot basis than the sales in the record.

On redirect examination, Bach testified that in valuing branch banks, there is an issue of single-use buildings. Thus, the resale or marketability of a building then depends on how easily the particular building could be adapted to other uses such as an office building. Bach stated that the majority of the bank buildings that have sold in the Rockford area have been converted to office space. Bach acknowledged that there is a limited market for resale of all single-use buildings.

The board of review submitted its "Board of Review Notes on Appeal" wherein the subject's assessment of \$350,000 was disclosed. The subject's assessment reflects an estimated market value of \$1,051,683 or \$201.24 per square foot of building area including land using Winnebago County's 2007 three-year median level of assessments of 33.28%. In support of the subject's assessment, the board of review submitted a letter from the Roscoe Township Assessor, a grid analysis of four equity comparables along with color photographs of the subject and comparables, and a two-page "Cost Form - Marshall Valuation."

At the hearing, the board of review representative contended that the subject's valuation was determined primarily on Marshall & Swift and the cost of a similar structure on the northwest side of Rockford, being the superior marketplace.

The board of review called Pat Zintak, Deputy Township Assessor, as a witness. Zintak testified that her office researched and spoke with appraisers, but could find no sales of banks in Winnebago County and southern Wisconsin. Zintak stated there were no sales of any banks to another bank that was an arm's length transaction; the assessor's office found transfers of banks from one bank to another, but were unable to ascertain a value from it that the assessor's office could work with due to stock exchanges and the like. She further testified that appellant's Sale #1 was demolished after purchase and a new Walgreens building was constructed in its place and Sale #2 is now used as a jewelry store.

Zintak explained that in the absence of sales, the practice of the township assessor is to determine the replacement cost new less depreciation utilizing Marshall & Swift. The two-page cost approach analysis using a Class D building of good quality estimated a replacement cost new with the local cost multiplier for the building including basement, paving, sprinklers and canopy of \$1,449,964. Depreciation of 20% or \$289,993 was then deducted for a depreciated replacement cost new of \$1,159,971. Based on this data, the assessor originally calculated an assessment for the subject property of \$386,657 under the cost approach.

The equity grid presented by the board of review described four comparable properties located in Roscoe, Harlem and Rockton Townships of parcels ranging in size from 66,647 to 112,820 square feet of land area. The parcels were improved with one-story brick, frame or brick and stucco buildings that were built between 1979 and 2006. The buildings contain from 3,485 to 7,105 square feet of building area and have improvement assessments ranging from \$193,737 to \$529,214 or from \$55.46 to \$74.54 per square foot of building area. The subject has an improvement assessment of \$277,502 or \$53.10 per square foot of building area.

Based on the foregoing evidence, the board of review requested confirmation of the subject's assessment.

On cross examination, Zintak testified that appellant's Sale #1 which was purchased and demolished in order to construct a Walgreens store was not a 'good sale' for purposes of determining market value for the sole reason that it was not a sale of a bank to a bank. In other words, if a bank building is sold to an entity other than another bank, the sale price "does not indicate market value of banks." From the assessor's perspective, appellant's Sale #1 was sold for the land value. She further stated this analysis for market value is similar for the sale of a restaurant to a restaurant and the sale of a home from one homeowner to another homeowner. The assessor found a lot of sales of banks where restaurants and jewelry stores were put up. Zintak was unable to answer whether the use by the purchaser or end-user determined if the sale was deemed valid by the assessor; she explained that the assessor assesses for highest and best use of the property.

Zintak was asked if the restrictive use of a bank branch limits the market for the property and thereby potentially lowers the value of the property; Zintak responded "that is subjective, when we don't have valid sales of banks to banks, we are taught the next best way to value property for assessment would be replacement cost new less depreciation." For purposes of the cost approach submitted in this matter, the 2005 edition of Marshall & Swift was used. No vaults were included in the cost approach since the assessor does not assess personal property. The depreciation calculation was based on the life expectancy

provided in Marshall & Swift. Zintak testified that she believes she rounded up the depreciation.

In response to the Hearing Officer's questions, Zintak testified that value in exchange means buying, for instance, a bank and using it as a bank whereas value in use means buying a bank and using it as a jewelry store. Zintak agreed that for valuation purposes, arm's length transactions were typically a good indication of market value. Zintak believes that the subject property has been valued by the assessor at value in exchange, not value in use.

In written rebuttal, the appellant pointed out the board of review's response to the appeal did not include any sales data. The appellant also wrote there is "no explanation as to why the assessor's subject and comparables are assessed about 50 percent higher than any bank facility in a superior (Rockford) market location." To support this contention, appellant submitted census data concerning Roscoe, Harlem, Rockton and Rockford Townships.

After hearing the testimony and reviewing 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's assessment is warranted.

The appellant argued the subject property is overvalued. When market value is the basis of the appeal, the value must be proved by a preponderance of the evidence. Winnebago County Board of Review v. Property Tax Appeal Board, 313 Ill. App. 3d 179, 183, 728 N.E.2d 1256 (2nd Dist. 2000). Having considered the evidence presented, the Property Tax Appeal Board finds that the evidence indicates a reduction is warranted.

The record contains two comparable sales and a cost approach to value for the Board's consideration.

In determining the fair market value of the subject property, the Property Tax Appeal Board finds the best evidence to be the appellant's comparable sales. The Board finds the board of review submitted no sales data and only submitted a cost approach to support the original assessment. More importantly, the cost approach data does not support the final assessment of \$350,000 which is on appeal in this matter; the cost approach data suggests a higher assessment. Furthermore, for a building constructed in 1998, the Board does not find the cost approach to value to be the most persuasive evidence of value. The courts have stated that where there is credible evidence of comparable sales these sales are to be given significant weight as evidence of market value. In Chrysler Corporation v. Property Tax Appeal Board, 69 Ill. App. 3d 207 (2nd Dist. 1979), the court held that significant relevance should not be placed on the cost approach or income approach especially when there is market data available. In Willow Hill Grain, Inc. v. Property Tax Appeal Board, 187 Ill. App. 3d 9 (5th Dist. 1989), the court held that

of the three primary methods of evaluating property for the purpose of real estate taxes, the preferred method is the sales comparison approach. The Board finds there are credible market sales contained in this record. Thus, the Board placed most weight on this evidence.

While the two sales presented by appellant are smaller buildings that are both older than the subject, in the end the Property Tax Appeal Board finds that, despite these differences, the sales submitted by the appellant support that the subject property is overvalued. The sales prices were \$124.40 and \$136.74 per square of building area including land. The board of review's cost approach to value indicates the subject has a market value of \$1,159,971 or \$221.96 per square foot of building area including land. Based on its assessment, the subject property has an estimated market value of \$1,051,683 or \$201.24 per square foot of building area including land, substantially higher than the two sales in 2003 and 2006. Moreover, this higher per-square-foot estimated market value established by the board of review is not supported by any credible sales evidence in the record. The assessor's cost approach to value also does not support the subject's estimated market value and as stated by the courts, the cost approach to value is not the preferred method of valuing property. Therefore, the Property Tax Appeal Board finds the subject's estimated market value is excessive and a reduction in the subject's assessment is warranted.

The appellant also contended unequal treatment in the subject's assessment as a basis of the appeal. Taxpayers who object to an assessment on the basis of lack of uniformity bear the burden of proving the disparity of assessment valuations by clear and convincing evidence. Kankakee County Board of Review v. Property Tax Appeal Board, 131 Ill.2d 1 (1989). After an analysis of the assessment data and considering the reduction in assessment for overvaluation, the Board finds that the subject property is equitably assessed and no further reduction in the subject's assessment 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.

Ronald R. Guit

Chairman

K. L. Fern

Member

Mario Morris

Member

William R. Lerbis

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 3, 2010

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.