



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

APPELLANT: Edward Sims Jr. Trust  
DOCKET NO.: 12-01644.001-F-1  
PARCEL NO.: 11-31-200-005

The parties of record before the Property Tax Appeal Board are Edward Sims Jr. Trust, the appellant, by attorney Jerry J. Pepping of McGehee, Olson, Pepping & Balk, Ltd., in Silvis; and the Henry 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 **Henry** County Board of Review is warranted. The correct assessed valuation of the property is:

<b>F/Land:</b>	\$ 67,760
<b>Homesite:</b>	\$ 0
<b>Residence:</b>	\$ 0
<b>Outbuildings:</b>	\$ 96,410
<b>TOTAL:</b>	\$164,170

Subject only to the State multiplier as applicable.

**Statement of Jurisdiction**

The appellant timely filed the appeal from a decision of the Henry 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 parcel is comprised of 224.20 acres of farmland.<sup>1</sup> The land is improved with a large farm building and a grain bin. The farm building is a wood-pole frame structure containing 20,736 square feet of building area with a 20-foot wall height. The building was constructed in 2011. The building has a concrete foundation, painted steel siding, a steel roof, electrical and water service. The building is partitioned into two sections. One section is comprised of 7,695 square feet of heated and insulated workshop with four-inch concrete flooring, two floor drains, a

---

<sup>1</sup> The appellant did not challenge the subject's farmland assessment of \$67,760. Farmland assessments in Illinois are not calculated on market value considerations. Land classified as a farm receives a preferential land assessments based on soil typing and productivity indices as provided by the Property Tax Code. (35 ILCS 200/1-60 and 10-110 *et al*).

90 square foot office and a 675 square foot mezzanine. The workshop has a 36-foot x 18-foot and a 24-foot x 18-foot overhead doors with automatic openers and two walk-in doors. The other section of the building contains 13,041 square feet of unheated building area with gravel flooring used to store farm machinery. This section has three, 24-foot x 18-foot automatic overhead doors, a double sliding door, a walk in door and lighting. Five of the six doors have exterior concrete pads that range in size from 784 to 3,000 square feet. Each exterior door in the unheated machine shed area have interior concrete aprons. Site improvements include a septic system with a 1,000-gallon tank and a 300 square foot drain field.<sup>2</sup> The subject parcel is also improved with a 20,000-bushel capacity grain bin that was built in approximately 1984. The subject property is located in Western Township, Henry County, Illinois.

The appellant appeared before the Property Tax Appeal Board with counsel claiming overvaluation and assessment inequity as the bases of the appeal. In support of these arguments, the appellant submitted limited descriptive information for three assessment comparables and an appraisal of the subject property (Exhibit B).

The three assessment comparables are comprised of pole buildings of unknown exterior construction that were reported to be from 8 to 15 years old. The structures contain 4,320 or 4,860 square feet of building area and are reported to have assessments ranging from \$3,283 to \$3,620 or from \$.72 to \$.77 per square foot of building area. The subject was reported to have a farm building assessment of \$96,410 or \$4.65 per square foot of building area which included the assessment amount associated with the grain bin. The appellant presented no testimony with respect to the inequity argument during the hearing.

The first witness called was the appellant Edward Sims Jr. Sims testified the pole building was constructed in 2011 and as of January 1, 2012 the bathroom was not completed but was “roughed in.” The bathroom was completed in 2014. Sims testified the septic system including all pipes to the building were completed in November 2011. Appellant’s counsel offered an invoice (Exhibit A) at hearing depicting the cost to install the septic system was \$4,311, without objection. Sims testified the gravel located around the outside of the building cost approximately “\$5,000 or \$6,000.” Sims opined the cost of the gravel didn’t have anything to do with the building.

The next witness called was real estate appraiser Michael D. Blean. Blean testified as to his credentials as an appraiser. Blean developed the cost approach to value to estimate the contributory value of the improvements situated on the subject parcel. The appraiser arrived at a final opinion of value for the subject property of \$1,870,500 as of January 1, 2012, which included the 220.24 acres of land. Blean did not consider the cost of the bathroom in the appraisal process.

Under the first step of the cost approach to value, Blean analyzed five land sales. These properties range in size from 60 to 160.16 acres of land area. They sold from November 2010 to February 2012 for prices ranging from \$480,000 to \$1,008,000 or from \$5,300 to \$10,500 per acre of land area. After considering adjustments to the comparables for differences when

---

<sup>2</sup> Based on the testimony from the taxpayer, the subject’s bathroom and septic system was not completed until 2014.

compared to the subject, the appraiser concluded the subject's land had a market value of \$7,538 per acre or \$1,690,068.<sup>3</sup>

The appraiser next used Marshall and Swift Cost Guide (1<sup>st</sup> Quarter 2014) to estimate the replacement cost of the improvements, which included architecture fees, construction fees, interior finishing, mechanicals (electric, plumbing, gas and HVAC) and contractor's overhead and profit. The shop area was estimated to have a value of \$30.00 per square foot of building area or \$218,700 and the unfinished area was estimated to have a value of \$14.00 per square foot of building area or \$188,244 for a total replacement cost new of \$406,944. The appraiser next concluded the building suffered from functional obsolescence of 40% or \$162,778 and external obsolescence of 20% or \$81,389, resulting in accrued depreciation of \$244,166. Deducting the accrued depreciation of \$244,166 from the estimated replacement cost new of \$406,944 resulted in an estimated contributory value of the pole building of \$162,778. The appraiser next added the estimated value of site improvement for the grain bin of \$7,700, gravel driveway of \$5,000 and 400-amp electrical service of \$5,000, which calculates to a total depreciated improvement value of \$180,478. Adding the estimated land value of \$1,690,068, the appraiser concluded the subject property had an estimated market value of \$1,870,500, rounded, under the cost approach to value. (Exhibit B, p. 36).

The appraiser used one comparable sale to extract functional obsolescence and external obsolescence amounts of depreciation. (Exhibit B, p. 33). Blean testified the sale was an arm's-length transaction since it was advertised through an internet listing by the U.S. Marshals Service. This property was composed of a pole building with 19,584 square feet of building area with an 18-foot wall height, an attached office containing 1,200 square feet of building area, attached apartments containing 882 square feet of living area, an auxiliary structure with 4,608 square feet of building area, three shelters, perimeter fencing, three entries with security gating, enclosed paddocks, private well, septic and 800-amp electrical service. The improvements are situated on 87.82 acres of land area. This property was sold through auction by the U.S. Marshals Service in February 2013 for \$1,134,375 plus \$11,288 in back taxes for a total consideration of \$1,145,663. The appraisal reports indicates the buyer was a relative of the former owner. (Exhibit B, p. 33).

The appraiser deducted the comparable property's estimated land value of \$1,022,700 or \$11,645 per acre from the sale price of \$1,145,663, leaving a contributory value for the improvements of \$122,963. The appraiser concluded the improvements have a replacement cost new of \$969,155. The calculation of the replacement cost new for these improvements was not contained within the appraisal report. Deducting the contributory value of the improvements of \$122,963 from the replacement cost new of \$969,155 results in total accrued depreciation of \$846,192. The appraiser allocated the depreciation amounts to be 24% for physical, 40% for functional and 23% for external. The appraiser provided no evidence or testimony as to how the depreciation percentages were allocated. The subject building was newly constructed so no physical depreciation was applied. The appraiser estimated functional depreciation was 40% because the building was designed specifically for the current owner with features that he opined are "superadequate" for the size of the acreage. External depreciation was estimated to be 20%.

---

<sup>3</sup>Again, for purposes of this appeal there was no dispute raised by the appellant concerning the preferential farmland assessment applied to the subject.

Page 32 of the appraisal states: “In the case of the subject’s shop building, the 20’ story height and overall size of the structure were specifically designed for the current owner’s operations, which include additional farmland [Emphasis Added] and equipment related to construction.” Blean testified the premise of the functional obsolescence was “that building on a 224-acre parcel is an over improvement, Mr. Sims also has a construction business unrelated to the farm to store construction equipment in.” Blean testified “someone farming 224 acres would not necessarily be a buyer of that (the building) and it is not fair to assume that someone buying it, (A) not have their own building already built, or (B) pay full value for that structure in the way it was constructed.”

In summary, the appraiser concluded the farm building situated on the subject parcel had a contributory market value of \$162,778, which excluded the value associated with the grain bin of \$7,700, gravel driveway of \$5,000 and 400-amp electrical service of \$5,000.

Based on this evidence, the appellant requested a reduction in the subject's farm building assessment to \$17,500.

Under cross-examination, Blean agreed that that page 14 of the report indicates farm values have increased year to year since 1988. Blean was questioned if it was typical for a farmer to build one building per farm or build one building to incorporate several farms. Blean testified it can vary, but typically there is a base of operation for large farming operations. Blean testified the size of the subject building is not typical. With respect to the comparable sale used to extract depreciation, Blean thought the sale was arm’s-length due to the manner it was advertised, but agreed perhaps the sale was not ordinary on behalf of the seller, but from a buyer’s perspective had full exposure to the market. With respect to economic (external) obsolescence, Blean testified the depreciation amount applied was more about the limited number of farmers capable enough to purchase something like that. Blean agreed the U.S. Marshals Service is not a typical owner of a horse farm.

Under redirect-examination, the appraiser testified increasing farm values pertain to farmland.

Under questioning by the Board, the appraiser testified he interviewed the property owner on the day of inspection. He agreed his valuation was based on estimated costs of the building. Blean acknowledged Sims informed him of the actual cost of the project, but it was not disclosed in the report. Blean agreed the actual costs would be a better indicator of value, with the exception of some uncompensated labor performed by Sims, which could have been quantified. Blean testified his estimated cost new of the building mirrored the actual construction cost according to Sims. Blean testified the estimated value of the grain bin was \$7,700, but the valuation process was not contained in the report. Blean agreed he did not include the site improvements in the final value conclusion of the building.

Under-redirect examination, Blean testified the actual cost to construct the building was similar to his estimated cost. Blean agreed the comparable sale used was the best comparable he could find to calculate depreciation. Blean agreed Publication 122 issued by the Illinois Department of Revenue indicates obsolescence should be considered.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject property of \$164,170. The subject property receives a preferential farmland assessment of \$67,760 for the 224.20 acres of land area. The farm buildings situated on the subject parcel have a combined assessment of \$96,410, of which \$93,831 was allocated to the pole building and \$2,579 was allocated to the grain bin. The pole building's assessment reflects an estimated market value of \$280,931 when applying the 2012 three-year average median level of assessment for Henry County of 33.40%. The grain bin's assessment reflects an estimated market value of \$7,722 when applying the 2012 three-year average median level of assessment for Henry County of 33.40%.

In support of the subject's assessment, the board of review submitted limited descriptive information for three assessment comparables and an appraisal of the subject property (Board of Review Exhibit A). Lindi Kernan, Chief County Assessment Officer and clerk of the board of review, presented the evidence at the hearing.

The three assessment comparables are comprised of pole buildings of unknown exterior construction that were built in 2011, like the subject. The structures range in size from 7,776 to 9,660 square feet of building area and have assessments ranging from \$36,068 to \$42,439 or from \$4.20 to \$4.55 per square foot of building area. The subject's pole building has an allocated assessment of \$93,831 or \$4.52 per square foot of building area. The board of review presented no testimony with respect to the assessment equity evidence during the hearing.

The sole witness called on behalf of the board of review was real estate appraiser Joyce A. Webb. Webb testified as to her credentials as an appraiser. Webb developed the cost approach to value to estimate the contributory value of the improvements situated on the subject parcel. The appraiser arrived at a final opinion of value for the subject property of \$2,220,000 as of January 1, 2012, which included the 220.24 acres of land and a contributory value of the farm pole building of approximately \$375,000. Webb was not informed the bathroom was not completed until 2014.

The appraiser analyzed nine land sales as the first step under the cost approach to value. These properties range in size from 47 to 160.16 acres of land area. They sold from December 2010 to December 2011 for prices ranging from \$319,600 to \$1,344,000 or from \$5,300 to \$8,400 per acre of land area. After considering adjustments to the comparables for differences when compared to the subject, the appraiser concluded the subject's land had a market value of \$7,970 per acre or \$1,785,000, rounded. (BOR Exhibit A, p. 8-1 through 8-5).

The next step under the cost approach to value, the appraiser used Marshall and Swift's Marshall Valuation Service to estimate the reproduction cost new of the improvements, which included heating, cooling and ventilation; combined height and size multiplier; current cost multiplier; local multiplier; and historical multiplier. The shop area was estimated to have a value of \$25.61 per square foot of building area or \$199,774. The unfinished machine shed area was estimated to have a value of \$13.46 per square foot of building area or \$175,542. The gravel surrounding the building was estimated to have a value of \$21,311. Concrete for the interior aprons and exterior pads was estimated to have a value of \$28,951. The septic system was estimated to have a value of \$3,544. The grain bin was estimated to have a value of \$33,107. Adding these components, the appraiser concluded the improvements situated on the subject parcel had a reproduction cost

new of \$462,229. Upon inquiry, Webb testified Sims did not divulge the actual cost to construct the pole building. (BOR Exhibit A, p. 8-6).

The appraiser did not apply functional obsolescence because the current design of the building functions well. The appraiser did not observe any functional inadequacies, inefficiencies or superadequacies. The appraiser asserted the property owner indicated the structure was built with a 20-foot wall height because the next combine will be larger and he needs the building to accommodate larger equipment. It was the appraiser's opinion that since the owner has over 600 acres of farmland in Henry County, the structure was built to serve more than just one parcel since it would not be efficient to build a separate shop/machine shed on several parcels. The appraiser did not deduct for external obsolescence since the economic conditions in the local farm market are very strong and farm ground is appreciating in value. The appraiser deducted 90% or \$25,469 for physical depreciation of the grain bin, resulting in a final value conclusion for all improvements of \$435,000, rounded. (BOR Exhibit A, p. 8-7). (Pole building of \$375,316, \$21,311 for gravel lot, \$28,951 for concrete aprons and pads, \$3,544 for the septic system and \$7,638 for the grain bin).

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

Under cross-examination, Webb testified the subject's pole barn is typical and she could not find larger newer pole buildings that had recently sold because farmers do not typically construct a new building and then turn around and sell. She did not analyze sales of older farm buildings to determine if functional obsolescence exists. Webb agreed there is a possibility of a super adequacy due to the subject's large size. Webb agreed there was a consideration that the appellant owned other farmland in Henry County as part of the appraisal process, which is typical in the farming industry. Webb agreed the bathroom was included in the final value conclusion, but she could identify the specific value associated with the bathroom. Webb testified she could not find any market evidence that would or would not demonstrate obsolescence existed in the market. Webb opined it was inappropriate to use the comparable sale considered by Blean because it was not an arm's-length transaction. She explained there was not a typical motivated seller, the sale price was not reflective of market value, and was not useful in determining functional or external obsolescence. She did not know the condition or analyze the sale of the comparable.

### **Conclusion of Law**

The appellant contends the market value of the subject property is not accurately reflected in its assessed valuation. The sole issue before the Property Tax Appeal Board is the determination of the correct assessment of the contributory value of the wood pole farm building and grain bin. When market value is the basis of the appeal the value of the property must be proved by a preponderance of the evidence. 86 Ill.Admin.Code §1910.63(e). 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 failed to meet this burden of proof and no reduction in the subject's assessment is warranted.

The appellant submitted an appraisal estimating the subject property has a market value of \$1,870,500 as of January 1, 2012. More specifically, the appellant's appraiser concluded the

subject's large pole building had a contributory value of \$162,778 excluding site improvements and the grain bin had a contributory value of \$7,700. The Board gave little weight to the estimate of contributory value of the large pole building for several reasons. Foremost, the Board finds the functional and external obsolescence depreciation amounts applied are excessive and not supported by credible market value evidence. The appellant's appraiser attempted to extract the purported depreciation amounts from a single comparable sale. The Board finds the use of this comparable was not appropriate since the sale was not an arm's-length transaction. The Illinois Supreme Court has defined fair cash value as 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). The Board finds this sale does not meet two of the key fundamental elements of an arm's-length transaction. The Board find this sale was not a voluntary transaction. The Board finds the auction sale was by court order due to criminal activity resulting in forfeiture. (See United States of America v. Rita A. Crundwell, citation omitted). The Grantor was the U.S. Marshals Service. The record also shows the buyer at auction was a relative of the former owner, which further undermines the arm's-length nature of the transaction.

The Board further finds the methodology employed by the appellant's appraiser in an attempt to extract market depreciation in the form of functional and external obsolescence suspect and resulted in flawed conclusions. The appellant's appraiser deducted the comparable's estimated land value of \$1,022,700 or \$11,645 per acre of land area from its auction sale price of \$1,145,663 in order to isolate the contributory value of the improvements so as to calculate depreciation to be applied to the subject's pole building. The Board finds the appraisal contains no market evidence or analysis to support the \$11,645 per acre value that was deducted from the comparable's sale price. The comparable land sales contained within the appellant's appraisal report sold for prices ranging from \$6,445 to \$10,500 per acre, which is less than the per acre value applied by the appraiser of \$11,645 in the extraction analysis. This valuation methodology and calculations resulted in an artificially low contributory value of the improvements that was used to calculate purported market depreciation. Additionally, the Board finds the appellant's appraiser concluded the subject's land had value of \$7,538 per acre, which is not consistent with the \$11,645 per acre land value used in the extraction analysis. Using the appraiser's per acre value that was applied to the subject property of \$7,538 per acre under the cost approach to value, which was supported by the comparable land sales in the appraisal, would result in a land value for the comparable property of \$661,987. Deducting this estimate of land value from the comparable's sale price of \$1,145,663 results in a contributory value for the improvements of \$483,676, considerably more than the value conclusion by the appellant's appraiser of \$122,963.

Furthermore, the appellant's appraiser calculated the improvements situated on the comparable sale had a replacement cost new of \$969,155. However, the calculations of the depreciated replacement cost new of the improvements was not contained within the appraisal report for review, which further undermines the credibility of the depreciation extraction analysis. Finally, the Board finds the allocation of the physical, functional and external obsolescence extracted from the comparable sale on a percentage basis and applied to the subject was not well explained or supported by any accepted appraisal methodology or objective evidence. Finally, the Board finds the record is void of any credible evidence that external obsolescence exists and should be applied to the subject property.

The Board finds the best evidence of the contributory value of the farm buildings situated on the subject parcel was the appraisal submitted by the board of review. The Board finds the cost approach developed by the board of review's appraiser was more detailed than that submitted by the appellant and better reflects all of the individual components that make up the subject property. The Board finds the board of review's appraiser provided competent testimony that supports the appraisal methodology and final value conclusion as set forth in the appraisal report. The appraiser concluded the large pole building had a contributory value of \$429,122 including site improvements and the grain bin had a contributory value of \$7,369,<sup>4</sup> for a total value of \$435,000, rounded. The subject's farm building assessments reflect estimated market values of \$280,931 and \$7,722, respectively, or a total contributory value of \$288,653, considerably less than the appraisal submitted by the board of review. Since an increase in the subject's assessment was not requested, the Board hereby sustains the subject property's assessment as established by the board of review.

The taxpayer also argued assessment inequity as an alternative basis of the appeal. When unequal treatment in the assessment process is the basis of the appeal, the inequity of the assessments must be proved by clear and convincing evidence. 86 Ill.Admin.Code §1910.63(e). Proof of unequal treatment in the assessment process should consist of documentation of the assessments for the assessment year in question of not less than three comparable properties showing the similarity, proximity and lack of distinguishing characteristics of the assessment comparables to the subject property. 86 Ill.Admin.Code §1910.65(b). The Illinois Supreme Court has held that 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). The evidence must demonstrate a consistent pattern of assessment inequities within the assessment jurisdiction. The Board finds the appellant failed to meet this burden of proof.

The parties submitted limited descriptions and assessment information for six suggested comparables for the Board's consideration. The Board gave less weight to the comparables submitted by the appellant. These properties are considerably smaller in size and older in age when compared to the subject. The Board finds the comparables submitted by the board of review are more similar when compared to the subject in age and size than those comparables submitted by the appellant. These comparables have assessments ranging from \$36,068 to \$42,439 or from \$4.20 to \$5.46 per square foot of building area. The subject's farm building has an allocated assessment of \$93,831 or \$4.52 per square foot of building area, which falls within the range established by the most similar assessment comparables contained in this record on a per square foot basis. A practical uniformity, rather than an absolute one, is the test. Apex Motor Fuel Co. v. Barrett, 20 Ill.2d 395 (1960). Although the comparables presented by the parties disclosed that properties located in the same area are not assessed at identical levels, all that the constitution requires is a practical uniformity, which appears to exist on the basis of the evidence. Therefore, the Board finds assessment associated with the subject's pole building is justified and no reduction is warranted.

---

<sup>4</sup> The appellant's appraiser concluded a similar contributory value for the grain bin of \$7,700.



In conclusion, the Board finds the appellant failed to demonstrate the subject's farm improvements were overvalued by a preponderance of the evidence or inequitably assessed by clear and convincing evidence. Therefore, no reduction in the subject's is justified based on this record.

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



Acting Member



Acting 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: \_\_\_\_\_

May 19, 2017



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.