



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

APPELLANT: Galesburg Hospital Corporation
DOCKET NO.: 21-06461.001-C-1
PARCEL NO.: 99-10-280-024

The parties of record before the Property Tax Appeal Board are Galesburg Hospital Corporation, the appellant, by Robert W. McQuellon III, Attorney at Law in Peoria; the Knox County Board of Review.

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

LAND: \$10,802
IMPR.: \$4,591
TOTAL: \$15,393

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellant timely filed the appeal from a decision of the Knox County Board of Review pursuant to section 16-160 of the Property Tax Code (35 ILCS 200/16-160) challenging the assessment for the 2021 tax year. The Property Tax Appeal Board finds that it has jurisdiction over the parties and the subject matter of the appeal.

A consolidated hearing was held in Docket Nos. 21-06456-C-2, 21-06457-C-3, 21-06458-C-3, 21-06459-C-3, 21-06460-C-1, and 21-06461-C-1. Individual decisions will be issued for each appeal.

Findings of Fact

The subject property consists of an 87,133 square foot parcel improved with a parking lot. The subject is part of a seven-parcel¹ hospital complex comprised of four improvements containing approximately 490,000 square feet of total building area. The property has a total land area of approximately 607,800 square feet, of which six parcels are located in Galesburg, Galesburg Township, Knox County, and one parcel is located in Knoxville, Knoxville Township, Knox County.

¹ Only six of the seven parcels comprising the hospital property are under appeal.

The appellant's appeal is based on overvaluation. In support of this argument the appellant submitted evidence disclosing the hospital complex was sold on April 7, 2022 for a price of \$4,000,000. In support of the sale, the appellant submitted an unrecorded PTAX-203 Real Estate Transfer Declaration and a settlement statement which lists the buyer as OSF Healthcare System, a sale price of \$4,000,000, and a settlement date of April 7, 2022. The PTAX-203 also lists on line 12a that \$2,000,000 of personal property was included in the sale.

At the hearing, the appellant called Knox County Assessor Sonia Hochstetler to testify. Hochstetler testified that the subject's assessment was derived from a prior sale, with the township assessor making appropriate adjustments in reassessment years and the application of any equalization factors.²

The appellant then called Sanjay Sharma, CEO of Galesburg Hospital Corporation, to testify. Sharma stated that sales within the hospital industry are generally confidential and that if the sale were public, hospital staff would perceive the sale as an indicator of the hospital's poor financial health and the resultant fleeing of hospital staff would cause the property's value to decrease. Sharma asserted that the hospital's value is based on whether the hospital is functioning. Sharma then described the process of purchasing the hospital in 2020. Sharma explained that the seller's parent company, Quorum Health, hired MTS Partners to market the hospital complex for sale. In June of 2020, the appellant's parent company SBJ Group purchased the hospital complex for \$8,000,000. Due to the COVID pandemic and the lack of Medicare revenue, the appellant listed the property for sale, marketing it to potential local buyers. The witness testified there were two interested parties, ultimately selling it to OSF Healthcare System for \$4,000,000.

Under cross-examination, Sharma reaffirmed that the appellant's parent company purchased the hospital complex for \$8,000,000. Sharma noted that the purchase price included the property, the operating entity, and accounts receivable. The witness reiterated that the property was not advertised for sale, having been marketed by MTS Partners to "bigger players," and eventually to potential regional buyers like the appellant. When questioned regarding the appellant's submission of a nonrecorded PTAX-203 form for the 2022 sale, the witness stated that he was not familiar with the form and that the attorney handling the sale prepared the forms. Sharma confirmed that a PTAX-203 form for the 2020 purchase was not submitted in this appeal.

Under questioning by the Administrative Law Judge, the appellant acknowledged PIN 99-10-280-004 was included in the sale but was not under appeal. The appellant also asserted that the sale price included personal property comprised of medical equipment. The witness stated that the parcels were not individually valued in the sale, but were purchased in June 2020 as a single asset and were then sold in April 2022 in the same manner. Sharma then testified that the appellant's parent company negotiated the purchase of the hospital complex in January 2020, but the seller filed for bankruptcy in April 2020, requiring the appellant to seek the bankruptcy court's approval of the sale. Sharma asserted that the bankruptcy proceedings did not affect the purchase price, noting that no creditors challenged the sale and the sale was approved by the court.

² The property record card submitted by the appellant depicts a June 2004 sale of the subject for \$14,756,312.

Under recross-examination, counsel for the board of review presented the witness with a copy of the recorded PTAX-203 form, which was part of the board of review's submission. Sharma acknowledged that the document did not reflect any personal property being a part of the transaction. Sharma confirmed that no evidence regarding the 2020 purchase was submitted in this appeal. Regarding the 2022 sale, Sharma confirmed that an appraisal was completed by the purchaser, but that the appellant did not obtain its own appraisal of the hospital complex.

On re-direct examination, Sharma testified that the appellant was unsuccessful in gathering the necessary information in time to appeal the 2020 assessment.

The appellant also submitted a copy of the board of review final decision disclosing a total assessment for PIN 99-10-280-024 of \$87,170.

Based on this evidence, the appellant requested a reduced assessment of \$11,940 for PIN 99-10-280-024, for an estimated market value of \$35,899 or \$0.41 per square foot of land area, when applying the 2021 three-year average median level of assessment for Knox County of 33.26%.

The board of review's counsel moved for a directed verdict, arguing that the appellant failed to satisfy its burden of going forward. The appellant argued that the board of review did not submit any evidence to support the subject's assessment. The Administrative Law Judge reserved ruling on the motion.

The board of review submitted its "Board of Review Notes on Appeal" for PIN 99-10-280-004, which is not under appeal. The subject's assessment reflects a market value of \$262,087 or \$3.01 per square foot of land area, when using the 2021 three-year average median level of assessment for Knox County of 33.26% as determined by the Illinois Department of Revenue.

The board of review called Sonia Hochstetler to testify. Hochstetler testified that she had no involvement in the subject's 2021 assessment and that the Galesburg Township Assessor, Steve Daly, passed away. Hochstetler stated that the subject hospital was functioning as of January 1, 2021, and that the 2022 sale is not a reliable indicator of the subject's value as of January 1, 2021.

On cross-examination, Hochstetler reaffirmed that she was not involved in determining the subject's assessment. Hochstetler acknowledged she did not have experience in healthcare valuation.

On re-direct examination, Hochstetler testified that Galesburg Township Assessor Daly was a licensed appraiser, and that she therefore had confidence in Daly's experience to value the subject. Hochstetler stated that she was currently involved in the assessments of the subject and other hospitals in Galesburg.

Under recross-examination, Hochstetler stated that she had not revalued the subject after the April 2022 sale.

In support of its contention of the correct assessment the board of review submitted documents from the 2021 board of review appeal, the recorded PTAX-203 associated with the hospital

complex's April 2022 sale, and a memorandum arguing that the sale was not advertised, personal property was not included in the sale, and the property was purchased out of bankruptcy, influencing the sale price.

The intervenor, Galesburg School District #205, did not appear at the hearing and is found to be in default pursuant to section 1910.69(b) of the rules of the Property Tax Appeal Board. (86 Ill. Admin. Code §1910.69(b)).

During closing arguments, the appellant moved for a directed verdict arguing that the board of review failed to provide evidence to support the current assessment. The Administrative Law Judge reserved ruling on the motion.

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 Board hereby denies the board of review's motion for a directed verdict and finds that the appellant satisfied its burden of going forward by providing sufficient evidence to challenge the assessment. The Board also denies the appellant's motion for a directed verdict and finds that the board of review satisfied its burden by submitting evidence and testimony to support its assessment or an alternate valuation.

The record in this appeal reveals the property sold in April 2022 for a price of \$4,000,000. The appellant submitted a copy of an unrecorded PTAX-203 listing a sale price of \$4,000,000 and depicting \$2,000,000 of personal property included in the sale, while the board of review submitted a copy of a recorded PTAX-203 listing a sale price of \$4,000,000 without any personal property being included in the sale. The Board gives greater weight in its analysis to the signed, recorded PTAX-203, which was signed by both the seller and the buyer under oath as being true and correct and was recorded by the Knox County Recorder of Deeds. Further, the settlement statement submitted by the appellant supports the recorded PTAX-203.

Although the PTAX-203 states the property was not advertised for sale, the Board finds Mr. Sharma's testimony that the property was marketed for sale to be credible. With respect to the board of review's argument that the seller's bankruptcy influenced the sale price, the Board finds Mr. Sharma's unrefuted testimony to be the best evidence in this record.

The Board finds the sale price is below the market value reflected by the assessment. The Board finds the board of review did not present any credible evidence to challenge the arm's length nature of the 2022 sale transaction or to refute the contention that the purchase price was reflective of market value. Based on this record the Board finds the hospital complex had a market value of \$4,000,000 as of January 1, 2021. Since market value has been determined the

2021 three-year average median level of assessment for Knox County of 33.26% shall apply. 86 Ill. Admin. Code §1910.50(c)(1).

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). A contemporaneous sale of two parties dealing at arm's length is not only relevant to the question of fair cash value but is practically conclusive on the issue of whether an assessment is reflective of market value. *Korzen v. Belt Railway Co. of Chicago*, 37 Ill.2d 158 (1967).

Based on this record the Board finds the subject's assessment is not reflective of market value and a reduction in the subject's assessment is justified.

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: _____

May 20, 2025



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

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