



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

APPELLANT: E. M. Wiegmann & Co. Inc.
DOCKET NO.: 20-06922.001-I-3
PARCEL NO.: 14-30.0-200-015

The parties of record before the Property Tax Appeal Board are E. M. Wiegmann & Co. Inc., the appellant, by attorney Ellen G. Berkshire, of Verros Berkshire, PC in Oakbrook Terrace; the St. Clair County Board of Review; and the Freeburg Community H.S.D. #77, intervenor, by attorney Robert L. Jackstadt of Tueth, Keeney, Cooper, Mohan & Jackstadt 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 **St. Clair** County Board of Review is warranted. The correct assessed valuation of the property is:

LAND: \$119,127
IMPR.: \$614,133
TOTAL: \$733,260

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellant timely filed the appeal from a decision of the St. Clair County Board of Review pursuant to section 16-160 of the Property Tax Code (35 ILCS 200/16-160) challenging the assessment for the 2020 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 parties appeared before the Property Tax Appeal Board on September 13, 2023 for a hearing at the Property Tax Appeal Board's office in Springfield pursuant to prior written notice dated July 17, 2023.¹ Appearing at the hearing on behalf of the appellant was attorney Jennifer Wadland of Verros Berkshire, PC; appearing on behalf of the St. Clair County Board of Review was Andrea Johnson, Chief Deputy County Assessor of St. Clair County; and appearing on behalf of the intervenor was attorney Robert L. Jackstadt, of Tueth, Keeney, Cooper, Mohan & Jackstadt. All parties agreed to a consolidated hearing of this appeal with Docket No. 21-06393, which concerns the same subject property.

¹ A hearing was originally set for April 12, 2023, but was postponed at the request of the intervenor and rescheduled July 13, 2023. The July 13, 2023 hearing was postponed at the request of the board of review and rescheduled to September 13, 2023.

The subject property consists of two 1-story industrial buildings of concrete block and brick exterior construction with a combined 217,536 square feet of gross building area. The improvements were constructed in 1964, with additions or renovations in 1967, 1968, 1970, 1977, 1982, 1984, and 1989. Features of the property include 4% of office area, manufacturing and warehouse areas, ceiling heights from 12.5 to 26 feet, four 14 foot dock doors, 262 parking spaces, and reinforced concrete slab foundations. The property has an 847,242 square foot, or 19.45 acre, site with a land-to-building ratio of 3.89:1 and is located in Freeburg, Freeburg Township, St. Clair County.

Appellant's Evidence

The appellant contends overvaluation as the basis of the appeal. In support of this argument the appellant submitted an appraisal estimating the subject property had a market value of \$2,200,000 as of January 1, 2020 (the "Becker Appraisal"). The appraisal was prepared by Robert D. Becker, MAI, SRA, AI-GRS, a certified general real estate appraiser, for ad valorem tax purposes. (Becker Appraisal, p. 8).

At hearing, the appellant argued that Becker's methodology and conclusions are reliable and credible due to being based on market derived data. (TR p. 5-6).²

The appellant presented its witness, Becker, who testified that he is the President of R.D. Becker Valuation, LLC. Becker stated he has been an appraiser for about 19 years, is a certified general appraiser in Illinois and three other states and holds professional designations of MAI, ASA, SRA, and AI-GRS. Becker said he serves on the board of directors for the Chicago chapter of the Appraisal Institute and is an instructor for the Illinois Property Assessment Institute. Becker confirmed his education and work experience is included in the Becker Appraisal. He testified he has appraised 400 to 500 industrial properties, with 80% of those properties being light manufacturing buildings. Becker further testified he has geographic competence in Illinois and three other states with the majority of his work in Illinois outside of Cook County. Becker was then qualified as an expert in the appraisal of industrial properties, without objection. (TR p. 9-11, Becker Appraisal, p. 59-60).

Becker acknowledged he prepared the appraisal report that was submitted by the appellant. He conducted a physical inspection of the interior and exterior of the subject property on September 22, 2020 and explained this was a full walk-through inspection with the engineering supervisor. (TR p. 11-12, Becker Appraisal, p. 11).

Becker described the subject property as located on the southwest side of Freeburg, a rural community, that is a significant distance from the interstate but is close to St. Louis, Missouri. Becker clarified the subject's site quality, access, and exposure are average, the subject's buildings have fair appeal, and the subject's parking is below market standards. With the exception of the subject's warehouse, Becker explained the subject building was constructed in phases in a linear fashion, thereby decreasing its functional utility due to more load bearing walls being added that could not be removed to create an open space. Becker testified that the market

² References to the transcript of the hearing will be indicated by "TR" followed by the page number(s).

for industrial facilities has changed since the subject was first built with facilities now built along interstates, rivers, or coasts. He stated that a similar facility today would be built along the interstate, of similar size but without load-bearing walls breaking up the space, and with a ceiling height of 20 feet or more. He also stated that the subject buildings have been maintained but have not been remodeled or upgraded. (TR p. 13-19, Becker Appraisal, p. 24-25, 29-31).

Becker determined the highest and best use for the subject as vacant is for another industrial use; however, he estimated it would remain vacant for some time until demand for another industrial user arose and would be used for agricultural purposes in the interim. He wrote in the report that “a speculative build is not prudent and the site should only be developed for an identified user.” Becker determined the highest and best use for the subject as improved is light manufacturing. He testified that the most probable buyer would be an owner-user. (TR p. 20, Becker Appraisal, p. 36-37, 54)

Becker developed the cost and sales comparison approaches to value, but did not develop the income capitalization approach due to the subject property being an owner-occupied property that is not typically analyzed on an income basis in the market. (Becker Appraisal p. 38-39).

Under the cost approach, Becker selected six industrial land comparables located in Belleville, O’Fallon, and Freeburg, all of which are within the subject’s Illinois Industrial submarket. Becker testified comparables #1, #2, and #3 are located in an industrial park, with comparable #3 being close to an interstate. The comparable parcels range in size from 2.50 to 24.24 acres or from 108,900 to 1,055,894 square feet of land area. Three properties sold from December 2017 to June 2019 for prices of \$55,000 or \$535,000, or from \$21,317.83 to \$34,272.90 per acre, or from \$0.49 to \$0.79 per square foot of land area. Three comparables were listed for prices ranging from \$72,790 to \$1,200,000, or from \$26,976.34 to \$49,504.95 per acre, or from \$0.62 to \$1.14 per square foot of land area. (Becker Appraisal, p. 40-43).

Becker testified there were limited sales in the subject’s area so listings were also used. The appellant’s attorney, Wadland, presented the witness with aerial photographs and assessment information collectively as Hearing Exhibit #1, which was admitted without objection. Becker testified the aerial photographs accurately depict land sale comparable #6. Becker explained this property was divided and he considered the listing of the back 19.24 acres as comparable #6, which was marketed for industrial development for a price of \$400,000 or \$20,790 per acre, as stated on page 43 of the Becker Appraisal. Becker identified four comparables as having superior locations to the subject. He testified he made qualitative adjustments to the land comparables based on his experience and training. Becker further testified he gave some weight to the listing in Freeburg but gave limited weight to the other two listings. Becker estimated a land value for the subject of \$390,000 rounded, or \$20,000 per acre, or \$0.46 per square foot of land area. (TR p. 22-26, 43, Becker Appraisal, p. 40-43).

Becker calculated a replacement cost new of \$12,374,800 for the subject’s buildings using Marshall & Swift and calculated a replacement cost new of the site improvements, including paving and landscaping, of \$794,672, also using Marshall & Swift. Becker stated in the report that these costs include materials, labor, interest, permits, fees, sales taxes, and contractor’s overhead and profit. (TR p. 26-27, Becker Appraisal, p. 44-45, 47).

Becker explained entrepreneurial profit is the difference between a sale price of a property and its replacement cost new. He testified there is no evidence of entrepreneurial profit in the market for owner-occupied industrial properties. Upon questioning by the Administrative Law Judge, Becker explained contractor overhead and profit is the amount of the contractor's profit in constructing a building and entrepreneurial profit is the owner's profit in selling the property. He testified that contractor's overhead and profit should be considered and that these amounts were included in the costs he used for the subject. However, Becker reiterated that he does not see entrepreneurial profit in the market for owner-occupied properties. (TR p. 27-28, 44-46.)

Becker next computed physical depreciation of 81.82% or \$10,124,836, using the Marshall Valuation Service age life guidelines based on an economic life of 55 years and a weighted age of 45 years for the subject. Becker estimated functional obsolescence of \$224,996 or 10% of the physically depreciated cost due to the subject's lower 12.5 foot ceiling height in some areas, which are below market expectations. After subtracting physical depreciation and functional obsolescence, Becker concluded the subject's buildings have a depreciated value of \$2,024,967. Becker also used physical depreciation of 81.82% or \$650,186 for the site improvements to compute a depreciated value of the site improvements of \$144,486. (TR p. 28-30, Becker Appraisal, p. 45-47).

To compute the subject's value under the cost approach, Becker added the land value to the depreciated value of the buildings and the site improvements to conclude a value for the subject under the cost approach of \$2,600,00 rounded. (TR p. 30, Becker Appraisal, p. 47).

Under the sales comparison approach, Becker selected five comparable industrial properties located in Bellevue (Peoria County), Normal (McLean County), Freeburg, Benton (Franklin County), and Wauconda (Lake County). One comparable is located in the Illinois Industrial Submarket like the subject. On cross-examination, Becker acknowledged only two comparable sales are located within 100 miles of the subject. Becker testified that none of the comparable sales are close in proximity to an interstate, river, or railroad. Four comparables are owner-occupied light manufacturing properties and comparable #3 is a part tenant and part owner-occupied light manufacturing and self-storage facility. Becker testified his primary criteria for selecting the comparables were age and ceiling height. The comparable parcels range in size from 0.54 of an acre to 35.24 acres of land area and are improved with industrial buildings of concrete block, steel frame, or masonry and steel exterior construction ranging in size from 21,796 to 397,418 square feet of gross building area. The buildings were constructed from 1954 to 1988. Each property features ceiling heights from 12 to 34 feet, 2 to 18 drive-in doors, and from 2.47% to 8.78% office area. Four comparables have 2 to 23 dock doors. The comparables sold from November 2017 to March 2020 for \$166,500 to \$3,700,000 or from \$2.52 to \$16.56 per square foot of gross building area, including land. Becker made part qualitative and part quantitative adjustments to the comparables for differences from the subject, to arrive at adjusted prices ranging from \$2.52 to \$11.59 per square foot of gross building area, including land. He identified three comparables as having superior locations to the subject and two comparables as differing from the subject in condition. Becker used a paired sales analysis to develop the adjustments to comparable #3, to which he testified he gave the least weight. Becker concluded a value for the subject under the sales comparison approach of \$2,200,000 rounded. (TR p. 31-37, 43, 46 Becker Appraisal, p. 49-53).

In reconciling the two approaches, Becker gave more weight to the sales comparison approach with secondary weight given to the cost approach. (Becker Appraisal p. 54).

The appellant also submitted a copy of the final decision of the board of review disclosing the property has a total assessment of \$1,080,998, which would reflect a market value of \$3,318,999 or \$15.26 per square foot of gross building area, including land, when using the 2020 three-year average median level of assessment for St. Clair County of 32.57% as determined by the Illinois Department of Revenue.

At hearing, the appellant contended in closing argument that the parties agree the subject has below market standard ceiling heights and a non-ideal location. The appellant presented a spreadsheet of the cost approaches in the two appraisals as a demonstrative exhibit, labeled as Hearing Exhibit #7, which drew no objection. With regard to the intervenor's appraisal, the appellant argued the effective age is not supported as the appraiser did not inspect the interior of the subject and relied on statements in the Becker Appraisal to conclude the subject is well maintained. The appellant further argued entrepreneurial profit should not be considered given the subject is owner-occupied and its highest and best use as vacant is to hold for future development due to low demand. The appellant contended the intervenor's appraisal would have a value conclusion similar to the Becker Appraisal, but for the inclusion of entrepreneurial profit and use of a lower effective age. Furthermore, the appellant asserted the comparable sales in the intervenor's appraisal are smaller buildings than the subject, the report omits relevant details regarding the comparables and their sales, and the adjustments to the comparable sales are unsupported. (TR p. 122-127). With respect to the Becker Appraisal, the appellant contended Becker's conclusions were based on his personal knowledge of the exterior and interior of the subject property and relied on market data. The appellant asserted Becker explained why entrepreneurial profit was not appropriate for the subject, an older owner-occupied property, which was unlikely to attract a developer. (TR p. 127-129).

Based on this evidence, the appellant requested a reduction in the subject's assessment to reflect the appraised value conclusion.

Board of Review's Evidence

The board of review did not submit its "Board of Review Notes on Appeal" or any evidence in support of its assessment of the subject property as required by Section 1910.40(a) of the rules of the Property Tax Appeal Board. 86 Ill. Admin. Code § 1910.40(a). Therefore, the board of review was found to be in default pursuant to Section 1910.69(a) of the rules of the Property Tax Appeal Board. 86 Ill. Admin. Code § 1910.69(a).

Intervenors' Evidence

In support of its contention of the correct assessment, the intervenor submitted an appraisal estimating the subject property had a market value of \$3,260,000 as of January 1, 2020 (the "Howard Appraisal"). The appraisal was prepared by Donna J. Howard, MAI, a certified general real estate appraiser, to estimate the subject's fair market value as of January 1, 2020. Howard made physical inspections of the exterior only of the subject on December 14, 2021 and February

6, 2022. Details regarding the subject's interior were drawn from the Becker Appraisal. (Howard Appraisal, p. 6, 8, 30).

At hearing, the intervenor asserted the subject property is located in southern St. Clair County, approximately 24 miles from St. Louis, Missouri, a major metropolitan area. The intervenor argued Howard's testimony will show the subject had a market value of \$3,260,000. (TR p. 7-8).

The intervenor presented its witness, Howard, who testified she is a member of the Appraisal Institute, has the MAI designation, and is a certified general real estate appraiser in Illinois, Missouri, and Florida. She further testified she has operated her own appraisal firm for the last 30 years and performs 50 to 75 appraisals per year, which includes appraisals of industrial properties. Howard was then qualified as an expert in the appraisal of industrial properties, without objection. (TR p. 49-50, Howard Appraisal, p. 50-51).

Howard confirmed she prepared the appraisal submitted by the intervenor in this appeal.³ Howard testified the subject property is located in Freeburg, which she described as being part of the St. Louis metropolitan area. Howard testified the subject is located on a secondary roadway that connects to larger state highways. (TR p. 51, 55-57, Howard Appraisal, p. 11-12).

Howard determined the highest and best use of the subject property as vacant is to hold it vacant for future development. Howard wrote in the report: "New construction of speculative industrial properties at this time does not appear to be financially feasible. New construction for owner occupancy may be financially feasibly [sic]." She testified there was a lack of demand for new construction, leading to her conclusion that the highest and best use of the subject as vacant was to hold it for development. Howard determined the highest and best use of the subject property as improved is as a light manufacturing facility. (TR p. 84, Howard Appraisal, p. 31-32).

Howard developed the cost and sales comparison approaches to value, but did not develop the income capitalization approach due this type of property typically being owner occupied and a lack of rental data. (TR p. 60, Howard Appraisal, p. 34).

Under the cost approach, Howard selected three comparable land sales located in Belleville and Mascoutah. Howard testified two land sales were located in an industrial park in Belleville and one land sale was at the intersection of two state highways in Mascoutah. The comparables have sites that range in size from 108,900 to 392,040 square feet of land area and sold from December 2017 to July 2019 for prices ranging from \$55,000 or \$142,500 or from \$0.36 to \$0.51 per square foot of land area. Howard made quantitative adjustments to the comparables for differences from the subject in size, location, access/visibility, and functional utility to arrive at adjusted sales prices ranging from \$0.32 to \$0.38 per square foot of land area. Based on the foregoing, Howard concluded a value of \$0.35 per square foot of land area or \$300,000 rounded. (TR p. 61-63, Howard Appraisal, p. 34-36).

³ The board of review contended it did not receive a copy of the Howard Appraisal. The Board notes that the record contains a letter to the board of review dated April 14, 2022 to forward all evidence received for this appeal. The board of review did not object to the admission of the Howard Appraisal.

Howard calculated a replacement cost new for the subject buildings of \$12,374,800 using Marshall & Swift and calculated a replacement cost new for the site improvements of \$800,000, including paving, lighting, and landscaping. On cross-examination, Howard testified she relied in part on information and photographs in the Becker Appraisal for her conclusions regarding condition and quality of the interior building materials and to calculate the replacement cost new of the subject. (TR p. 84, Howard Appraisal, p. 36).

Howard then added “overhead and profit” of 10% or \$1,317,480, which she testified was estimated based on her education, experience, and training. In the report, she explained developer’s profit or entrepreneurial return is “the return required or expected by the entrepreneur for assuming the risk associated with developing a new property.” She stated the cost approach would be incomplete without accounting for entrepreneurial profit. (Howard Appraisal, p. 36-37).

On cross-examination, Howard agreed The Appraisal of Real Estate is an authoritative text in the appraisal field and acknowledged that the Fifteenth Edition of this text was published in 2020. The appellant’s attorney, Wadland, presented the witness with an excerpt from The Appraisal of Real Estate, Fifteenth Edition, p. 536-38, labeled as Hearing Exhibit #2, which was admitted without objection. Howard read from page 536 of the text that an estimate of entrepreneurial profit “is only as reliable and precise as the available market data warrants.” She agreed that entrepreneurial profit is derived from the market and acknowledged that her report does not include any market data to support entrepreneurial profit. Howard read from page 537 of the text that in estimating entrepreneurial incentive or profit, appraisers should consider the “effects of supply and demand for properties of that type in the subject property’s market area.” Howard testified that supply and demand are sometimes considerations in entrepreneurial profit, but acknowledged the text at page 537 does not include the same “sometimes” qualification. Howard read from page 537-538 of the text that for owner-occupied properties entrepreneurial incentive “may be the first cost lost in value if those properties are not constructed similar to the ideal improvement” and that other incentives may be considered by an owner-occupant. Howard agreed the subject was not an ideal improvement in the market and that the market for an industrial manufacturing property has changed since the subject was built. She agreed the subject had been owned and occupied by the appellant since it was constructed. She acknowledged that owners of owner-occupied properties may be motivated by other incentives. Howard testified entrepreneurial incentive is sometimes appropriate and is sometimes not appropriate. (TR p. 64-65, 84-92, Howard Appraisal, p. 36-37).

Howard used the age life method to compute physical depreciation for the subject’s buildings of 73% or \$9,936,964, based on an estimated economic life of 55 years and an effective economic age of 40 years. On cross-examination, Howard testified she also considered comparable sales in determining depreciation, but acknowledged the report does not state that comparables sales were also used. Howard computed physical depreciation for the subject’s site improvements of 73% or \$642,400. She estimated 20% or \$782,583 for functional obsolescence for the subject’s ceiling heights. Howard testified she calculated a weighted chronological age of 45 years and estimated an effective age of 40 years or 90% of the chronological age based on photographs of the subject’s interior in the Becker Appraisal and her inspection of the exterior of the subject. Howard testified the report does not explain why a 10% deduction was used to calculate the effective age. After subtracting physical depreciation and functional obsolescence, Howard

computed a depreciated value of the subject's improvements of \$3,130,333, including overhead and profit. (TR p. 57-58, 66-67, 92-97, Howard Appraisal, p. 37-38).

Howard added the land value to the depreciated value of the subject's improvements, with overhead and profit, to arrive at value for the subject under the cost approach of \$3,430,000 rounded. (Howard Appraisal, p. 38).

Under the sales comparison approach, Howard selected four comparable sales located in Effingham, Valmeyer, Granite City, and Fairmont City. Howard testified one of the comparables is located in an industrial park and that three comparables are located in the same Illinois Industrial submarket as the subject. In the report, Howard indicated she selected the comparables based on their locations in relation to the subject. The comparables are office/warehouse, light manufacturing, or manufacturing buildings. The parcels range in size from 8.05 to 23.78 acres of land area with land-to-building ratios from 2.78:1 to 5.51:1 and are improved with office/warehouse, manufacturing, or warehouse buildings ranging in size from 84,000 to 187,862 square feet of gross building area. The buildings have effective ages of 20 or 24 years old. Each comparable features from 2 to 15% office area and ceiling heights from 19.4 to 38 feet. The comparables sold from January 2017 to October 2020 for prices ranging from \$1,700,000 to \$3,806,250 or from \$17.30 to \$26.95 per square foot of gross building area, including land. (TR p. 69, 118-19, Howard Appraisal, p. 39-47).

On cross-examination, the appellant's attorney, Wadland, presented the witness with maps and a photograph collectively labeled as Hearing Exhibit #3, which was admitted without objection. Howard testified this exhibit depicts comparable sale #1, which she agreed is located 1.5 miles from the ramp to I-57 and less than four miles from the intersection of I-57 and I-70, and has visibility from I-57. Howard testified she made a downward adjustment to this comparable for location. (TR p. 97-99).

With regard to comparable sale #2, Howard testified this property is a light manufacturing facility and disagreed that it is complemented by an adjacent Dollar General store. Howard testified she was not aware whether the seller, MAR Properties Limited Partnership, operates MAR Graphics at the property and denied the sale was a sale-leaseback transaction. She confirmed that she reviewed the Real Estate Transfer Declaration for this sale. The appellant's attorney, Wadland, presented the witness with a printout from the Illinois Secretary of State Business Entity Search for MAR Business Forms Company, labeled as Hearing Exhibit #4,⁴ which identifies a registered agent address that is the same as the property address of comparable #2. (TR p. 99-102).

Howard acknowledged comparable #3 has rail access, which was not mentioned in her report and for which she made no adjustment for access or visibility. She further acknowledged this comparable is located less than five miles from the nearest interstate highway ramp and less than five miles from the bridge to St. Louis. Howard agreed she made a 5% downward adjustment to this property for location, which was based on her experience and training. (TR p. 102-104).

⁴ The intervenor objected to this exhibit as hearsay and that it shows only the registered agent of the entity described. The appellant asserted it was offering this exhibit only to show the registered agent and argued the document was a public record. The ALJ admitted the exhibit. (TR p. 102).

With respect to comparable sale #4, Howard agreed this property is located one mile from the nearest interstate ramp and less than five miles from the intersections of I-55 and I-255, I-265 and I-64, and I-55 and I-64. Howard stated she adjusted this sale for 5% for location and 3% for access and visibility, but acknowledged the report contains no market data to support these adjustments. (TR p. 104-105).

Howard made quantitative adjustments to the comparables ranging from 14.5% to -22% for differences from the subject in location, access/visibility, size, land-to-building ratio, ceiling height, office finish, construction, age/condition, to arrive at adjusted prices ranging from \$12.36 to \$19.00 per square foot of gross building area, including land. Howard testified the adjustments were made on a percentage basis. The comparables have total adjustments ranging from -26.00% to -35.50%. Based on the foregoing, Howard concluded a value of \$15.00 per square foot of gross building area, including land, or \$3,260,000 rounded for the subject. (TR p. 68-78, Howard Appraisal, p. 39-47).

On cross-examination, the appellant's attorney, Wadland, presented the witness with an excerpt from *The Appraisal of Real Estate, Fifteenth Edition*, p. 376-77, labeled as Hearing Exhibit #5, which was admitted without objection. Howard read from the text regarding qualitative adjustments and agreed that a qualitative analysis uses bracketing. Howard denied she instead made quantitative adjustments because the comparable sales are superior to the subject. Wadland then presented the witness with an excerpt from *The Appraisal of Real Estate, Fifteenth Edition*, p. 371-72, which was admitted without objection. Howard read from the text regarding techniques to support quantitative adjustments. Howard asserted these techniques are found only in textbooks and testified she relied on her experience on market impacts and Marshall & Swift cost schedules to develop the adjustments. (TR p. 105-117).

In reconciling the two approaches to value, Howard gave the most weight to the sales comparison approach with secondary weight given to the cost approach. (TR p. 78, Howard Appraisal, p. 48).

At hearing, the intervenor contended in closing argument that Howard appropriately relied on information and photographs of the interior of the subject property to develop an effective age. The intervenor asserted Howard explained why entrepreneurial profit should be included to provide for market factors, but clarified that Howard developed the cost approach only to verify the sales comparison approach. The intervenor argued Howard selected better comparables than Becker as Howard's comparables are located closer in proximity to the subject. Furthermore, the intervenor asserted Howard quantified her adjustments unlike Becker. (TR p. 129-131).

Based on this evidence, the intervenor requested the subject's assessment be reduced to reflect the appraised value conclusion.

Conclusion of Law

The appellant contends the market value of the subject property is not accurately reflected in its assessed valuation. 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 met this burden of proof and a reduction in the subject's assessment is warranted.

The appellant and the intervenor each presented an appraisal in support of their respective positions before the Board. The board of review did not submit any evidence in support of its assessment of the subject property as required by Section 1910.40(a) of the rules of the Property Tax Appeal Board and is found to be in default pursuant to Section 1910.69(a) of the rules of the Property Tax Appeal Board. 86 Ill. Admin. Code §§ 1910.40(a) & 1910.69(a).

Both appraisers testified at hearing in support of their respective appraisal reports. They each have years of experience in valuing real estate as licensed appraisers and were qualified as experts in their field. Both appraisers developed the sales comparison and cost approaches and gave the most weight to the sales comparison approach, with secondary weight given to the cost approach. Consequently, the Board finds both appraisals substantively present value conclusions in primary reliance upon the sales comparison approach.

Under the sales comparison approach, Becker presented five comparable sales that he testified were selected based on their similarity to the subject in age and ceiling height. The comparables bracket the subject in building size, age, ceiling height, and site size and are described in the Becker Appraisal as similar to the subject in access, exposure, quality, and appeal. Four comparables are located more distant from the subject, but Becker testified they are similar to the subject in not being close to an interstate, river, or railroad. He explained that industrial properties today are built near an interstate. Becker testified he used a paired sales analysis to develop adjustments to Comparable #3, which is the least similar comparable to the subject and was given the least weight, despite its proximity to the subject.

Howard presented four comparable sales that she testified were selected based on their proximity to the subject. These comparables are closer in proximity to the subject than Becker's comparables, however, Howard testified that these comparables are each located near interstate highway ramps or rail lines, unlike the subject. The comparables bracket the subject in site size, but are smaller and newer buildings than the subject with taller ceilings heights than the subject. Howard adjusted the comparables downward from -26.00% to -35.50%, indicating these comparables are all superior to the subject.

The appellant challenged Howard Appraisal comparable #2 as a sale-leaseback due to the similarity of the seller's name (MAR Properties Limited Partnership) to the alleged occupant's name (MAR Graphics). In support of this contention, the appellant presented an Illinois Secretary of State printout depicting the registered agent address for MAR Business Forms Company. Howard disagreed that comparable #2 was a sale-leaseback. The Board finds the appellant has not demonstrated MAR Properties Limited Partnership, MAR Graphics, and MAR Business Forms Company are related entities. The printout presented by the appellant for MAR Business Forms Company does not show this company does business under the assumed name "MAR Graphics." Moreover, the appellant did not present any evidence to support the contention that "MAR Graphics" was the occupant of this property.

Based on the foregoing, the Board finds the Becker Appraisal to be more credible and/or reliable than the Howard Appraisal. Becker's comparables are similar to the subject in their locations distant from an interstate ramp, river, or rail line and they bracket the subject in age and features. In contrast, Howard selected comparables that are close to interstate ramps or rail lines unlike the subject, and are superior to the subject in age and other features. The Board finds Howard made questionable adjustments to the comparables, with smaller adjustments made for significant differences from the subject in location and access/visibility and larger adjustments for construction and age/condition even though Howard had not inspected the interior of the subject property. Consequently, the Board accepts Becker's value for the subject of \$2,200,000 under the sales comparison approach.

Although both appraisers gave most weight to the sales comparison approach, they also developed the cost approach. The appraisers arrived at relatively similar conclusions for the land value, replacement cost new of the subject's buildings and site improvements, and total depreciation. Although the appraisers calculated different percentages of physical depreciation and functional obsolescence, Becker estimated total depreciation of 91.82% and Howard estimated total depreciation of 93%.

Despite these similarities in the cost approach, the two appraisals differ significantly in entrepreneurial profit, which Howard included and Becker did not include. Becker explained entrepreneurial profit is generally not considered for owner-occupied properties, which are built for an owner-occupant rather than for speculative development. He stated he does not see entrepreneurial profit in the market for owner-occupied properties. Becker testified he did not include entrepreneurial profit in his report because the subject was built for an owner-occupant. In contrast, Howard added entrepreneurial profit in the amount of \$1,317,480, which she testified was based on her education, experience, and training. Howard agreed entrepreneurial profit is derived from market data, but did not present any market data to support her conclusion. In the Howard Appraisal, she stated entrepreneurial profit should always be included in the cost approach, but at hearing, acknowledged entrepreneurial profit is sometimes not added.

The Board finds Becker's testimony was more persuasive. Becker explained why he did not include entrepreneurial profit, whereas Howard merely asserted the cost approach is not complete without entrepreneurial profit. She then testified at hearing it is not always included. The Board finds that Howard's inclusion of entrepreneurial profit was not supported.

In summary, the Board finds the Becker Appraisal to be overall more reliable and credible than the Howard Appraisal. Based on the foregoing, the Board concludes the subject property had a market value of \$2,200,000, or \$10.00 per square foot of gross building area, land included, as of January 1, 2020. The subject's assessment reflects a market value of \$3,318,999 or \$15.26 per square foot of gross building area, which is above the best evidence of market value in this record. Based on the above analysis, the Board finds the preponderance of the evidence indicates that a reduction in the subject's assessment commensurate with the appellant's request is 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. Pursuant to Section 1910.50(d) of the rules of the Property Tax Appeal Board (86 Ill.Admin.Code §1910.50(d)) the proceeding before the Property Tax Appeal Board is terminated when the decision is rendered. The Property Tax Appeal Board does not require any motion or request for reconsideration.



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: December 19, 2023



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 or years of the same general assessment period, as provided in Sections 9-125 through 9-225, 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 such subsequent year or years 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 OR YEARS. A separate petition and evidence must be filed for each of the remaining years of the general assessment period.

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.

PARTIES OF RECORD

AGENCY

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