



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

APPELLANT: Jim Jeffrey
DOCKET NO.: 07-04834.001-F-1
PARCEL NO.: 13-09-09-300-009

The parties of record before the Property Tax Appeal Board are Jim Jeffrey, the appellant, and the Stephenson County Board of Review.

Based on the facts and exhibits presented, the Property Tax Appeal Board hereby finds no change in the assessment of the property as established by the Stephenson County Board of Review is warranted. The correct assessed valuation of the property is:

F/Land:	\$212
Homesite:	\$3,833
Residence:	\$14,750
Outbuildings:	\$10,269
TOTAL:	\$29,064

Subject only to the State multiplier as applicable.

ANALYSIS

The subject parcel of approximately 7.38-acres is improved with a two-story frame single-family dwelling and several farm buildings. The property has been classified as having a ½-acre homesite and 6.88-acres of farmland. Among the additional structures on the property is a 60' x 80' x 12' pole frame building that was built in 2006. The property is located in Dakota, Buckeye Township, Stephenson County.

The appellant appeared before the Property Tax Appeal Board relying on a contention of law alleging the assessment of the pole building located on the farm was excessive based on the guidelines for assessing farm buildings as published by the Illinois Department of Revenue. The appellant did not dispute the subject's homesite, farmland or other improvement assessments, but contends that the subject pole building was not being assessed in accordance with its contributory value to the farming operation.

Appellant contends the assessing officials failed to abide by Illinois Department of Revenue, Publication 122, in determining the pole building's "contribution to productivity" of the farm. Citing to page 33 of the publication, the appellant argued that "farm buildings are assessed at 33 1/3 percent of their contributory value." Appellant testified that the pole building is used in the farming operation to store equipment such as tractors, wagons and machinery. As of the valuation date of January 1, 2007, appellant acknowledged that only a hay bailer and old wagon for the farming operation were being stored in the building.¹

In support of the overvaluation or improper assessment argument, the appellant testified with regard to the original cost of construction for the pole building which was estimated to be \$23,000 including used lumber in the construction. The appellant testified that a contractor and his crew performed the labor on the pole building between other construction jobs. As materials were needed for the construction, the contractor obtained them and billed the appellant, who then paid the contractor in cash. Appellant further testified the receipts for materials have since been lost or misplaced. Based on the foregoing evidence and legal argument, the appellant requested the farm building total assessment be reduced to \$2,568.

The board of review presented its "Board of Review Notes on Appeal" wherein the final assessment of the subject property including land of \$29,064 was disclosed. This assessment includes \$212 for farmland, \$3,833 for homesite, \$14,750 for a residence, and \$10,269 for farm outbuildings.

The board of review in a letter outlined that there were six older farm buildings on the property, all of which were still being used, but were in poor condition with an assessed value of \$1,269.² The board of review also acknowledged in its written submission that the appellant utilizes the pole building to store farm machinery. The board of review further reported that the pole building is currently valued at \$27,000 or \$5.63 per square foot of building area or an assessment of \$9,000. The board of review contends this valuation is consistent with other pole frame buildings that are not constructed with concrete [flooring] or electric [service].

While acknowledging the appellant's point that farm buildings are valued according to current use and contribution to the productivity of the farm, the board of review's representative,

¹ The initial plan was to use the building for a horse arena and therefore an 8-inch base of sand was placed in the building. Once the plans to use the building as an arena fell through, appellant began to clear out the sand to put the building to better use for the farming operation.

² The board of review representative characterized the valuation of these six buildings as being "pretty much salvage value."

Ronald Kane, Stephenson County Supervisor of Assessments, testified that based on the length, width and height of the building the assessor examines what construction costs are and then values the farm buildings based on cost less depreciation. Kane further testified that the contributory value referenced in the Illinois Department of Revenue manuals was basically a market value; the manuals provide no further guidance in determining contributory value besides determining cost and applying appropriate depreciation.

Kane further testified that during the hearing was the first time that he learned that the appellant expended \$23,000 plus the value of the lumber on hand in constructing the pole building. The cost manuals utilized by the assessor consider the average cost to build, not the highest and not the lowest.

Based on this evidence, the board of review requested the subject's assessment be confirmed.

On questioning by the Hearing Officer, appellant did not dispute the assessment placed on the six older farm buildings of \$1,269; appellant's only dispute was with the \$9,000 assessment placed on the pole building.

After hearing the testimony and reviewing the record, the Property Tax Appeal Board finds that it has jurisdiction over the parties and the subject matter of this appeal. The Board further finds the evidence in the record does not support a reduction in the building assessment of the subject property.

The appellant through a legal contention argued that the subject pole building was improperly valued. The appellant argued that the assessing officials failed to abide by guidelines issued by the Illinois Department of Revenue in Publication 122 entitled "Instructions for Farmland Assessments." At page 36 of Publication 122 it states in pertinent part:

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. They are valued upon the current use of those buildings and their respective contribution to the productivity of the farm. Farm buildings are assessed at 33 1/3 percent of their contributory value.

. . . 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 value of the farm buildings in these two instances is different.

. . .

Value 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 undepreciated cost of the building will approximate market value when the building is new. The undepreciated cost of the building may be quite different than the value as the building ages. . . . [Emphasis added.] (Publication 122, Instructions for Farmland Assessments issued by the Illinois Department of Revenue).

The appellant does not dispute that the pole building should be assessed to the extent that it contributes to the farming operation. The appellant has only contested the assessor's determination to assess the pole building based solely on the cost approach rather than its "contribution to the farming operation." The unrefuted testimony of the appellant was that the pole building contributed minimally to the farming operation as of January 1, 2007 due to its sand floor that had to be removed before equipment could move within the building.

The Property Tax Appeal Board notes the present use of land and buildings is the focus in issues involving farmland classification and assessment. Santa Fe Land Improvement Co. v. Illinois Property Tax Appeal Board, 113 Ill. App. 3d 872 (3rd Dist. 1983). The Board also finds Section 1-60 of the Property Tax Code states in relevant part:

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. [Emphasis added]. (35 ILCS 200/1-60)

Furthermore, Section 10-140 of the Property Tax Code provides:

Other improvements. Improvements other than the dwelling, appurtenant structures and site, including, but not limited to, roadside stands and buildings used for storing and protecting farm machinery and equipment, for housing livestock or poultry, or for storing, feed, grain or any substance that contributes to or is a product of the farm, shall have an equalized assessed value of 33 1/3% of their value, based upon the current use of those buildings and their contribution to the productivity of the farm. [Emphasis added.] (35 ILCS 200/10-140)

Where farm structures do not contribute to the productivity of the farm, then the buildings would add nothing to the value of the farm. O'Connor v. A&P Enterprises, 81 Ill. 2d 260, 267-68 (1980); see also Peacock v. Illinois Property Tax Appeal Board, 399 Ill. App. 3d 1060, 1071-1073 (4th Dist. 2003). In O'Connor,

the Illinois Supreme Court discussed Section 10-140 of the Property Tax Code concerning 'other improvements' as:

a recognition by the legislature that certain structures located on a farm may have become obsolete by changes in farming methods or practices, and either have a greatly diminished value, or possibly no value at all in connection with the farming operation when considered as a part of the farm as a whole. The corncrib, once an essential structure on every farm for the storage of ear corn, has become primarily a relic of the past, due to the almost universal practice of combining the corn and drying and storing it as shelled corn. Horse barns now stand idle due to the disappearance of the use of horses for the powering of farm machinery, and many dairy barns are no longer used because of the decrease in the number of small dairy herds. The legislature has provided that these buildings should be valued on the basis of their contribution to the farm operation. If they are used for either their intended purpose, or for a substitute purpose, the appropriate value can be placed on them. Section 1(25) of the Revenue Act of 1939 [since replaced by the Property Tax Code] provides that these buildings shall continue to be valued as a part of the farm. If they contribute nothing to the productivity of the farm then, of course, the buildings would add nothing to the value of the farm. Being valued as a part of the farm, the failure to place a value on these buildings is a method or procedure of valuation and not an exemption from taxation. Just as a well that is no longer usable or a shade tree that is dead does not enhance the value of the farm, a barn or a corncrib that is not usable adds nothing to the value of a farm.

O'Connor at 267-268. The Court further discussed the application of Section 10-140 as follows:

The application of the statute is of necessity placed in the hands of the various assessment officers and administrative bodies which, in turn, have the express and implied authority to adopt rules for the guidance of persons involved in the assessment procedure and assure the uniform application of the statute. [citation omitted] The Department of Local Government Affairs [now within the Illinois Department of Revenue] was granted the authority to prescribe rules and regulations for local assessment officers relevant to the assessment of real property. [citation omitted] Thus, the local assessment officers, in applying the Act [now known as the Property Tax Code], will not be left to conjecture as to the meaning of certain words and phrases used by the legislature, but will be guided by, and an acceptable degree of uniformity will be

achieved by, the rules and regulations adopted for the guidance of assessment officers.

O'Connor at 269. The Court further stated:

The General Assembly has prescribed enough affirmative tests as to what is a farm that a person of reasonable intelligence can carry out his duties of assessing farms and the improvements located thereon. Section 1(25) provides that improvements shall be assessed as a part of the farm when they contribute to the operation of the farm. Obviously, if the buildings are not being used in connection with the farm but are being used for some other operation, such as a warehouse or a gift shop, they should not be assessed as a part of the farm. This does not mean that these buildings would not be assessed at all, as the collector suggests, but simply means they would not be assessed as farm property. This section does not prohibit these buildings from being assessed as nonfarm property. There may be occasional instances where it will be difficult to determine whether a building should be assessed as a part of the farm, or as nonfarm property. This fact, however, does not render the Act invalid as being vague and uncertain, or for failing to give adequate guidance to those who must administer the Act.

O'Connor at 272. At the hearing before the Property Tax Appeal Board, Ronald Kane, the Stephenson County Supervisor of Assessments, testified that the value of the subject pole building was determined using the cost approach and adjusting for depreciation. There was no indication in Kane's testimony that the contribution of the improvement to farm productivity was specifically considered. The board of review's evidentiary submission also did not include any of the cost manual data or specifically how the assessment of the pole building was calculated.

On the other hand, the appellant contended that the pole building was overvalued by the assessor's applied methodology. When market value is the basis of the appeal the value must be proved by a preponderance of the evidence. National City Bank of Michigan/Illinois v. 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). The Board finds that the appellant has not overcome this burden.

The appellant testified that the building cost \$23,000 to construct including use of lumber that was on-hand and for which no particular value was claimed. With regard to the appellant's construction costs, there were no actual bills or receipts presented to substantiate the reported cost. Moreover, as to the appellant's construction cost data, the board of review contends at a minimum that the building's full value would be \$23,000 plus the value of the salvaged lumber.

The Property Tax Appeal Board agrees with the board of review that the value of the pole building would be the total of the money spent on construction plus the value of the materials already on hand (the salvaged lumber). Furthermore, on this record, the Board finds that the cost of construction evidence is weak with no documentation to support the appellant's testimony and no value set forth for the salvaged lumber. In any event and in the absence of the salvaged lumber value, the Board finds the building's value is in excess of \$23,000.

The Property Tax Appeal Board further finds that the actual cost of construction may not necessarily reflect the contributory value of the subject building either, however, the appellant did not provide an alternative procedure or method to calculate the contributory value of the pole frame farm building. Moreover, due to the lack of substantive construction cost data in the record and considering the subject building was only one year old, the Board finds the cost approach less depreciation to be an acceptable method of estimating value for assessment purposes. Thus, the Board finds the board of review's use of the building's estimated reproduction cost new of \$27,000 as a basis of market value is acceptable.

On the basis of the evidence and the foregoing analysis, the Property Tax Appeal Board finds that a reduction of the subject property's building assessed valuation and final assessment is not 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. Cuit

Chairman

K. L. Fern

Member

Frank A. Huff

Member

Mario M. Louie

Member

Shawn R. Lerski

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: October 22, 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.