



Patrick Urich
County Administrator

County of Peoria

County Administration

Peoria County Courthouse, Room 502
324 Main Street, Peoria, Illinois 61602
Phone (309) 672-6056 Fax (309) 672-6054 TDD (309) 672-6073
Email: purich@co.peoria.il.us

MEMORANDUM

Date: May 12, 2009

To: Thomas H. O'Neill County Board Chairman
County Board Members

From: Patrick Urich, County Administrator *Pat U*

RE: Common Assessment Concerns

Each year, Peoria County and the Supervisor of Assessment's Office experience a certain amount of public dissatisfaction with assessed property values and the appeals process. Typically, this dissatisfaction manifests itself as complaints rendered against the Board of Review. As a result of these complaints, recent public meetings, and Freedom of Information requests, staff has compiled a list of the most common concerns that have arisen and their appropriate responses.

Why don't township assessors, county assessors, and the Board of Review take into consideration the housing market slump when assessing property?

Peoria County is required by the Illinois Department of Revenue to use a three-year sales study for assessments. This is a retroactive value using 2005, 2006, and 2007 sales - when the market was still thriving - to determine 2008 assessments. While this requirement is advantageous in an upward market, it can be detrimental in declining markets. Peoria County's new CAMA system, however, does allow assessment officials to now track market conditions in a more timely manner and make appropriate adjustments on a neighborhood basis from year to year.

Property owners can help themselves by making sure property characteristics such as square footage are accurately recorded. Owners should notify township assessors immediately if an inaccuracy is found.

Peoria County will increase outreach efforts to raise awareness of the assessment process, placing particular emphasis on the three-year sales study.

How is market value determined?

According to the Illinois Department of Revenue's guide, "The Illinois Property Tax System"¹:

¹ US. State of Illinois. Department of Revenue. The Illinois Property Tax System: A general guide to the local property tax cycle.

Value is a complicated concept with many definitions. Most real property in Illinois must be assessed based on its value on the open market, or its "market value." This value is the amount at which a property would sell in a competitive and open market, presuming that

- Both the buyer and seller are knowledgeable about the sale and are using sound judgment by allowing sufficient time for the sale
- The sale is not affected by undue pressures (e.g. foreclosure, bankruptcy)

One or more of the following three methods is used to determine market value:

- **Market data** - Similar, neighboring properties that have sold recently are compared to the property being assessed.
- **Cost** - The cost to reproduce (or rebuild) the property is calculated, an amount for depreciation is subtracted, and land value is then added.
- **Income** - The present worth of the income from an income-producing property is calculated by measuring the amount, quality, and durability of the future net income the property can be expected to return to an investor.

Is Peoria County over-valuing property because of budget concerns?

Budget, or a need to maintain tax base, has no bearing on decisions made by township assessors, county assessors, or the Board of Review. Each case is decided on its merit regarding equity and fair market value. Taxing districts set levies each year that determine the amount of money they require to operate *that* year.

Township assessors are responsible for valuing individual properties in the township. The township is mandated by the State of Illinois to have an overall assessed value of 33.33%, all properties combined. If a township is under the overall assessed value, the county is obligated to apply a multiplier to bring that township up to this valuation, or equalize the township, regardless if some individual properties are valued fairly or not.

The county **does not** apply values to individual properties. Only township assessors can do that. The county applies multipliers to individual property classes in a township: residential, commercial, and industrial. If the county does not equalize a township, the county as a whole falls below the State's required value of 33.33%. In that circumstance, the State would put a multiplier on the entire county, regardless if there are townships that are fairly valued. Thus, the corrective measure taken at each level of government worsens exponentially for individual property owners if properties are not valued accurately.

Assessments are compared to sale prices to determine the level of assessments in Peoria County. This information is reviewed by the State annually. If Peoria County overvalued property, the Illinois Department of Revenue would place a negative equalization factor on the entire county to bring the level into compliance of 33.33%. The attached table provides 2007 final equalization factors and three year averages for all Illinois counties. At last review, in 2008, Peoria County had a market value of 33.13%.

My taxes are too high.

Taxes are determined primarily through levies applied to the equalized assessed value of a property by the different taxing districts. Increased or decreased assessments typically do not have a direct impact on the tax bill. Decreased assessments do not necessarily mean tax bills will decrease. An assessment is simply a measurement used to evaluate the correct portion of a property owner's share of the overall tax obligations.

I feel I was not treated courteously at a Board of Review hearing. What can I do?

Steps are being taken to address this issue. Each Board of Review hearing is recorded. Further, staff recommends amending the Board of Review Rules to include instructions for filing a timely complaint regarding potential discourteous treatment.

The Board of Review does not explain the assessment process or its decision.

The Board of Review does not assess property; this is done at the township level. Questions regarding methodology should be directed to the township assessor early on, as recommended in the Board of Review Rules. A township assessor may be able to correct an assessed value, thereby eliminating the need for appeal. Questions may also be directed to the Supervisor of Assessments Office. Peoria County will continue efforts to encourage property owners to contact their township assessor with any concerns regarding assessed value.

It is the duty of the appellant to prove his or her case by preponderance of the evidence for fair market value complaints, and clear and convincing evidence for equity complaints. The Board of Review bases its decision on this evidence. Currently, there is no explanation of the decision by the Board of Review on their decision form. Staff recommends adding a field for explanation on the Board of Review's decision form, similar to Will County.

What is the relationship between the Supervisor of Assessments and the Board of Review?

By statute, the Supervisor of Assessments is the clerk to the Board of Review. Township assessors and the Supervisor of Assessments assist in preparing and providing evidence as needed to the Board of Review. Attendance at Property Tax Appeal Board hearings and Board of Review hearings is encouraged. According to The Township Assessors' Guide², published by the Illinois Assessors' Association, assessment related duties include

- Defending assessments appealed to the local Board of Review
- Assisting county officials in defending assessments before the Property Tax Appeal Board
- Public relations

Should rental properties be considered differently than owner-occupied properties due to their condition?

According to the Illinois Department of Revenue's guide, "The Illinois Property Tax System"³:

Some possible grounds on which property assessments may be appealed include

- **Market value** - Proof that the market value is less than the assessment as demonstrated by a recent "arm's-length" sale, a property appraisal, comparison of the property's assessed value to recent sales information for comparable properties, or actual construction costs.

² US. Township Officials of Illinois. Illinois Assessors' Association. The Township Assessors' Guide. By Steven W. Stanger. Springfield, IL: Illinois Assessors' Association, 2007.

³ US. State of Illinois. Department of Revenue. The Illinois Property Tax System: A general guide to the local property tax cycle.

- **Equity or uniformity** - Proof that comparable or similar properties in the neighborhood have lower assessments than the taxpayer's property on a per square foot basis as demonstrated by presenting data for comparable properties from the neighborhood, including any income and expense data.

The Board of Review considers each case individually and the appellant is responsible for presenting a market value argument or an equity argument, as outlined above.

Peoria County encourages transparency on behalf of the property owner. If the property owner argues his or her rental property should have a lower assessed value due to the condition of the property, than the property owner should allow a physical inspection of the property in question. *If the owner refuses inspection, staff recommends a market value argument not be allowable.* There are times when property owners base their argument for reduced assessment on equity, where they state that the properties do not generate nearly as much income as other income-producing properties. *In this instance, staff recommends requiring proof of income and expense data for the previous three years.* These practices are consistent with the Board of Review Rules adopted in Kane County.

In light of these common concerns, staff recommends a review of the Board of Review Rules and appropriate amendments to allow for transparency to the taxpayer filing a complaint. An offer should be extended for tax representatives to review the amended Rules before adoption, as was done previously. An additional review of Rules from other Illinois counties is recommended during the internal review process to eliminate uncertainties and better clarify requirements. Lake, Will, and Kane County Board of Review Rules are currently being analyzed as taxpayer in these counties have raised similar concerns as here in Peoria.

Involving tax representatives in the review of Rules process in 2007; placing sales information, Rules, and pertinent deadlines on Peoria County's website; standardizing forms; recording hearings; requiring evidence submittal at hearings; and developing the GIS front desk application have all served well to increase transparency and raise public awareness of the assessment and appeals processes. *Peoria County's Supervisor of Assessments, township assessors, and Board of Review members should strive to make themselves accessible to constituents and consider enhancing public outreach efforts so taxpayers better understand how to file a complaint and what information is required as evidence.* The Supervisor of Assessments Office has agreed to increase its public awareness efforts in this regard.

Table 3, 2007 Final Equalization Factors

County	2004	2005	2006	3-year Average	2007 Final Equalization Factor	Equalized Assessment Level	County	2004	2005	2006	3-year Average	2007 Final Equalization Factor	Equalized Assessment Level
ADAMS	35.18	33.34	31.12	33.21	1.0000	33.21*	LEE	34.51	32.64	30.48	32.54	1.0243	33.33
ALEXANDER	29.85	40.05	30.08	33.33	1.0000	33.33*	LIVINGSTON	34.56	33.81	31.65	33.34	1.0000	33.34*
BOND	34.93	31.77	30.05	32.25	1.0335	33.33	LOGAN	33.88	33.18	32.30	33.12	1.0000	33.12*
BOONE	35.44	32.82	31.64	33.30	1.0000	33.30*	MCDONOUGH	34.81	33.83	31.40	33.35	1.0000	33.35*
BROWN	33.88	34.85	33.01	33.91	0.9829	33.91*	MCHEMRY	34.66	33.53	31.55	33.25	1.0000	33.25*
BUREAU	34.50	33.26	32.00	33.25	1.0000	33.25*	MCLEAN	33.85	33.85	31.86	33.19	1.0000	33.19*
CALHOUN	32.29	31.16	36.67	33.37	1.0000	33.37*	MACON	34.48	33.17	32.23	33.29	1.0000	33.29*
CARROLL	35.80	33.18	31.13	33.37	1.0000	33.37	MACOUPIN	34.04	32.10	30.65	32.26	1.0332	33.33
CASS	34.49	33.25	32.42	33.39	1.0000	33.39*	MADISON	35.20	32.92	31.78	33.30	1.0000	33.30*
CHAMPAIGN	34.42	33.00	32.14	33.19	1.0000	33.19*	MARION	34.92	33.61	32.42	33.65	1.0000	33.65*
CHRISTIAN	34.02	33.54	32.70	33.42	1.0000	33.42*	MARSHALL	39.10	33.18	25.51	32.60	1.0224	33.33
CLARK	33.60	32.17	30.55	32.11	1.0380	33.33	MASON	34.04	32.25	32.29	32.86	1.0000	32.86*
CLAY	35.87	33.74	34.51	34.71	0.9602	34.71*	MASSAC	35.37	32.95	31.89	33.40	1.0000	33.40*
CLINTON	35.46	33.97	31.92	33.78	1.0000	33.78*	MENARD	34.77	33.17	32.64	33.53	1.0000	33.53*
COLES	33.83	33.49	32.21	33.18	1.0000	33.18*	MERCER	33.79	32.06	33.15	33.00	1.0000	33.00*
COOK	12.58	11.83	10.74	11.72	2.8439	33.33	MONROE	34.59	33.80	31.42	33.27	1.0000	33.27*
CRAWFORD	33.93	34.51	31.69	33.38	1.0000	33.38*	MONTGOMERY	33.06	30.50	28.42	30.66	1.0871	33.33
CUMBERLAND	35.06	32.94	31.92	33.31	1.0000	33.31*	MORGAN	34.25	32.69	32.93	33.29	1.0000	33.29*
DEKALB	35.36	33.70	30.79	33.28	1.0000	33.28*	MOULTRIE	34.80	32.62	33.19	33.54	1.0000	33.54*
DEWITT	35.38	33.92	31.11	33.47	1.0000	33.47*	OGLE	35.68	32.66	31.43	33.26	1.0000	33.26*
DOUGLAS	34.34	32.04	30.92	32.43	1.0278	33.33	PEORIA	34.80	33.19	31.67	33.22	1.0000	33.22*
DUPAGE	36.41	32.98	30.40	33.26	1.0000	33.26*	PERRY	33.18	33.70	31.12	32.67	1.0202	33.33
EDGAR	34.49	32.74	34.14	33.79	1.0000	33.79*	PIATT	35.23	32.97	31.50	33.23	1.0000	33.23*
EDWARDS	37.49	33.16	32.57	34.41	0.9686	34.41*	PIKE	35.45	32.04	31.53	33.01	1.0000	33.01*
EFFINGHAM	34.49	32.35	32.54	33.13	1.0000	33.13*	POPE	36.37	28.98	24.63	33.33	1.0000	33.33*
FAYETTE	34.76	33.77	31.45	33.33	1.0000	33.33	POULASKI	34.55	40.08	26.77	33.80	1.0000	33.80*
FORD	35.01	32.83	33.08	33.64	1.0000	33.64*	PUTNAM	35.50	28.84	35.86	33.40	1.0233	33.40*
FRANKLIN	34.88	32.82	31.78	33.16	1.0000	33.16*	RANDOLPH	35.44	32.72	31.71	33.29	1.0000	33.29*
FULTON	35.08	33.93	32.83	33.95	0.9817	33.95*	RICHLAND	33.60	32.92	33.10	33.21	1.0000	33.21*
GALLATIN	35.80	36.59	27.16	33.18	1.0000	33.18*	ROCK ISLAND	35.16	33.33	32.24	33.58	1.0000	33.58*
GREENE	34.60	32.42	30.42	32.48	1.0262	33.33	ST. CLAIR	35.65	33.13	31.47	33.42	1.0000	33.42*
GRUNDY	35.65	33.31	31.01	33.32	1.0000	33.32*	SALINE	34.94	33.11	31.85	33.30	1.0000	33.30*
HAMILTON	34.79	33.29	31.94	33.34	1.0000	33.34*	SANGAMON	34.69	33.08	32.22	33.33	1.0000	33.33*
HANCOCK	33.74	32.79	33.70	33.41	1.0000	33.41*	SCHUYLER	36.34	30.99	31.95	33.09	1.0000	33.09*
HARDIN	39.34	27.60	30.46	32.47	1.0265	33.33	SCOTT	36.73	32.52	30.74	33.33	1.0000	33.33*
HENDERSON	34.53	34.30	31.36	33.40	1.0000	33.40*	SHELBY	31.80	30.57	26.05	29.47	1.1310	33.33
HENRY	34.53	33.04	32.02	33.20	1.0000	33.20*	STARK	35.57	33.06	31.94	33.39	1.0000	33.39*
IROQUOIS	35.40	32.76	31.73	33.30	1.0000	33.30*	STEPHENSON	34.14	32.66	32.04	32.95	1.0000	32.95*
JACKSON	33.92	31.88	30.18	31.99	1.0419	33.33	TAEZEWELL	34.20	33.05	31.99	32.95	1.0000	32.95*
JASPER	34.99	32.26	31.37	32.87	1.0000	32.87*	UNION	34.34	34.67	30.98	33.33	1.0000	33.33*
JEFFERSON	35.55	33.61	30.90	33.35	1.0000	33.35*	VERMILION	35.80	33.20	31.45	33.48	1.0000	33.48*
JERSEY	34.96	34.16	30.49	33.20	1.0000	33.20*	WABASH	34.54	34.16	31.27	33.32	1.0000	33.32*
JODAVIESS	37.16	32.91	29.36	33.14	1.0000	33.14*	WARREN	35.46	33.10	31.90	33.49	1.0000	33.49*
JOHNSON	35.70	34.07	30.05	33.27	1.0000	33.27*	WASHINGTON	32.84	33.67	32.70	33.07	1.0000	33.07*
KANE	35.40	33.07	31.36	33.28	1.0000	33.28*	WAYNE	35.94	34.17	29.87	33.33	1.0000	33.33*
KANKAKEE	35.57	33.39	31.10	33.35	1.0000	33.35*	WHITE	35.71	33.10	31.18	33.33	1.0000	33.33*
KENDALL	34.90	32.50	30.60	32.68	1.0202	33.33	WHITESIDE	34.78	32.94	32.46	33.39	1.0000	33.39*
KNOX	35.81	33.25	31.99	33.68	1.0000	33.68*	WILL	35.75	33.12	31.33	33.40	1.0000	33.40*
LAKE	34.72	33.31	31.49	33.17	1.0000	33.17*	WILLIAMSON	35.62	32.72	31.66	33.33	1.0000	33.33*
LASALLE	35.80	32.74	31.08	33.21	1.0000	33.21*	WINNEBAGO	34.97	33.28	31.58	33.28	1.0000	33.28*
LAWRENCE	32.95	31.72	30.34	31.67	1.0524	33.33	WOODFORD	34.54	33.61	31.75	33.30	1.0000	33.30*

* Under provisions of Section 17-25 of the Property Tax Code (35 ILCS 200/17-25), a final equalization factor of 1.0000 is issued to any county whose actual level of assessments is within 1% of the required level.