



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

APPELLANT: Basler Electric Company
DOCKET NO.: 10-00221.001-I-2
PARCEL NO.: 02-1-18-32-00-000-002

The parties of record before the Property Tax Appeal Board are Basler Electric Company, the appellant, by attorney Jackson E. Donley of Springfield, the Madison County Board of Review; and Southwestern Illinois College, intervenor, by attorney Garrett P. Hoerner of Becker, Paulson, Hoerner & Thompson P.C., Belleville.

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 **Madison** County Board of Review is warranted. The correct assessed valuation of the property is:

LAND: \$107,030
IMPR.: \$539,960
TOTAL: \$646,990

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property is improved with a primarily one-story industrial building with 131,068 square feet of total building area. The building was built in stages from 1957 to 1990. The main building has 81,053 square feet of manufacturing area, 14,260 square feet of warehouse area and 35,755 square feet of office area. This building is primarily one-story with a one and two-story office. The ceiling heights vary throughout the plant ranging from 10 to 21 feet with an average of 17 feet. There are a total of 6 exterior dock doors with levelers and a drive-in door that measures 14 feet by 12 feet. The manufacturing and warehouse areas as well as the 1990 office addition are protected by a wet sprinkler system. The property also has a 7,280 square foot pole building with a 14 foot ceiling height built in 1979 with an addition in 1989. This building is used for storage. Other improvements include an aluminum canopy, asphalt drives and parking areas, chain link fencing, tanks, exterior lighting, a flagpole and landscaping. The property has a 10.54 acre site resulting in a land to building ratio of 3.32:1. The property is located in Highland, Saline Township, Madison County.

The appellant contends overvaluation as the basis of the appeal. In support of this argument the appellant submitted a narrative appraisal of the subject property prepared by Michael E. Lipowsky, an Illinois Certified General Real Estate Appraiser.

The purpose of the appraisal was to determine the fair cash value of the property as of January 1, 2010. The property rights appraised were the unencumbered fee simple interest. Lipowsky inspected the subject property on November 19, 2010. He determined the highest and best use of the property as improved was the current use as a 138,000+/- square foot industrial facility.

In estimating the market value of the property the appraiser developed both the sales comparison approach to value and the income capitalization approach to value. In developing the sales comparison approach the appraiser identified six comparable sales and one offering located in the Illinois communities of Granite City, Godfrey, Madison, Collinsville, Mt. Olive, Centralia and Litchfield. The comparables were improved with industrial buildings that ranged in size from 61,272 to 303,541 square feet of building area. The comparables were constructed from 1958 to 1992. Lipowsky estimated the comparables had effective ages ranging from 18 to 35 years and the subject had an effective age of 30 years. These properties had office areas ranging from 1.5% to 17.4% of total building area, land to building ratios ranging from 2.41:1 to 13.44:1 and ceiling heights ranging from 17 to 27 feet. Comparables #1 through #6 sold from April 2006 to July 2010 for prices ranging from \$625,000 to \$1,955,500 or from \$4.55 to \$19.18 per square foot of building area, including land. The listing had a price of \$690,000 or \$11.26 per square foot of building area, including land. The appraiser made adjustments to the comparables for differences from the subject property and estimated the subject property had a market value of \$14.00 per square foot of building area, including land, or \$1,940,000 under the sales comparison approach.

Under the income approach the appraiser first estimated the market rent using six comparables located in the Illinois communities of Hamel, Litchfield, Nashville, Alorton, Centralia and Edwardsville. The buildings ranged in size from 54,440 to 200,003 square feet and were constructed from 1950 to 2006. One comparable had a gross rent of \$2.26 per square foot of building area, three comparables had rents ranging from \$2.26 to \$2.70 per square foot triple net and two comparables had asking rents of \$2.00 and \$1.00 per square foot triple net. Using these comparables the appraiser estimated the subject would have a market rent of \$2.25 per square foot of building area, triple net, for a potential gross income of \$311,283. He estimated the subject property would have a vacancy and credit loss of 20% or \$62,257 resulting in an effective gross income of \$249,026. The appraiser next estimated expenses of \$51,355 which he deducted from the effective gross income to arrive at a net income of \$197,671. Using the band of investment method the appraiser arrived at an overall capitalization rate of 9.5%. Lipowsky

further stated that national surveys had overall rates for industrial properties ranging from 8% to 11%. He explained that the national surveys are primarily derived from newer investment properties that are fully leased on a long term basis by quality tenants. He was of the opinion the subject would have a higher risk than the national survey and have a capitalization rate toward the higher end of the 8% to 11% range. Considering these two methods, Lipowsky estimated the subject would have an overall capitalization rate of 10%. Capitalizing the net income resulted in an estimate of value under the income approach of \$1,975,000.

The appraiser reconciled the two approaches to value giving primary weight to the sales comparison approach and secondary weight to the income approach to value. He estimated the subject property had a market value of \$1,940,000 as of January 1, 2010.

Based on this evidence the appellant requested the subject's assessment be reduced to \$646,667 to reflect the appraised value.

The board of review submitted its "Board of Review Notes on Appeal" wherein its final assessment of the subject totaling \$808,990 was disclosed. The subject's assessment reflects a market value of \$2,425,757 or \$17.53 per square foot of building area, land included, using the 2010 three year average median level of assessments for Madison County of 33.35%. The board of review indicated on the "Notes on Appeal" that it was of the opinion that \$17.00 per square foot of building area was more indicative of the subject property's fair market value resulting in a total market value of \$2,350,000, rounded, and an assessment of \$783,970. The board of review indicated it was willing to stipulate to an assessment of \$783,970. No other evidence was submitted by the board of review.

The intervening taxing district adopted the documentation and evidence submitted by the board of review and submitted no additional evidence.

The appellant was notified of the board of review proposed stipulation and rejected the offer. The appellant also requested the Property Tax Appeal Board issue a decision based on the evidence in the record based on section 1910.50(b) of the rules of the Property Tax Appeal Board.

After reviewing the record and considering the evidence the Property Tax Appeal Board finds it has jurisdiction over the parties and the subject matter of the appeal. The Board further finds the evidence in the record supports a reduction in the subject's assessment.

The appellant contends the market value of the subject property is not accurately reflected in its assessed valuation. Except in counties with more than 200,000 inhabitants that classify property, property is to be valued at 33 1/3% of fair cash value. (35 ILCS 200/9-145(a)). Fair cash value is defined in the Property Tax Code as "[t]he amount for which a property can be

sold in the due course of business and trade, not under duress, between a willing buyer and a willing seller." (35 ILCS 200/1-50). The Supreme Court of Illinois has construed "fair cash value" to mean what the property would bring at a voluntary sale where the owner is ready, willing, and able to sell but not compelled to do so, and the buyer is ready, willing, and able to buy but not forced to do so. Springfield Marine Bank v. Property Tax Appeal Board, 44 Ill.2d 428 (1970). 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). Proof of market value may consist of an appraisal of the subject property, a recent sale, comparable sales or construction costs. (86 Ill.Admin.Code §1910.65(c)). The Board finds the appellant met this burden of proof and a reduction in the subject's assessment is warranted.

The Board finds the best evidence of market value in the record is the appraisal of the subject property prepared by Lipowsky estimating the property had a market value of \$1,940,000 as of January 1, 2010. The appraised value is less than the market value reflected by the assessment. The Board finds neither the board of review nor the intervenor submitted any evidence to refute or challenge the market value conclusion in the appraisal. Based on this record the Board finds the subject property had a market value of \$1,940,000 as of January 1, 2010. Since market value has been determined the 2010 three year average median level of assessments for Madison County of 33.35% shall apply. 86 Ill.Admin.Code 1910.50(c)(1).

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

Frank J. Huff

Member

Mark Morris

Member

JR

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: May 24, 2013

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.