



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

APPELLANT: George H. Anderson
DOCKET NO.: 12-00121.001-F-1
PARCEL NO.: 03-15-427-008

The parties of record before the Property Tax Appeal Board are George H. Anderson, the appellant, and the Winnebago County Board of Review.

Based on the facts and exhibits presented in this matter, 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:	\$45
Homesite:	\$0
Residence:	\$0
Outbuildings:	\$4,217
TOTAL:	\$4,262

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellant timely filed the appeal from a decision of the Winnebago County Board of Review pursuant to section 16-160 of the Property Tax Code (35 ILCS 200/16-160) challenging the assessment for the 2012 tax year. The Property Tax Appeal Board finds that it has jurisdiction over the parties and the subject matter of the appeal.

Findings of Fact

The subject property consists of farmland acreage that is improved with multiple outbuildings consisting of (1) a steel pole building of 1,080 square feet of building area, (2) a 240 square foot lean-to, (3) a 384 square foot pole building and (4) two pole buildings with four sides open that are 120 square feet and 304 square feet, respectively. The property is located in Rockton, Rockton Township, Winnebago County.

The appellant contends overvaluation as the basis of the appeal as to the 1,080 square foot steel pole building. In support of this argument the appellant submitted a copy of the construction contract dated April 4, 2000 reflecting a total purchase price for the structure of \$8,551. The appellant also reported that in 2004 an addition to the pole building was constructed at a cost of \$3,421 "based on the year 2000 building cost per square foot." Furthermore, the appellant

contends that in 2004 electric service was added to the structure at a cost of \$300, resulting in a total building cost of \$12,272.

Next, the appellant contends that since the main portion of the subject pole building was constructed in 2000, depreciation should be calculated as of that year of construction. Based on consideration of Illinois Department of Revenue, Publication 122, Instructions for Farmland Assessments (2012), page 36-40, the appellant reported the following calculations to arrive at the value of the subject pole building:

$$\text{RCN (replacement cost new)} = \$12,272$$

With 2019 being full life
2019 – 2012 (tax year) = 7 years remaining life (REL)

$$\text{REL} = 7 \div 20 = .35$$

$$\text{RCN} \times \text{REL} = 12,272 \times .35 = \$4,295 \text{ as the value of the building}$$

$$\text{EAV} = 4,295 \div 3 = \$1,432 \text{ for tax year 2012}$$

Based on this evidence and argument, the appellant requested a total outbuilding assessment for the subject parcel of \$1,432; the appellant did not address the assessments of the other improvements on the subject parcel.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$4,262. The subject parcel has a farmland assessment of \$45 and an outbuildings assessment of \$4,217. The outbuildings reflect a total market value of approximately \$12,651.

The board of review submitted a copy of the subject's property record card along with a schematic drawing of the outbuilding improvements. The drawing includes the following notations that the 120 square foot open pole building and the 304 square foot open pole building are "not valued." The four remaining structures that have been assessed as contributing to the farm operation are: the 240 square foot lean-to, the 1,080 square foot steel pole building, the 432 square foot addition to the pole building and the 160 square foot shed.

As to the appellant's calculations for the steel pole building and addition, the board of review through the township assessor contended that the appellant's calculations did not use the current replacement cost new, but were based upon the 2000 and 2004 stated costs. Furthermore, the appellant applied straight line depreciation based on the oldest part of the structure and the appellant disregarded the remaining physical life. Next, the assessor noted that the pole building was initially added to the assessing records in 2008, despite the fact the structure was added/built in 2000 without a building permit. The appellant's calculations further would result in a zero assessment at the end of the 'expected life' of the building which is not the case so long as the structure is used and contributes to the farm operation.

In support of the contention of the correct assessment of the outbuildings, the assessor set forth the following calculations:

Estimated RCN

Pole building	1,080 sq. ft @ 12.60	=	13,608
Addition	432 sq. ft @ 14.15	=	6,113
Lean-to	240 sq. ft @ 8.43	=	2,023
Pole shed	160 sq. ft @ 13.53	=	2,165

Estimated of Remaining Physical Life is 10 years – REL computation:

Pole building & addition:	$10/20 = .50$ REL
Lean-to & Pole shed:	$10/15 = .67$ REL

Value computation:

Pole building & addition:	$19,721 \times .50$	=	9,861
Lean-to & Pole shed:	$4,188 \times .666$	=	2,789

Total value: $\$12,650 \div 3 = \$4,217$

Based on this evidence and argument, the board of review requested confirmation of the subject's farmland and outbuilding assessments.

In written rebuttal, the appellant contended that no building permits were required by Winnebago County zoning and the appellant acknowledged that he utilized straight line depreciation. Furthermore, the appellant asserted that "when the depreciation life is reached, it is the end of the taxing on the item."

In examining the calculation of the assessing officials, the appellant provided the following analysis:

Pole building	\$8,551 (contract cost shown in documentation)
Addition	\$3,721
Lean-to	-0- "removed from building" ¹
Pole Shed	\$2,165

Value computation:

Pole building & addition:	$12,272 \times .35 (7 \div 20) = 4,295$
Pole Shed:	$2,165 \times .1333 (2 \div 15) = 289$

Total value $\$4,584 \div 3 = \$1,528$

In closing and based upon the assertions of the assessor, the appellant requested a total outbuilding assessment of \$1,528.

¹ The appellant did not provide any evidence as to demolition and/or the date of such removal. In particular, there was no evidence presented in this record whether the lean-to structure was removed as of the assessment date at issue of January 1, 2012.

Conclusion of Law

The appellant through a legal contention argued that the subject outbuilding(s) were 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. The appellant has only contested the assessor's determination to assess the pole building based on the cost approach using a cost manual rather than its actual original construction costs.

The Property Tax Appeal Board recognizes 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. (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 documentation submitted before the Property Tax Appeal Board by the assessing officials establishes that the value of the subject pole building and other outbuildings were determined using the cost approach and adjusting for depreciation. The appellant's evidentiary submission included page 41 of Publication 122, Instruction for Farmland Assessments with the cost calculations for the subject 1,080 square foot pole building with a 10 foot eave height at \$12.60 per square foot of building area. The same cost calculations apply to the 432 square foot addition with a 8 foot eave height at \$14.15 per square foot of building area.

Similarly, the lean-to is set forth on the same page of the publication at \$9.30 per square foot less electric service of \$0.47 per square foot and less \$0.40 per square foot for a reduced eave height resulting in a calculation of \$8.43 per square foot of building area. While in rebuttal, the appellant contended this structure had been "removed" the Board finds that there was no evidence to support this contention and in particular that was nothing in the record to support that the removal had preceded the assessment date at issue of January 1, 2012. Thus, in the absence of such evidence of demolition, the record before the Property Tax Appeal Board is that the structure is assessable as of the 2012 tax year.

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 Board finds it noteworthy that the appellant in rebuttal accepted the cost manual calculations for the pole shed building of \$2,165 which were also derived from page 41 of Publication 122 on the pole frame building cost calculations. This building of 160 square feet with an 8 foot eave

height had a cost of \$14.15 per square foot of building area less a deduction of \$0.62 per square foot of building area for lack of electric service resulting in a per-square-foot cost of \$13.53.

The appellant's evidence asserts that the steel pole building and addition cost \$12,272 to construct; the assessing officials calculate the steel pole building and addition from a cost manual with a total cost of \$19,721. With regard to the appellant's construction costs, there were no actual bills or receipts presented to substantiate the reported cost as to the addition to the steel pole building.

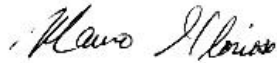
The Property Tax Appeal Board agrees with the proposition that the value of the pole building and addition would be the total of the money spent on construction. Furthermore, on this record, the Board finds that the entire cost of construction evidence is weak with no documentation to support the appellant's costs related to the construction of the addition. In any event and in the absence of the value of the addition, the Board finds the best evidence of the building's value was presented by the board of review through the cost calculation data which the appellant included with his evidence.

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, neither party provided an alternative procedure or method to calculate the contributory value of the pole frame farm building to the farming operation. Moreover, due to the lack of substantive construction cost data for the addition in the record, the Board finds the cost approach as derived from the cost manual data in Publication 122 less depreciation to be an acceptable method of estimating value for assessment purposes.

The parties to this proceeding also disagreed on the method to calculate depreciation of the respective outbuildings. Both parties agree that the steel pole building, that is the primary improvement in dispute, has a typical life expectancy of 20 years as set forth on page 40 of Publication 122. The steel pole building of 1,080 square feet was constructed in 2000 and the tax year at issue is 2012 meaning this steel pole building is 12 years old in actual age; the addition to the pole building of 432 square feet was constructed in 2004 meaning the addition is 8 years old in actual age. The assessing officials have blended the actual ages of these two portions of the structure to arrive at an actual age of 10 years old and a resulting remaining physical life of 10 years which results in an REL or remaining economic life factor of .50. The Board finds that the appellant did not account for the varying ages of this pole building and did not properly calculate the REL factor based on actual age. The Property Tax Appeal Board finds that the assessing officials applied the correct depreciation/REL factors to the subject outbuildings.

On the basis of the evidence and the foregoing analysis, the Property Tax Appeal Board finds that a reduction of the subject property's outbuilding 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.



Chairman



Member

Member



Member

Member

DISSENTING: _____

CERTIFICATION

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: June 24, 2016



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.