



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

APPELLANT: Health Care Service Corporation
DOCKET NO.: 12-04275.001-C-3
PARCEL NO.: 06-17-200-023

The parties of record before the Property Tax Appeal Board are Health Care Service Corporation, the appellant, by attorney Carl Webber of Webber & Thies, P.C. in Urbana; and the Williamson County Board of Review by Williamson County Assistant State's Attorney Wendy Cunningham and by attorney Robert L. Jackstadt of Tueth, Keeney, Cooper, Mohan & Jackstadt, P.C., in Edwardsville.

Based on the facts and exhibits presented in this matter, the Property Tax Appeal Board hereby finds **a reduction** in the assessment of the property as established by the **Williamson** County Board of Review is warranted. The correct assessed valuation of the property is:

LAND: \$110,810
IMPR.: \$2,786,680
TOTAL: \$2,897,490

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellant timely filed the appeal from a decision of the Williamson 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 a 12.17 acre site improved with a one-story office building containing 76,845 square feet of building area that was constructed in 2003. The building has a poured reinforced concrete foundation and exterior walls of steel frame covered with brick veneer and Dryvit. The building is heated and cooled with 17 roof top, gas fired, forced air heating and central air conditioning units. The floors are concrete slab on grade covered with a combination of commercial grade carpeting, vinyl laminate and ceramic tile while some areas having sealed concrete floors. The windows are insulated double pane plate glass in anodized aluminum frames. Interior walls are composed of metal studding covered with taped and painted drywall. The ceilings are composed of a suspended aluminum grid with acoustical tiles and recessed fluorescent fixtures. The building has a sprinkler system. Site improvements include

662 asphalt parking spaces, asphalt driveways, concrete sidewalks, overhead lighting, signage and an underground sprinkler system. The property is located in Marion, West Marion Township, Williamson County. The subject property is used as a "call center" for Blue Cross/Blue Shield.

The appellant contends both overvaluation and assessment inequity as the bases of the appeal. In support of the overvaluation argument the appellant submitted a narrative appraisal of the subject property prepared by James H. Webster of James H. Webster & Associates, Ltd., Urbana, Illinois. Webster was called as the appellant's first witness. Webster is an Illinois State Certified General Real Estate Appraiser and has the MAI designation from the Appraisal Institute. Webster identified Appellant's Hearing Exhibit #17 as the appraisal he prepared of the subject property.

Webster described the building as being an office building designed and built for the owner/occupant Blue Cross/Blue Shield. He testified the building is good quality and is a single user facility. The appraiser further described the building as having a reception room, conference rooms, executive office rooms, two sets of restrooms, a large cafeteria, a break room, a kitchen for the employees and a large computer room. The appraiser described a majority of the building as being open bull-pen office cubicles which have power transmitted through trench cable phone and data lines. The building has four data closets to enable distribution. (Appellant's Hearing Exhibit #17, page 31.) The witness further testified subject property has a raised floor and the property is zoned C-1, general commercial.

The property rights valued by Webster are the fee simple estate. (Appellant's Hearing Exhibit #17, page 12.) Webster determined the highest and best use of the site as vacant was for office or office/warehouse use. The appellant's appraiser determined the highest and best use of the site as improved was the present use. (Appellant's Hearing Exhibit #17, page 35.) In estimating the market value of the subject property the appellant's appraiser developed the income approach to value and the sales comparison approach to value.

In developing the sales comparison approach to value the appraiser used six comparable sales located in the Illinois communities of Decatur, Mattoon, Springfield, Peoria and Effingham. Comparable #1 was a three-story office building with finished basement constructed in 2009. Comparable #1 was located in Decatur and improved with a building that has 97,280 square feet of gross building area (including basement) and sold in November 2010 for a price of \$9,100,000 or \$93.54 per square foot of building area, including land. Comparable #2 was located in Mattoon and is improved with a three-story office building, known as the Masonic Building, with 33,235 square feet of building area. The building is approximately 80-years old. The property sold in July 2011 for a price of \$2,400,000 or \$72.21 per square foot of building area. Comparable #3 was composed of seven properties located in Springfield improved with buildings that ranged in size from 5,140 to 11,316 square feet of building area for a total combined building area of 64,608 square feet. The transaction occurred in March 2009 for a combined price of \$5,470,000 or \$84.66 per square foot of building area. Comparable #4 was located in Springfield and was improved with a three-story building constructed in 2007 that contained 114,840 square feet of building area. The building sold in August 2011 for a price of \$17,850,000 or \$155.43 per square foot of building area. Sale #5 was located in Peoria and was improved with two 2-story buildings. One building had 28,856 square feet and was constructed

in 1987 and the second building had 33,360 square feet of building area and was constructed in 1968. The appraiser indicated that there was a sale price of \$7,000,000 for multiple properties with \$3,500,000 or \$56.25 per square foot of building area representing an allocation of the purchase price to the comparable. Comparable #6 was located in Effingham and was improved with a one-story office building with 40,544 square feet of building area, inclusive of the finished basement, that was constructed in 1968 with an addition in 1990 and remodeled in 2002. This property sold at auction for a price of \$1,516,000 or \$37.39 per square foot of building area. Webster made adjustments to the comparables for such factors as condition of sale, date of sale, location, size, age/condition, quality/condition, finish and land to building ratio. The adjustments ranged from -40% to 25% to arrive at adjusted prices ranging from \$56.03 to \$93.26 per square foot of building area. The appraiser determined the subject property had an indicated value under the sales comparison approach of \$80.00 per square foot of building area or \$6,150,000, rounded.

Under the income capitalization approach to value the appraiser used four rental comparables and one offering. The appraiser did not identify the street addresses of the comparables but indicated rental #1 was located in a community of similar size; rental #2 is located in Urbana; rental #3 and #4 are located in Springfield. The appraiser described the rental comparables as ranging in size from 6,600 to 102,654 square feet of building area with ages ranging from 18 to 40 years old. Rental comparable #1 had a triple net lease; rental comparables #2, #3 and the offering had gross rents; and rental #4 was leased on a "full-service" basis. The comparables had rents ranging from \$5.45 to \$12.67 per square foot of building area. The appraiser made adjustments to the rental comparables for location, size, age/condition, quality/finish and lease terms to arrive at adjusted rents per square foot ranging from \$6.00 to \$8.87 per square foot of building area. Webster estimated the subject property would have a market rent of \$8.00 per square foot of building area, triple net, resulting in a potential gross income of \$614,760. The appraiser made an 8% deduction or \$49,180 for vacancy loss stating on page 43 of the report, "[t]he vacancy rate is consistent with offices in the Jacksonville area", which he acknowledged as a typographical error. He testified that the vacancy rate is to be a typical vacancy rate for the market. Deducting for vacancy resulted in an effective gross income (EGI) of \$565,580. The appraiser deducted 3% of (EGI) or \$16,967 for management expenses; professional expenses of \$2,500; miscellaneous expenses of \$15,000; and reserves for replacements \$25,001 to arrive at a net operating income of \$506,112.

The appraiser developed the capitalization rate attributable to the subject property of 8.19% using the band of investment technique. The appraiser indicated this rate was consistent with investor surveys, a rate derived from his comparable sale #3, two active listings in Springfield and a 2011 office sale in Bloomington, Illinois. Capitalizing the net income of \$506,112 using a rate of 8.19% resulted in an estimated value under the income approach of \$6,180,000.

The appraiser testified that his estimate of market rent for the subject property was on triple net terms where the tenant pays the real estate taxes so real estate taxes were not include in the income approach. The witness explained, however, that real estate taxes were included as part of the miscellaneous expenses for when property is vacant. He testified that real estate taxes were not incorporated in the capitalization rate; the taxes are incorporated in the capitalization rate when you estimate market rent on gross terms.

Webster did not develop the cost approach to value due to the subjectivity of depreciation.

In reconciling the two approaches to value the appraiser determined the sales comparison approach and the income approach resulted in a reasonably narrow range; he took both into consideration, and arrived at an estimated market value of \$6,165,000 as of January 1, 2012.

Under cross-examination Webster agreed that Marion, Illinois, is outside the normal coverage area where his company does appraisal work. He agreed that the normal coverage area for his company is east central Illinois and does not include southern Illinois. Webster testified he has appraised two other properties in Williamson County besides the subject property.

The appellant's appraiser also agreed that he inspected the subject property on Friday, February 1, 2013, travelling to and from Urbana to Marion, and taking less than two hours for the inspection. He testified he had seen the property before February 1. The witness agreed the appraisal was completed on Monday, February 4, 2013, as reflected on the letter of transmittal contained within the report. The appraiser testified that he works almost every day but could not remember if he worked on either Saturday, February 2nd or Sunday, February 3rd.

Webster also agreed that he determined the site improvements to be in good condition with no items of deferred maintenance observed. He stated in the report that the subject had an effective age of two years with the remaining economic life estimated to be 48 years. The appraiser agreed the he concluded the present use of the subject property was as a claim processing center and it was designed as a proto-type for several other processing centers for Blue Cross/Blue Shield.

The appellant's appraiser agreed with the definition of a special purpose property contained in the Dictionary of Real Estate published by the Appraisal Institute, as a property with a unique physical design, special construction materials, or a layout that particularly adapts its utility to the use for which it was built, also called a special design property. Webster also agreed that special use property can be defined as a limited market property with a unique physical design, special construction materials, or a layout that restrict its utility for which it was built. The witness also agreed there is a difference between office space and special use property. He further agreed that he mentioned the subject property had trenched cable, phone and data lines. Webster agreed the subject property had a concrete slab for the entire building and a raised floor on top of the concrete slab, which was less than six inches tall. The trenched cable, phone and data lines were placed under the raised floor and that was the way it was designed for Blue Cross/Blue Shield. The appraiser was of the opinion the subject property has some characteristics that are a little unique but not so unusual that it is a special use.

Webster further testified it was not an important factor that the subject property was being leased. He agreed that the owner of the property is Health Care Service Corporation but it was occupied by Blue Cross/Blue Shield. He understood there was an internal related transaction between related entities, while the purpose of the appraisal was to value the property as fee simple; therefore, the lease was not relevant.

With respect to the comparable sales Webster testified only comparable sale #5 located in Peoria was a call center. The appraiser also thought comparable sale #4 had some of those uses but he would not call it a data center. The witness did not know if any of the comparable sales he used had an elevated floor or trenched cable, phone and data lines. Webster also agreed there was a discounted price associated with comparable sale #6 that sold at auction.

The appraiser stated there was an error on page 31 of the appraisal in that the subject property is approximately 9 years old and the effective age was 9 years. With respect to the allocated price of \$3,500,000 to comparable sale #5, Webster accepted the \$3,500,000 from the broker, Webster did not perform the allocation and he did not know the basis of the allocation. He further explained that he did not provide the addresses for the rental comparables based on confidential agreements he had. He agreed that anybody reviewing the appraisal would have no way to determine whether or not the rental comparables were truly comparable to the subject property since there are no addresses available for them to go review these properties.

Under redirect examination Webster testified he would have disclosed if he did not feel competent from a geographical perspective to appraise the property.

With respect to comparable sale #2, the 80-year old two-story building, Webster testified the building was gutted out and redone in a high quality manner. He further testified this property was purchased by a communication company for a lot of open bullpen office space. With respect to his comparables being located in Illinois, Webster explained that the farther away the comparables the adjustments become more subjective. The appraiser further testified he would not call the subject property a special use, he did not believe the property was that unique.

The next witness called by the appellant was Kevin Schafer, who is employed by Health Care Service Corporation and is involved in facilities management at the subject property. Schafer ensures that all preventive maintenance is done on the building, adds data equipment to the computer room, ensures all building safety systems are tested and up to code, and obtains bids for work involving the rearranging of rooms or construction. He has worked for Blue Cross for 31 years, has been involved in facilities management for 17 years and is familiar with the subject property.

Shafer testified that he visited a property located at 1616 West Main in Marion, identified by property index number (PIN) 06-13-358-008 and looked up the public document online associated with the property. He also examined the property located at 404 North Monroe identified by PIN 06-13-479-001. The witness also looked at the building at 900 Skyline Drive identified by PIN 06-16-200-069. The appellant offered Appellant's Exhibit 16, which contained copies of the property record cards for the aforementioned properties, which was accepted into evidence. Appellant's Exhibit 16 disclosed that these three properties had total assessments ranging from \$47,400 to \$238,450 or from \$7.25 to \$14.36 per square foot of building area, including land. The subject property has a total assessment of \$2,920,420 or \$38.05 per square foot of building area, including land.

Under cross-examination Shafer explained that he is employed by Health Care Services, which operates under the name Blue Cross/Blue Shield. He testified that to his knowledge there is no lease between Blue Cross/Blue Shield and Health Care Service Corporation. The witness

testified the subject property had raised floor as of January 1, 2012. He agreed that the cable lines and data lines are under the raised floor. The witness indicated there were no other unique features of the building.

Shafer testified he actually went and looked at the buildings located at 1616 West Main, 404 North Monroe and 900 Skyline Drive. The witness testified the building located at 900 Skyline Drive had been there a long time and was a former Lowe's. The witness did not know the construction details associated with the building at the 1616 West Main nor did he know the age of the building at 404 North Monroe. Shafer agreed that he did not know anything more about the buildings than what was contained on the property record cards attached to Appellant's Exhibit 16.

Based on this evidence the appellant requested the subject's total assessment be reduced to \$1,750,000.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$2,920,420. The subject's assessment reflects a market value of \$8,920,037 or \$116.08 per square foot of building area, land included, when using the 2012 three year average median level of assessment for Williamson County of 32.74% as determined by the Illinois Department of Revenue.

In support of its contention of the correct assessment the board of review submitted an appraisal estimating the subject property had a market value of \$8,850,000 or \$110.61 per square foot of building area, including land, as of January 1, 2012. The appraisal was prepared by John A. Clarke, John M. Karnes and William P. Dockins of Mark Twain Real Estate Services, Inc. The board of review called as its witness John Karnes. Karnes is self-employed and owns Dockins Valuation Company in Cape Girardeau, Missouri. The company primarily prepares real estate appraisals and does some consultation. Karnes has the MAI designation from the Appraisal Institute and is licensed as a real estate appraiser in ten states. At the time he prepared the appraisal he was a candidate for the MAI designation, he had completed and had passed the exams but had not completed the demonstration appraisal report. The witness obtained the MAI designation in April of 2016. At the time he prepared the appraisal of the subject property Karnes was an Illinois Certified General Real Estate Appraiser. Karnes was accepted as an expert.

Karnes testified he was familiar with the subject property and assisted another appraiser, John Andrew Clark, in appraising the property. They were requested to determine the market value of the property. He testified that they first met with the supervisor of assessments to get the property record card, the plat maps, the legal descriptions and public documents. They then physically inspected the interior and exterior of the subject property taking measurements, taking photographs and making notes about the construction, condition, age and the like.

Karnes testified the building was constructed in 2003 as a call center with a gross building area of 76,845 square feet. The witness testified the subject is an open concept, cubicle-type call center with a few private offices, restrooms, break area, commercial grade carpeting, a couple of storage rooms, IT type rooms and mechanical rooms that had sealed concrete floors. The appraiser testified the flooring had chases for telephone lines and computer lines. He indicated

the building has raised flooring to make wiring easier, which he considered a special feature of construction.

Karnes then testified that he then began gathering comparable data using his own database, contacting other appraisers and using LoopNet, which is a national data base. The board of review's appraiser testified he was aware of the term special purpose property and was of the opinion the subject was a special purpose property in that it was designed and is suitable for call center/data processing type businesses. He testified that all the comparables he used were call centers. He chose to use other call centers due to the nature of the building with an open area with cubicles and numerous people working in the cubicles doing the same thing. Karnes was of the opinion this is not a typical office building that is often cut up into smaller offices. Karnes identified BOR Exhibit A as the appraisal of the subject property he prepared.

The appraisal indicated that the value reported is the "as is" market value of the fee simple interest in the subject property. (BOR Exhibit A, page 14.) The appraiser explained that this means the property was being appraised as it exists with no hypothetical conditions or extraordinary assumptions. The property rights appraised were the fee simple title to the subject property subject to any easements or restrictions of record. (BOR Exhibit A, page 14.) Karnes testified the highest and best use of the property was its present use.

Karnes testified the cost approach to value was not developed because determining depreciation can be suggestive and often inaccurate. The witness believed the cost approach would not be a reliable indicator of value.

The next approach to value considered by Karnes was the income approach to value. The appraiser first estimated the market rent of the subject property using ten comparable rentals located in Cape Girardeau, Missouri; Kennett Missouri; Hopkinsville, Kentucky; Rockford, Illinois; Lincoln, Nebraska; Springfield, Missouri; Columbia, South Carolina; and Huntsville, Alabama. The comparables were constructed from 1960 to 2010 and ranged in size from 13,674 to 152,166 square feet of building area. The witness testified each comparable was a call center or data processing center. The comparables had rents ranging from \$11.92 to \$16.23 per square foot of building area on a triple-net or modified net basis. Based on these rentals the appraiser estimated the subject property had a market rent of \$12.00 per square foot, triple net, resulting in a potential gross income of \$922,140. The appraiser then deducted 5% of potential gross income or \$46,110 for vacancy and collection loss to arrive at an effective gross income (EGI) of \$876,030. With respect to expenses Karnes deducted 6.00% of EGI or \$52,560 for management expenses and 3.00% of EGI or \$26,280 for reserves for replacement to arrive at a net operating income of \$797,190.

The next step in the income approach to value was to estimate the capitalization rate. In estimating the capitalization rate the appraiser used published rates from four sources, the mortgage constant method, the band of investment method and direct capitalization using seven sales from the sales comparison approach to value. Using this information the appraiser arrived at a capitalization rate of 9.00%. Capitalizing the net income resulted in an estimated market value under the income approach to value of \$8,855,000.

The final approach to value developed by Karnes was the sales comparison approach to value using eight comparable sales located in Rockford, Illinois; Springfield, Illinois; Hopkinsville, Kentucky; Eagan, Minnesota; Lincoln, Nebraska; Springfield, Missouri; Columbia South Carolina; and Huntsville, Alabama. The witness testified each of the comparables was a call center or a data processing center. The comparables were improved with six one-story buildings, one two-story building and one three-story building that ranged in size from 34,453 to 152,166 square feet of building area and were constructed from 1999 to 2010. Seven of the comparables were described as being leased and comparable sales #1, #3, #5, #7 and #8 were Karnes' rental comparables #6, #4, #7, #9 and #10, respectively. Furthermore, Karnes comparable sale #2 was the same property as Webster's comparable sale #4. The sales occurred from January 2010 to November 2012 for prices ranging from \$3,679,854 to \$29,150,000 or from \$106.81 to \$202.11 per square foot of building area, including land. The appraiser made adjustments to the comparables for location, age/condition and size to arrive at adjusted prices ranging from \$99.89 to \$135.98 per square foot of building area, including land. The appraiser estimated the subject property had an estimated value of \$115.00 per square foot of building area, including land, or \$8,835,000.

Karnes was of the opinion sales #1 and #3 were most similar to the subject property. Sale #1 was a one-story Blue Cross/Blue Shield call center located in Rockford. Sale #3 was a one-story building located in Hopkinsville, Kentucky.

In reconciling the two opinions of value, Karnes testified the income approach was given more emphasis as these types of properties are typically purchased or constructed for their income producing capability. The appraiser estimated the subject property had a market value of \$8,850,000 as of January 1, 2012.

Under cross-examination Karnes testified that he did not use the term "special use" or "special purpose" in the appraisal. The witness also agreed that if a property sold specific to a lease that is in place it can be a leased fee. Karnes further testified that the vacancy rate of five percent was based on studies of the market in and taking into consideration the creditworthiness of a tenant. The appraiser testified he had not visited all the properties that he listed; he had visited the comparable located in Alabama but not the comparables located in Minnesota and South Carolina.

The appraiser testified that the property rights conveyed of the comparable sales were the fee simple estate so no adjustment was made for this characteristic. The appraiser also testified that the report contained an error on page 2 where it was indicated the appraisal was to provide an "as is" market value estimate for the subject for mortgage analysis purposes. The witness asserted that the value determined is market value whether it was for mortgage or for ad valorem taxation purposes and market value is what a property should reasonably sell for if exposed to the market a reasonable amount of time.

Karnes indicated that he did not notice a height limitation on the property due to the airport. On page 15 and page 29 of the appraisal Karnes indicated the subject site was zoned C-1, general commercial. The witness testified that page 29 of the report contained an error where it states, "Being legally permissible is unchallenged as the site is located in an area that is not subject to zoning restrictions."

Karnes agreed that his comparable sale #1 was constructed for a long-term triple net lease to the seller and asserted the property sold in terms of cash or cash equivalency. The appraiser indicated that comparable #2 was a fee simple, built for AIG and was cash to seller. The witness indicated sale #3 was fee simple, was constructed as a call center for the tenant, the price was based upon a 10-year triple net lease and cash to seller. Karnes indicated that comparable sale #4 was 93% occupied by two tenants as a call centers and was fee simple. The board of review appraiser agreed that the report does not indicate sale #5 was fee simple but he testified that it was. The witness agreed that the term of a lease can have a bearing on value. Karnes did not know the term of the lease associated with sale #5. The witness agreed that sale #6 was under a long term lease to T-Mobile; sale #7 was not claimed to be fee simple; and sale #8 was not claimed to be fee simple.

Karnes testified he has done no less than 30 appraisals in Williamson County with two or three being for the assessor and the others were for lenders, typically. The witness also agreed that fee simple is unencumbered by any other interest or estate and a lease is considered one of the estates. Karnes agreed that he had no comparables from southern Illinois.

Karnes agreed that rental comparable #1 had been extensively remodeled and six years remained on the lease. The witness agreed that rental comparable #2 was constructed as a call center and the interior was divided into several small offices, which could allow the building to have a number of uses. Rental comparable #3 was a former Sears's store that was extensively remodeled for the tenant. The witness testified that rental #4 was constructed as a call center but he did not recall the amount of time left on the lease. Rental comparable #5 was leased to Blue Cross/Blue Shield and was vacated by the tenant in 2011. Karnes indicated that rental #7 was constructed for a long term lease but he did not know how long the lease was and thought this building was built for the current tenant. The witness indicated that rental #8 was built for the tenant in 2006. The appraiser indicated this property sold for an indicated capitalization rate of 7.96%. Rental comparable #9 sold in November 2012 with an indicated capitalization rate of 7.23%. The appraiser also indicated that rental comparable #10 was built to suit for the tenant. Karnes indicated there was a penalty of \$1.72 million if the lease was not renewed upon expiration and the rent was supposed to be 95% of market rent plus \$2.52 per square foot.

The final witness called on behalf of the board of review was Jeffrey Robinson, Williamson County Supervisor of Assessments. Robinson has been supervisor of assessments for 22 years and first began working in the assessment office in 1985. Robinson also testified that he had been licensed as an appraiser in 1996. Robinson further testified he had been appointed to various committees such as by the governor to the Woodland Task Force Committee; by the Department of Revenue to work on Bulletin 810; and by the Department of Revenue to the Manufactured Home Assessment Task Force. Robinson has also been a member of the Greater Regional Economic Development Board, has served on the executive board of the Regional Planning Commission, is a member of the Chief County Assessment Officers Association and served as a board member for the Illinois Property Assessment Institute, an educational group that gives classes to educate assessors and assessment officials. Robinson has had over 960 hours of educational hours with the Illinois Property Assessment Institute and the International Association of Assessing Officials (IAAO).

Robinson is familiar with the subject property and was there for the original inspection and valuation of the property. The witness indicated that the last time the value changed on the property was in 2007 due to countywide multiplier that was applied due to the state sales ratio study. Robinson testified the assessment of the property has remained the same since 2007.

The witness explained that in valuing property for assessment purposes they value the structure that is there. He indicated that they primarily use the cost approach which is tapered into the market using a mass appraisal. Robinson explained that the three approaches to value are used but they rely more on statistical data to do large groups of property.

Robinson testified that he recognized the properties contained in Appellant's Exhibit 16 (Appellant's original Exhibit B), which included the property record cards of the equity comparables identified by the appellant. With respect to the property located at 900 Skyline Drive, Robinson testified this building was originally constructed as a Lowe's but the date of construction was not indicated on the property record card. The witness indicated that the portion of the building on parcel number (PIN) 01-16-200-069 contained 48,944 square feet. He testified that a construction company purchased the property and place some office area in the front and small office area in the back used by the construction company while the rest of the structure is used as a warehouse. He explained that the rest of the building is located at 700 Skyline Drive, which was remodeled into doctor's offices. Robinson described the property located at 1616 West Main (PIN 06-13-358-008) as a two story building of brick construction on a slab foundation with a one-story frame addition on a slab foundation on the west side of the building and a one-story frame portion off the back of the building. The witness indicated this building had has a two-story area with 3,968 square feet of ground floor area and one of the one-story areas has 420 square feet and the other one-story area has 480 square feet. Robinson testified the original building was constructed in 1935 with additions in 1986 and 1987. The witness described the final comparable located at 404 North Monroe (PIN 06-13-479-001) as a one-story steel building with 3,300 square feet of building area. He was unable to tell the age of the building by reviewing the property record card.

Under cross-examination Robinson testified that the office area located at 900 Skyline Drive was not as large as the office areas at 1616 West Main and 404 North Monroe. He testified that less than 1/3 of the building was office area.

In rebuttal the appellant called James Webster who testified that he did not consider the subject property as being special use; he described the subject as an office building and stated he would never consider it special use.

Conclusion of Law

The appellant contends in part that 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 33⅓% 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 to do. 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 subject's total assessment of \$2,920,420 reflects a market value of \$8,920,037 or \$116.08 per square foot of building area, land included, when using the 2012 three year average median level of assessment for Williamson County of 32.74% as determined by the Illinois Department of Revenue. The appellant submitted an appraisal prepared by James H. Webster estimating the subject property had a market value of \$6,165,000 as of January 1, 2012. The board of review presented an appraisal prepared by John M. Karnes estimating the subject property had a market value of \$8,850,000 as of January 1, 2012. The Property Tax Appeal Board finds the best evidence of market value to be the appraisal and testimony presented by the board of review's appraiser, John M. Karnes.

In estimating the market value of the subject property both appraisers developed the income approach to value and the sales comparison approach to value. With respect to the income approach to value the Board finds that developed by Karnes was superior to that developed by Webster. The Property Tax Appeal Board finds that Karnes had a better description of the rental comparables and better description of the data concerning lease terms and the rental rates of the rental comparables utilized to estimate the subject's market rent. For each rental comparable Karnes provided a photograph, address, building description and lease terms which were considered in determining the subject's market rent. Additionally, each of the rental comparables used by Karnes had a similar use as the subject property. Other than size and age, Webster provided no such detailed information on the rental comparables he used to estimate the subject's market rent. The Board finds that Karnes estimate of market rent is more credible than that developed by Webster. The Board further finds Karnes's testimony with respect to the estimate of vacancy and collection loss and expenses was credible. Furthermore, Karnes estimate of the capitalization rate of 9.00% was well supported with data in the appraisal and was slightly above the capitalization rate developed by Webster of 8.19%. For these reasons the Board finds the income approach to value developed by Karnes was superior and more credible to that developed by Webster.

With respect to the sales comparison approach, the Board again finds the comparable sales used by Karnes were more similar to the subject property than the comparable sales used by Webster. The sales used by Karnes were generally more similar to the subject in age, use and construction than the sales selected by Webster. The Board finds that even though many of the comparable sales used by Karnes were located in different states throughout the country, the witness adequately explained the adjustment process to account for differences in location. The Board gave less weight to the sales comparison approach developed by Webster as comparable sale #2 was not similar to the subject in style and age; Webster's sale #3 was composed of seven separate buildings each with a separate address and each was significantly smaller than the subject building; Webster's sale #5 was composed of two buildings with each being significantly older than the subject building and the price attributed to this sale was an allocation; and Webster's

sale #6 was older than the subject property and sold at auction. Webster's sale #1 had attributes similar to the subject property and sold in November 2010 for a price of \$93.54 per square foot of building area, including land. Webster's sale #4 was also used by Karnes as his comparable sale #2 and sold in August 2011 for a price of \$155.43 per square foot of building area, including land. The Board finds the two best sales used by Webster tend to support Karnes' estimate of market value under the sales comparison approach \$115.00 per square foot of building area, including land.

The appellant did raise the issue with respect to the fact that many of the comparable sales used by Karnes were leased at the time of sale. The Board finds, however, the appellant did not provide any evidence to demonstrate the fact that the comparables were leased caused their respective purchase prices to be not reflective of fair cash value.

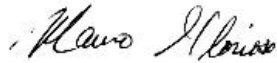
Based on this record the Board finds the sales comparison approach to value developed by Karnes was more credible than the sales comparison approach developed by Webster. In conclusion the Board finds Karnes estimate the subject property had a market value of \$8,850,000 as of January 1, 2012 is the best estimate of market value in this record.

Alternatively the appellant made an assessment equity argument. Taxpayers who object to an assessment on the basis of lack of uniformity bear the burden of proving the disparity of assessments by clear and convincing evidence. Kankakee County Board of Review v. Property Tax Appeal Board, 131 Ill.2d 1 (1989); 86 Ill.Admin.Code §1910.63(e). The evidence must demonstrate a consistent pattern of assessment inequities within the assessment jurisdiction. The Uniformity Clause of the Illinois Constitution provides that: "Except as otherwise provided in this Section, taxes upon real property shall be levied uniformly by valuation ascertained as the General Assembly shall provide by law." Ill.Const.1970, art. IX, §4(a). Taxation must be uniform in the basis of assessment as well as the rate of taxation. Apex Motor Fuel Co. v. Barrett, 20 Ill.2d 395, 401 (1960). Taxation must be in proportion to the value of the property being taxed. Apex Motor Fuel, 20 Ill. 2d at 401; Kankakee County Board of Review, 131 Ill.2d at 20. Fair cash value of the property in question is the cornerstone of uniform assessment. Kankakee County Board of Review, 131 Ill.2d at 20. It is unconstitutional for one kind of property within a taxing district to be taxed at a certain proportion of its market value while the same kind of property in the same taxing district is taxed at a substantially higher or lower proportion of its market value. Kankakee County Board of Review, 131 Ill.2d at 20; Apex Motor Fuel, 20 Ill. 2d at 401; Walsh v. Property Tax Appeal Board, 181 Ill.2d 228, 234 (1998). After an analysis of the assessment data the Board finds a reduction is not warranted on this basis.

The appellant submitted assessment information on three comparables to demonstrate assessment inequity. The Board finds the assessment comparables provided by the appellant were not similar to the subject in style, age, construction and/or features. There was no showing by the appellant that the subject property was being taxed at a substantially higher proportion of fair cash value than the assessment comparables presented by the appellant. The Board finds the appellant did not demonstrate with clear and convincing evidence that the subject property was being inequitably assessed.

In conclusion, the Property Tax Appeal Board finds that the subject property had a market value of \$8,850,000 as of January 1, 2012. Since market value of the subject property has been determined the 2012 three year average median level of assessment for Williamson County of 32.74% as determined by the Illinois Department of Revenue shall apply. (86 Ill.Admin.Code §1910.50(c)(1)). Accordingly, a reduction in the subject's assessment is appropriate.

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



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: October 21, 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.