



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

APPELLANT: Paul Williams
DOCKET NO.: 08-00114.001-F-1
PARCEL NO.: 03-02-100-006

The parties of record before the Property Tax Appeal Board are Paul Williams, the appellant(s); and the Winnebago 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 Winnebago County Board of Review is warranted. The correct assessed valuation of the property is:

F/Land:	\$206
Homesite:	\$8,624
Residence:	\$66,481
Outbuildings:	\$6,425
TOTAL:	\$81,736

Subject only to the State multiplier as applicable.

ANALYSIS

The subject parcel of just over 10-acres has been classified as having a 1.37-acre homesite with the drive and the remainder has been assessed as farmland. The property is improved with a part one-story and part two-story frame single-family dwelling with a 708 square foot attached garage and a separate building. The home with garage was built in 2000. The separate frame building was built in 2002 and contains 1,360 square feet of building area with a ceiling height of 10', a concrete floor, and two two-car overhead doors. The property is located in South Beloit, Rockton Township, Winnebago County.

The appellant appeared before the Property Tax Appeal Board relying on a contention of law alleging the assessment of the separate building located on the farm, described by the assessing officials as a four-car garage, 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 residence improvement assessments, but contends that the subject 1,360 square foot building was not being assessed in accordance with its contributory value to the farming operation (35 ILCS 200/10-140).

In support of the assessment change requested to \$1,280 or \$0.94 per square foot of building area, appellant presented data on the 2007 assessments of five suggested comparable buildings located in unincorporated Winnebago County. The buildings ranged in size from 2,160 to 24,910 square feet of building area and had outbuilding assessments ranging from \$3,024 to \$23,596 or from \$0.94 to \$2.17 per square foot of building area. The subject building of 1,360 square feet has a farm building assessment of \$6,425 or \$4.72 per square foot of building area.

Appellant contends the assessing officials failed to abide by Illinois Department of Revenue, Publication 122, in determining the disputed 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 disputed building is used in the farming operation to store and repair farming equipment. At the hearing and without objection, the appellant submitted a black and white photograph. As depicted in the photograph, appellant contends that the disputed building stores a tractor, pickup truck, baler, gator and loader attachment. Appellant also noted that an additional five pieces of farming equipment including hay wagons, a hay rake and a haybine are stored outside.

Based on the foregoing evidence and legal argument, the appellant requested the farm building total assessment be reduced to \$1,280.

On cross-examination, appellant testified that the disputed building has electric service, water service, heat and has been insulated. He further testified that when the building was constructed the farmland was being leased for farming activity. Once the appellant lost his lease, he has been gradually increasing his farming operation. The appellant reiterated that as of the date of the hearing in June 2010 he owns ten pieces of 1960's vintage farming equipment, five of which (the most critical pieces) are stored in the disputed building and five of which are stored outside.

In response to the Hearing Officer's question, the appellant testified that he performed all of his own labor on the building, traded some labor with other craftsmen he is familiar with, and estimated the material costs were under \$10,000.

The board of review presented its "Board of Review Notes on Appeal" wherein the final assessment of the subject property including land of \$81,736 was disclosed. This assessment includes \$206 for farmland, \$8,624 for homesite, \$66,481 for a residence, and \$6,425 for the farm outbuilding.

At hearing the board of review called Ken Barker, Rockton Township Deputy Assessor, as a witness. Barker testified that the value of the subject building was initially determined by his office by measuring and inspecting the building. The interior is finished with drywall walls and ceiling. Given the amenities, Barker noted the building was at the very high end of the scale even for garages. As part of the board of review's evidence, four ground-level photographs were presented including depiction of the interior finish including a computer and small partitioned room; this photograph also depicts a pick-up truck, a tractor, baler, gator and loader attachment (same photograph in color that appellant presented at hearing). The assessor also reported the finish includes cabinets, a refrigerator, and a ceiling fan. A photograph taken from outside the building with an open overhead door depicts the back of a tractor and a gator. The assessor found the building to be a full 4-car detached garage. The assessor utilized the cost approach for a 4-car garage and valued the building as such. Barker testified that he would not consider the subject building to be a typical farm building because it is a 4-car garage. Barker also testified the building had received a home improvement exemption.

The board of review in a letter prepared by Sancha K. Melcher, Rockton Township Assessor, outlined the appellant's claim as seeking to have the 4-car detached garage valued "as a shed or barn or pole building" as shown in the comparables presented. Appellant's comparable #1 consists of two large horse barns/stables that are at least 50 years old; the assessor also reported the 2008 building assessments totaled \$45,969 or \$1.85 per square foot of building area. The assessor contends that based on the age difference, these buildings are dissimilar from the subject building. Comparables #2 and #3 are 2,160 square foot pole barns built in 2006 and 1980, respectively, one of which has a dirt floor. Comparable #4 has multiple farm buildings consisting of two silos, a large old barn with a loft, an old cattle shed with a tin roof, two corn cribs, and a concrete block machine shed; the assessor reports that each of these buildings is much, much older than the subject building. Likewise, the assessor reported that comparable #5 has numerous older farm buildings with a variety of sizes and ages including hog sheds, steel pole sheds and silos which are not comparable to the subject.

The board of review through the township assessor also contended that farm buildings are to have an equalized assessed value of $\frac{1}{3}$ of value based on current use and contribution to productivity [emphasis in original]. The assessor wrote, "This building does not meet either standard and is far superior to their comps noted above." The assessor reported that when the home improvement exemption on this new garage building expired, the appellant claimed the building should be valued as a farm building. The assessor claimed that despite the appellant's claim that equipment is stored in the building, as shown in an aerial photograph, there is farm equipment outside the building.

Lastly, the board of review acknowledged that as a consequence of the local board of review hearing, it found that 75% or 1,020 square feet of building should be assessed as a farm building (a garage) used as a storage facility. The remaining 340 square feet or 25% of the building was assessed simply as an improvement to the property.¹ The board of review representative acknowledged that there is machinery stored in the subject building and the farm machinery does in theory contribute to the value of the farmland. The representative also testified that based on the evidence presented, the building was more than a machine shed, but was a shop given all of the amenities. Namely, the subject enjoys amenities such as heat, insulation, and running water not typically found in a farm building storing machinery.

The board of review representative, who had a lengthy development and real estate background, also opined that the labor cost for the subject's building would probably be twice the cost of materials. Therefore, the representative concluded that such an estimate of labor along with the costs of materials supports the depreciated estimated market value of the building of \$19,275 as reflected in its assessment. Based on this evidence, the board of review requested confirmation of the subject's assessment.

In written rebuttal, the appellant reiterated the contention that farm buildings are to be assessed based on 33 1/3% of their "contributory value to the production of the farm." At hearing, appellant also noted that the disputed building is the only farm building on the subject property.

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 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 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" (published September 2006). At page 33 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

¹ At hearing, the board representative acknowledged that the entire value of the garage was listed under the category of farm buildings meaning the estimated market value of the six-year-old building is approximately \$19,275.

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, September 2006).

The appellant does not dispute that the disputed 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 building based solely on the cost approach rather than its "contribution to the farming operation."

Page 34 of Publication 122 sets forth a four-step process for the assessor to utilize "[t]o estimate the farm building's contribution to productivity of the farm." First, the assessor is to estimate the replacement cost new of the building by determining the size of the area being used, find the most similar structure that provides similar utility and multiple the area by the cost. Second, the assessor is to estimate the remaining physical life of the structure which then accounts for depreciation. Third, the assessor computes the remaining economic life factor and fourth, the assessor is to multiply the replacement cost new by the remaining economic life factor "to find the value of the farm building according to its contribution to the productivity of the farm."

The unrefuted testimony of the appellant was that the building contributed to the farming operation for equipment storage and repair of five of the ten pieces of farming equipment on the premises. The board of review acknowledged that 75% of the building was used for storage of farm machinery.

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. The evidence reveals that the assessing officials in Winnebago County valued the subject building using the cost approach and presumably adjusting for depreciation. There was no indication in the record 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 building was calculated.

On the other hand, the appellant contended that the 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 building materials alone cost under \$10,000 and labor was performed either by the appellant or by other craftsmen in trade. 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 plus the value of labor, the board of review contends at a minimum that the building's full value would be \$30,000 less depreciation.

The Property Tax Appeal Board agrees with the board of review that the value of the disputed building would be the total of the money spent on materials plus the value of the labor performed. 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 labor. In any event and in the absence of the labor value, the Board finds the building's value is well in excess of \$10,000.

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 frame farm building. Moreover, due to the lack of substantive construction and labor cost data in the record and considering the subject building was only six years old, the Board finds the cost approach less depreciation to be an acceptable method of estimating value for assessment purposes. The evidence also reveals that the comparables presented by the appellant were all older buildings than the subject which do not support a reduction in the subject's assessment. Thus, the Board finds the board of review's use of the building's estimated reproduction cost new 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

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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. Guit

Chairman

K. L. Fern

Member

Member

Mario Morris

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.