



***2017 Annual***  
***Instructional Assembly***  
***For***  
***Rock Island County***  
***Township Assessors***

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# *Table of Contents*

Purpose of the Meeting _____	4
 <b>Assessment Practice</b>	
Assessment Date _____	4
Valuation in the General Assessment Year _____	4
Pro-Rata Assessments _____	5
Destroyed Property _____	6
Developer’s Relief Assessment _____	6
Splits and Subdivisions _____	7
Use Codes _____	7
Guidelines for Woodland & Forestry Assessments _____	9
Farm Property _____	10
2015 Farmland P.I. Changes _____	11
 <b>Exemptions</b>	
Marriage Equity Bill, Civil Unions _____	12
General Homestead (Owner-Occupied) _____	13
Homestead (Senior Citizens) _____	13
Senior Citizen Assessment Freeze _____	14
Returning Veterans _____	14
Disabled Veterans Standard _____	15
Disabled Persons _____	16
Home Improvement _____	16
Accessibility Improvements _____	16
Natural Disaster _____	17
Non-Homestead _____	18
 <b>Miscellaneous</b>	
Certificates of Error _____	18
Assessment Corrections _____	19
Exposure to the Open Market _____	20
Deed Types for Sales Ratio _____	21
Use of Sale Price in Assessments _____	22
Non-Farm Uniformity _____	22
Taxable Leaseholds _____	23
Completion of Assessments/Download Information _____	24
Use Codes _____	24
Reason for Change Codes _____	25
Figuring Tentative and Final Equalization Factors _____	26
Property Record Cards _____	27
CIAO Designation, Course Offerings, Continuing Education _____	27
Contact with the Public _____	29
Teamwork and Help _____	29

**NOTES**

## INSTRUCTIONS TO ASSESSORS 2017 ASSESSING YEAR

**Purpose Of The Meeting**—“The Chief County Assessment Officer (CCAO) shall... assemble all assessors... for consultation and shall give instructions to them as shall tend to a uniformity in the action of the assessors and their deputy assessors in his/her county. Such instruction shall be in writing and shall be available to the public.”

“Any assessor or deputy assessor who willfully refuses or neglects to observe or follow the direction of the supervisor of assessments, which is in accordance with the law, shall be guilty of a Class B misdemeanor.”  
**35 ILCS 200/9-15**

### Assessment Practice—

• **Assessment Date**— Real property assessments are made as of January 1 of the assessment year.

**35 ILCS 200/9-155**

January 2017						
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31	1	2	3	4
5	6	7	8	9	10	11

• **Valuation in Years other than General Assessment Years**

**35 ILCS 200/9-160, et seq.**

The 2017 assessment year is the second year in the four-year cycle that began in 2015 (the most recent general assessment year). The courts have ruled that a non-general assessment year should be treated differently than a general assessment year. In 2017, the law requires an assessor to:

- "list and assess all property which becomes taxable and which is not upon the general assessment" (i.e., the 2015 general assessment);
- "return a list of all new or added buildings, structures or other improvements of any kind...and which the value, in his or her opinion, has been added to the property by the improvements";
- "include or exclude, on a proportionate basis in accordance with the provisions of Section 9-180, all new or added buildings, structures or other improvements, the value of which was not included in the valuation of the property for that year, and all improvements which were destroyed or removed";
- Revise AND correct any assessment as appears to be just." (35 ILCS 200/9-75)
  1. Section 9-75 permits an assessor to "revise and correct an assessment as appears to be just." 35 ILCS 200/9-75 (West 1994). **The assessor does not have the authority to revise or correct. If legislation so intended it would have so indicated.** The circumstances of the instant appeal do not require a revision and correction of the assessment to cure an "unjust" assessment in 1995. The record shows that the reason for the reassessment in 1996 was not due to an incorrect assessment in the 1995 quadrennial year or to changes made to the property." Albee v. Soat, 315 Ill.App.3d 388(2nd Dist.2000)
- If the property was assessed correctly in 2015, and there were no changes made to the property since that time, the legal authority to change an assessment is limited to equalization "between or within townships or between classes of property, or when deemed necessary to raise or lower assessments within a county or any part thereof to the level prescribed by law." (35 ILCS 200/9-205)

Also, if an owner occupied property has been reduced through the Board of Review, the valuation shall not be changed until the next quadrennial:

Sec. 16-80. Reduced assessment of homestead property. In any county with fewer than 3,000,000 inhabitants, if the board of review lowers the assessment of a particular parcel on which a residence occupied by the owner is situated, the reduced assessment, subject to equalization, shall remain in effect for the remainder of the general assessment period as provided in Sections 9-215 through 9-225, unless the taxpayer, county assessor, or other interested party can

show substantial cause why the reduced assessment should not remain in effect, or unless the decision of the board is reversed or modified upon review. (35 ILCS 200/16-80)

• **Pro-Rata Valuations- Improvements**— “The owner of property on January 1 also shall be liable, on a proportionate basis, for the increased taxes occasioned by the construction of new or added buildings, structures or other improvements on the property from the date when the occupancy permit was issued or from the date the new or added improvement was inhabitable and fit for occupancy or for intended customary use to December 31 of that year..”



**35 ILCS 200/9-180**

Pro-rata (Instant) valuations are for **buildings only**. The land assessment for that particular year remains the same for the entire year. The only exception to this rule is if the property is classed as farmland, and the construction of the new building was underway *prior* to January 1<sup>st</sup> of that assessment year. In this instance, you may add a home site value to the property.

December 1 is the cut-off date for turning in pro-rata assessments to the Board of Review. Even though this is the cut-off date, please do not wait until then to turn them all in. The earlier you turn in the majority of them, the better it is for the Board of Review to process them in a timely manner.

If the structure is not complete or occupied or used by that date, you do not have to apply a pro-rata assessment to the parcel.

Pro-rata assessments are *not* used for home improvements (garages, room additions, etc.); those would be added to your assessments as of January 1 the following year, and would qualify for a home improvement exemption (see page 8). If owner occupied property has a pro-rata assessment resulting in an increase in the assessed valuation, a pro-rated owner occupied exemption shall be applied to the property on a proportionate basis for the period the property qualified as owner occupied property during the assessment year. You need to note the number of days that are owner occupied on the form. Model home properties do not qualify for the pro-rated owner occupied exemption.

Forms are available in the BOR office.

• **Pro-Rata Valuations- Removal of Improvements**— “When, during the previous calendar year, any buildings, structures or other improvements on the property were destroyed and rendered uninhabitable or otherwise unfit for occupancy or for customary use by **accidental** means (excluding destruction resulting from the willful misconduct of the owner of such property), the owner of the property on January 1 shall be entitled, on a proportionate basis, to a diminution of assessed value for such period *during which the improvements were uninhabitable or unfit for occupancy or for customary use.*” **35 ILCS 200/9-180**

• **Partial Assessments No Longer Permitted**

Assessments of partially completed improvements are no longer permitted under the Property Tax Code. Public Act 91-486 changed the timeline for the assessment of new buildings and improvements. Prior to this enactment, new improvements could be assessed as soon as they were “substantially complete.” However, under the current law, they may not be valued until

1. The date when the occupancy permit was issued, or
2. The date the new or added improvement was inhabitable and fit for occupancy or for intended customary use.

If you are still holding any assessments of partially completed improvements on your books, please check and see if they have been completed. If they have been completed, add the complete valuation to your assessment roll or remove the valuation for the partially completed improvement.

• **Damaged or Destroyed Property** - (a) When a property in a county with less than 3,000,000 inhabitants has been destroyed or rendered uninhabitable or otherwise unfit for occupancy or customary use by natural disaster or accidental means, **the township assessor shall send to the owner by certified mail an application form for reduction of the assessed valuation of that property as provided in Section 9-180. 35 ILCS 200/9-190**



A Demolition form needs to be completed by the property owner, and turned in to this office with a copy of the fire report, or similar evidence proving the uninhabitable state of the property. Demolition forms are available in this office.

If the property then becomes inhabitable before the end of the assessment year, you would need to pro-rate the new value and add to your assessments, or through the Board of Review.

**Improvements which are deliberately destroyed or demolished are not eligible for such proration;** the January 1 assessment stays on for the year— even if a new improvement is built on the property. In this type of situation, the assessed value should be adjusted the *following* January 1, to reflect the demolition.

Beginning in 2012, the Natural Disaster Homestead Exemption was created to relieve taxpayers of raises in their assessments due to rebuilding of their residential structure following a natural disaster (as explained in the Exemptions section).

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## Developers' Relief Assessment

35 ILCS 200/10-30

### What is the "developer's" exemption?

Section 10-30 of the Illinois Property Tax Code gives a preferential property assessment for acreage that is in transition from vacant land to a residential, commercial, or industrial use. The purpose of the preferential assessment is to encourage real estate development by providing a tax incentive that protects a developer from paying increased taxes until a return on the investment can be made. As a result, the preferential assessment is often called the "developer's exemption" or "developer's rate".

### What criteria must be met?

To qualify, the land must be

- platted and subdivided as required by the Illinois Plat Act;
- platted after January 1, 1978;
- more than 5 acres when platted; and
- vacant land or used as a farm when platted.

### How is the assessed value determined?

The assessed value is the estimated price for which the property would sell if the new owner were to continue to use it for the same purpose for which it was used before it was platted and subdivided. This does not mean that the assessed value is "frozen" at the amount at which it was assessed before it was platted and subdivided; it does mean that the assessed value cannot increase because of new infrastructure (*e.g.*, streets, sidewalks, curbs, gutter, or sewer, water, and utility lines).

If the land was previously:

- assessed as vacant land (not farm), it continues to be assessed as vacant land (one-third of its fair market value according to its use before the property was platted).
- assessed as farmland, it is assessed based on the soils' productivity indexes.
- tax-exempt, it is assessed based on its classification when the exemption is removed (*e.*, vacant land or farmland). The exempt entity must notify the CCAO within 30 days of the date the property was sold. The exempt status is removed as of the date of the transaction.

## When does the developer's exemption expire?

The preferential assessment for a lot in the subdivided property ends when one of the following events occurs:

- A habitable structure on any lot of subdivided property is completed, **unless it is being used as a model home.**
- A lot is used for a business, residential, or commercial purpose (e.g., they bought the RV lot next to their property and are using it as extra yard space).
- A platted lot or vacant platted lot is sold.



Once one of these events occurs, the exemption is removed as of January 1<sup>st</sup> of the following year.

Parcels which qualify under this section should be coded as "RV" (0032), "CV" (0062), or "IV" (0082) in your system.

### • Splits and Subdivisions— check your assessment list. If splits and subdivisions are not properly reflected, the assessor "... shall correct... list and assess the property in the manner required by law." 35 ILCS 200/9-135

There is a lot of confusion with the taxpayer as to why their split or sub-divided property is not changed in the middle of the year. According to the statutes "...whenever acreage property has been subdivided into lots and the subdivision has been recorded, the lots shall be reassessed and placed upon the assessor's books (or system), replacing the acreage property, as of the first day of January immediately following the date of the recording or filing of the subdivision." 35 ILCS 200/9-65

Often a parcel is split, but the split results in no new parcel because the land was combined with an adjacent parcel. Some parcels are canceled and combined for taxing purposes. These combinations are usually the result of an owner request or municipal/zoning request. Our office has a form for our use in this type of situation. If you are requesting a combination, fill out the form and return it to our office. **Do not make combinations in your system!** A combination is not final until the last installment of taxes has been paid. When we complete a combination, you receive a copy of the paperwork. Be sure to **not** combine two or more parcels with improvements. Also, **do not** combine parcels with different use codes (e.g., Residential and Commercial).

### • Use Codes— all non-farm property **must** be coded correctly as to its **use**. All such property will fall into one of the following eight classes:

**R** (0030, 0040) residential property includes all properties improved and unimproved, located within or outside the boundaries of the cities or villages; examples—all residential homes, duplexes, apartments of 6 units or less, most residential lots and tracts (in rural areas used primarily for homes with the exception of those assessed under 35 ILCS 200/10-30—see the "V" codes below);

**M** dwelling not occupied as a dwelling but used as a display or demonstration model home for prospective buyers; owner must file application with the CCAO prior to December 31, each year. Our office codes model home property, you assess it just as it would be without the exemption;



**C** (0050, 0052, 0060, 0070, 0072) apartments of more than 6 units, commercial business, commercial offices; examples—stores, large apartment complexes, hotels, office buildings, gas stations, restaurants, etc.

**I** (0080, 0081) industrial property includes all warehouses, manufacturing plants, grain elevators, their parking lots, etc.

**Vacancy for Commercial and Industrial properties-** It is appropriate to contact property owners or representatives of commercial and industrial parcels concerning potential vacancy issues in advance of the 2015 assessment valuation being performed. Property visits are in order to understand the status of the property.

**Q** (0020) rural non-farmland—(this could also be construed as ‘idle land’) improved with buildings or not improved with buildings—not assessed under the farm bill; **please note**—this code is probably most often under used; if you have a property in the rural area that is not in a farmland or conservation use, and would not necessarily be considered residential, commercial, or industrial, then you may want to use this class. If you are in doubt about its use, please check with the farmland deputy in my office;

There are many confused taxpayers that do not understand how their rural acreage can be classified and assessed as residential.

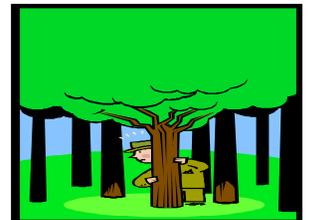
**RV** (0032) any residential vacant lot assessed under the provisions of **35 ILCS 200/10-30** (see definition on page 4); it is **very important** that these parcels are properly coded so that they do not end up in the sales ratio study;

**CV** (0062) any commercial vacant lot assessed under the provisions of **35 ILCS 200/10-30**; and,

**IV** (0082) any industrial vacant lot assessed under the provisions of **35 ILCS 200/10-30**.

**T** (0029) **Wooded Acreage** property that was classified as farmland during the 2006 assessment year that now meets the following criteria:

- (1) Is at least 5 continuous acres:
- (2) Does not qualify as cropland, pasture, other farmland or wasteland under section 10-125:
- (3) Is not managed under a forestry management plan and considered to be other farmland under section 10-150;
- (4) Was owned by the taxpayer on October 1, 2006.



Property shall continue to be assessed as wooded acreage until it is transferred, or no longer meets the above criteria. Property is then re-assessed on January 1<sup>st</sup> of the following year.

Please double check all of your coding as you go through your parcels. Accurate coding is extremely important for sales ratio studies, abstract, and multiplier purposes. Remember, coding refers to the **use** of the parcel, **not necessarily its zoning or location**.

**S** (0028) **Conservation Stewardship** must **not** be used for any residential or commercial purpose that “materially disturbs the land” and **must** be-

- (1) Unimproved woodland, prairie, wetlands, or other vacant and undeveloped land;
- (2) A minimum of 5 contiguous acres, **and the property must not be landlocked**; and
- (3) Managed under an Illinois Department of Natural Resources approved conservation management plan.

The property is assessed at 5% of its fair market value, and the new assessment begins January 1<sup>st</sup> after the plan is submitted to the IDOR. Keep in mind that the fair market value should be determined based on the current use of the property. Most properties would not be considered Residential, but possibly rural non-farm land (Q).

**A taxpayer must timely pay all tax debts on the CSP property, and the CSP property must not be in foreclosure at any time during the enrollment process or during enrollment in CSP.**

The property may have residential or other structures as long as the vacant land portions are met. The residential structures and residential land section must be assessed at one-third of fair market value.

CSP plans expire every 10 years. For continuous CSP tax valuation, taxpayers must reapply for CSP prior to their 10 year contract expiring.

If the property is sold or transferred, the DOR will remove them from CSP. However, the new property owner may re-enroll the property only after they have taken control of the property.

If it appears to you that any of these properties are not in compliance with a conservation management plan, please contact us, so we may in turn inform the IDOR.

**Guidelines for Woodland & Forestry Assessments** (refer to the Department of Revenue’s Publication 135 for more information: <http://tax.illinois.gov/Publications/Pubs/Pub-135.pdf>)

	Wooded Acreage Assessment Transition Law	Conservation Stewardship Law	Forestry Management Plan	Forestry (Under Farmland Assessment Law)
Is Approval by Il Dept of Natural Resources required?	NO	Yes	Yes, the plan must conform to the requirements of the Forestry Development Act (FDA).	No, but the tract must be systematically managed according to a plan similar to a FDA plan, or a wooded part of a farm operation.
Minimum acreage required?	5 acres	5 acres	No Requirement	No Requirement
Becomes Effective	Immediately	Jan. 1 after new approval	Jan. 1 after new approval	Jan 1 <sup>st</sup> after two years of management
Valuation method?	Same % of Fair Market Value the 2006 “other farmland” assessment represented	5% of Fair Market Value	1/6 of equalized assessed value certified for approved area’s P.I.	1/6 of equalized assessed value certified for approved area’s P.I.
2 year use requirement?	No	No	No	Yes
Use requirement?	Must conform to definition of “wooded acreage” by US Dept. of Labor Bureau of Land Mgmt.	Woodland, prairie, wetland, or undeveloped according to approved IDNR plan	Must be managed for timber production according to the FDA plan	Must be systematically managed for timber production for 2 years (not just cutting of firewood)
Property ceases to qualify....	When more than 50% of ownership interest is transferred. When remaining qualified area falls below 5 acres When the parcel becomes eligible for treatment under another preferential assessment	<b>When the property is sold</b> or when IDNR determines the land no longer meets the criteria of the program When the taxpayer fails to respond to information from the IDNR or CCAO	When property is sold or when CCAO is notified by IDNR that plan has not been reapproved or tract is no longer in compliance with the FDA plan.	When the tract is no longer systematically managed for timber production. The tract may qualify for another type of farm valuation (i.e. cropland or pasture) or for Wooded Transition valuation.

- **Farm Property**—(refer to the Department of Revenue’s Publication 122 for more information: <http://tax.illinois.gov/Publications/Pubs/Pub-122.pdf> )

The following guidelines are issued according to Section 10-115 of the Property Tax Code which states, “The Department shall issue guidelines and recommendations for the valuation of farmland to achieve equitable assessments within and between counties.”

## Definitions of land use

Section 10-125 of the Property Tax Code identifies cropland, permanent pasture, other farmland, and wasteland as the four types of farmland and prescribes the method for assessing each. Law requires cropland, permanent pasture, and other farmland to be defined according to US Bureau of Census definitions. The following definitions comply with this requirement.

**Cropland** includes all land from which crops were harvested or hay was cut; all land in orchards, citrus groves, vineyards, and nursery greenhouse crops; land in rotational pasture, and grazing land that could have been used for crops without additional improvements; land used for cover crops, legumes, and soil improvement grasses, but not harvested and not pastured; land on which crops failed; land in cultivated summer fallow; and, idle cropland.

**Permanent pasture** includes any pastureland **except** woodland pasture and pasture qualifying under the Bureau of Census’ cropland definition which includes rotational pasture and grazing land that could have been used for crops without additional improvements. **Permanent pasture** is assessed at one-third of its adjusted PI EAV as cropland.

**Other farmland** includes woodland pasture; woodland, including woodlots, timber tracts, cutover, and deforested land; and farm building lots other than home sites. **Other farmland** is assessed at one-sixth of its adjusted PI EAV as cropland.

**Wasteland** is that portion of a qualified farm tract that is not put into cropland, permanent pasture, or other farmland as the result of soil limitations and not as the result of a management decision. **Wasteland** is assessed according to its contributory value to the farm parcel. In many instances, wasteland contributes to the productivity of other types of farmland. Some land may be more productive because wasteland provides a path for water to run off or a place for water to collect. Wasteland that has a contributory value should be assessed at one-sixth of the EAV per acre of cropland of the lowest PI certified by the department. When wasteland has no contributory value, a zero assessment is recommended.

## Farm Home Sites

A farm home site is the part of the farm parcel used for residential purposes and includes the lawn and land on which the residence and garage are situated. Areas in gardens, non-commercial orchards, and similar uses of land are also included. The home site is subject to the state equalization factor and should be assessed at the same percentage of market value as urban property. Whenever possible, use the sales comparison approach to value farm home sites.

## Farm Residences

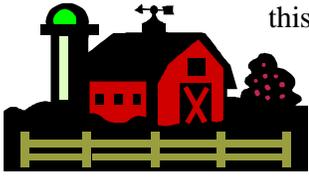
Assess farm residences according to market value in the same manner as urban residences are assessed. Refer to the Residential section of the Illinois Real Property Appraisal Manual for valuation of farm residences.

## Farm Buildings

The valuation of farm buildings is the final component in the assessment of farm real estate. The law requires farm buildings, which contribute in whole or in part to the operation of the farm, to be assessed as part of the farm. They are valued upon the current use of those buildings and their respective contribution to the productivity

of the farm. Farm buildings are assessed at 33 1/3 percent of their contributory value. The state equalization factor is not applied to farm buildings.

Valuation of farm buildings based upon contribution relies on theory as well as reality. Farm buildings are usually an integral part of the farm. When farms are sold, the land and improvements are valued together. The portion of this value attributable to farm buildings depends upon the degree to which they contribute to farming operations. Some farm buildings, even though they are in good physical condition, may play a minor role in the operation of the farm and have little value. These same buildings on another farm may be vitally important to the farming operation. The value of the farm buildings in these two instances is different.



The sales comparison, or market, approach and income approach to value are difficult to apply. The sales comparison, or market, approach is inadequate because farm buildings are rarely sold in isolation. The land and buildings are considered together in valuing the farm. The same problem arises in using the income approach. It is difficult to attribute a portion of the farm income solely to the buildings. Value must be based on cost minus depreciation.

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## **PA 98-0109 Legislative Changes to Farmland Valuation**

### **Historical information of the Farmland Assessment Law.**

Since the enactment of the Farmland Assessment Law in 1977, farmland in Illinois is assessed for property tax purposes on its ability to produce a crop (agricultural use value) and not on its Market value.

In 1986, the farmland law was amended. The amendment had a limiting impact on the movement of farmland assessed values from one year to the next. The language in that amendment read as follows: “...*increase or decrease in equalized assessed value per acre by soil productivity index shall not exceed 10% from the immediate preceding year’s soil productivity index certified value.*”

### **Public Act (PA) 98-0109 statutory change.**

Beginning with assessment year 2015 (taxes payable in 2016); the farm provision in PA 98-0109 amends 35 ILCS 200/10-115 part (e) of the Property Tax Code. The amended language is underlined below:

*(e) the equalized assessed value per acre of farmland for each soil productivity index, which shall be 33-1/3% of the agricultural economic value, or the percentage as provided under Section 17-5; but any increase or decrease in the equalized assessed value per acre by soil productivity index shall not exceed 10% from the immediate preceding year’s soil productivity index certified assessed value of the median cropped soil; in tax year 2015 only, that 10% limitation shall be reduced by \$5 per acre;*

### **What is the “soil productivity index” (PI)?**

The “Soil productivity index” is a soil rating usually given on a per-acre basis as determined by an ID soil survey. The lower the PI, the lower the expected crop yields. As the PI increases, so do the projected crop yields. For per-acre value determination, the Department of Revenue employs a PI scale from a low of 82 to a high of 130.

### **What is “agricultural economic value” and how is it determined by the Farmland Assessment Technical Advisory Board (FATAB)?**

“Agricultural economic value,” a form of use-value of the property used for agricultural purposes, is determined, according to the Property Tax Code [35 ILCS 200/10-115(d)], by dividing the net return to land by the five-year average of the Federal Land Bank farmland mortgage interest rate as calculated by FATAB.

**How does PA 98-0109 change the Certified Assessed Value calculation for 2017?**

For subsequent tax years after 2015, the \$5.00 deduction will be eliminated and the increase or decrease will be limited to 10% of the previous year's soil PI certified value of the median cropped soil (2017 median P.I. = 111. The 10% increase= \$24.05. \$24.05 is then added to every P.I.'s EAV.)

PI	2016 EAV	2017 EAV	% CHANGE 2016 TO 2017	PI	2016 EAV	2017 EAV	% CHANGE 2016 TO 2017
82	\$ 52.45	\$ 76.50	45.85%	107	\$ 208.85	\$ 232.90	11.52%
83	\$ 54.06	\$ 78.11	44.49%	108	\$ 216.34	\$ 240.39	11.12%
84	\$ 55.67	\$ 79.72	43.20%	109	\$ 223.69	\$ 247.74	10.75%
85	\$ 57.34	\$ 81.39	41.94%	110	\$ 231.12	\$ 255.17	10.41%
86	\$ 59.02	\$ 83.07	40.75%	111	\$ 240.51	\$ 264.56	10.00%
87	\$ 60.63	\$ 84.68	39.67%	112	\$ 250.99	\$ 275.04	9.58%
88	\$ 62.13	\$ 86.18	38.71%	113	\$ 261.65	\$ 285.70	9.19%
89	\$ 68.33	\$ 92.38	35.20%	114	\$ 272.51	\$ 296.56	8.83%
90	\$ 74.73	\$ 98.78	32.18%	115	\$ 283.50	\$ 307.55	8.48%
91	\$ 81.14	\$ 105.19	29.64%	116	\$ 294.72	\$ 318.77	8.16%
92	\$ 87.54	\$ 111.59	27.47%	117	\$ 306.09	\$ 330.14	7.86%
93	\$ 93.95	\$ 118.00	25.60%	118	\$ 317.60	\$ 341.65	7.57%
94	\$ 100.36	\$ 124.41	23.96%	119	\$ 329.33	\$ 353.38	7.30%
95	\$ 106.76	\$ 130.81	22.53%	120	\$ 347.44	\$ 371.49	6.92%
96	\$ 113.16	\$ 137.21	21.25%	121	\$ 394.19	\$ 418.24	6.10%
97	\$ 119.56	\$ 143.61	20.12%	122	\$ 438.47	\$ 462.52	5.48%
98	\$ 125.95	\$ 150.00	19.09%	123	\$ 453.64	\$ 477.69	5.30%
99	\$ 133.06	\$ 157.11	18.07%	124	\$ 475.48	\$ 499.53	5.06%
100	\$ 142.74	\$ 166.79	16.85%	125	\$ 522.88	\$ 546.93	4.60%
101	\$ 152.98	\$ 177.03	15.72%	126	\$ 571.59	\$ 595.64	4.21%
102	\$ 163.51	\$ 187.56	14.71%	127	\$ 621.63	\$ 645.68	3.87%
103	\$ 174.14	\$ 198.19	13.81%	128	\$ 642.69	\$ 666.74	3.74%
104	\$ 183.86	\$ 207.91	13.08%	129	\$ 662.80	\$ 686.85	3.63%
105	\$ 192.14	\$ 216.19	12.52%	130	\$ 683.13	\$ 707.18	3.52%
106	\$ 200.53	\$ 224.58	11.99%				

**Exemptions—****• Marriage Equity Bill, Civil Unions and Homestead Exemptions**

Public Act 98-597 was signed into law by Governor Quinn on November 20, 2013.

The Act, which is referred to as the Religious Freedom and Marriage Fairness Act (750 ILCS 80/10), has an effective date of June 1, 2014. Since the passage of the Religious Freedom and Marriage Fairness Act, questions have been raised by county assessment officials regarding the impact of this Act on the application of various homestead exemptions. More specifically, the issue is whether married partners within the meaning of the Religious Freedom and Marriage Fairness Act or partners engaged in a civil union within the meaning of the Illinois Religious

Freedom Protection and Civil Union Act (750 ILCS 75/1) are entitled to the same rights as spouses, as defined in the applicable section of Article 15 of the Property Tax Code governing homestead exemptions. Based on Section 80/10 of the Religious Freedom and Marriage Fairness Act (750 ILCS 80/10) and sections 75/10 and 75/20 of the Illinois Religious Freedom Protection and Civil Union Act (750 ILCS 75/1), the Department's legal interpretation that both married partners and partners in a civil union are entitled to the same legal benefits, protections and other tax consequences as recognized by the law of Illinois. This would include any provisions under Article 15 of the Property Tax Code that deal with homestead exemptions. The Department further finds that same-sex marriages recognized in other states will be similarly recognized in Illinois and given the same status as spouses under Article 15 of the Property Tax Code.

Since the effective date for the Religious Freedom and Marriage Fairness Act is June 1, 2014, these changes should impact the 2014 assessment year for taxes payable in 2015.

### • **General Homestead (Owner Occupied) Exemption—**

When you return your assessments, the general homestead exemption should be correct as of **January 1, 2017**. As always, we shall accept letters, throughout the year, to add or delete general homestead exemptions; but, the more accurate the listings in your system are when you turn them in, the less work for all of us later in the year. Also, for the sake of the taxing bodies, I would like to try to avoid the last minute exemption rush prior to tax bills. Please check as many owner occupied changes as possible during the assessment year. Remember, ownership **and** occupancy is as of January 1 of the assessment year. For the year 2017 (payable in 2018) the amount is \$6,000.



• **Homestead (Senior Citizens) Exemption—** This annual exemption is for people 65 years of age and older, who own the home in which they live. A person who will turn 65 during the current assessment year shall be eligible to apply during the current assessment year.

Due to a resolution passed by the County Board, beginning January 1, 2010, seniors no longer have to renew their Homestead annually.

Senate Bill #0505 was signed into law as Public Act 93-0511 on August 11, 2003. This law takes effect immediately and authorizes a new pro-rata exemption for property that is first occupied as a residence after January 1 of any assessment year by a person who is eligible for the Senior Citizens Homestead Exemption under Section 15-170 of the Property Tax Code. The act reads as follows. "Beginning with assessment year 2003, for taxes payable in 2004, property that is first occupied as a residence after January 1, of any assessment year by a person who is eligible for the Senior Citizens Homestead Exemption under this section must be granted a pro-rata exemption for the assessment year. The amount of the pro-rata exemption is the exemption allowed in the county under this section divided by 365 and multiplied by the number of days during the assessment year the property is occupied as a residence by a person eligible for the exemption under this section..."

Just fill out the original Homestead application as usual, and submit to this office. We will then take care of the pro-ration.

**Please note:** The pro-rated exemption is still given to seniors who do not qualify for the owner-occupied exemption until the following year.

Due to Public Act **098-0007**, beginning with tax year 2013 (taxes payable in 2014); the Senior Citizen Homestead exemption amount is increased to \$5,000.

### • Senior Citizens Assessment Freeze Homestead Exemption—

This annual exemption is for people 65 years of age & older, who own the home in which they live, and have a household income of less than \$55,000.

This exemption freezes the assessed value at the previous years' value. If a new improvement is added to the property, this value is added to the base, and is also frozen. If a property is revalued at a lower amount than the base value, it is then frozen at the lowered amount. Exceptions to this would be if the property was reduced due to Destroyed Property (pg.6).

Beginning January 1, 2010, seniors are no longer required to renew the Homestead exemption every year. They will continue to receive the homestead until they pass away, sell the property, or notify us that they are no longer using the property as their principal residence. If you have information that a senior should no longer qualify for the exemption, please contact us. We will mail Freeze applications to seniors who qualified for it in the previous year. The deadline for returning the Freeze applications is July 1<sup>st</sup>, however we are able to accept applications after that date, and to write certificates of error as necessary. **I am not requiring that copies of the Federal Income Tax form, & Social Security 1099's, be supplied by the seniors.** They only have to fill in the income amounts on the form. If the township office would like to make their own policy requiring copies for their own records, that is your prerogative; however, do not send them to my office. Applicants who mail in the PTAX 340 will also **not** be required to attach copies of their income.

If the income figures are questionable, we do have the authority to audit and make the senior provide copies of their income. We will do this on an as-needed basis. We are still requiring that the applications be notarized.

**Remember**—you are required to continue assessing the “frozen” parcels as you would any other parcel. The freezing of the base year will be calculated on the tax bill. Due to Public Act 95-644, beginning with tax year 2008 (taxes payable in 2009); the income limitation for the senior citizen assessment freeze is increased to \$55,000.

Listed below are the Department of Revenue's guidelines for **Married couples living separately**:

1. General Homestead Exemption (owner occupied) –Split 50/50
2. Senior Homestead Exemption – Both qualify
3. Senior Freeze Exemption –Only one qualifies. Both Spouse's income has to be included regardless if they both live in the home,
4. Disabled Persons, Disabled Veterans Standard and Returning Veterans Homestead Exemptions –both qualify.



### • Returning Veterans' Homestead Exemption (35

**ILCS 200/15-167) –PA 96-1288** In all counties, the reduction is \$5,000 for the taxable year in which the veteran returns from active duty in an armed conflict involving the armed forces of the United States; however, if the veteran first acquires his or her principal residence during the taxable year in which he or she returns, but after January 1 of that year, and if the property is owned and occupied by the veteran as a principal residence on January 1 of the next taxable year, he or she may apply the exemption for the next taxable year, and only the next taxable year, after he or she returns.

Beginning in taxable year 2010, the reduction shall also be allowed for the taxable year after the taxable year in which the veteran returns from active duty in an armed conflict involving the armed forces of the United States.

To receive this exemption, the veteran must file an application upon their return home. Applications are available on-line or in our office.

• **Disabled Veterans' Standard Homestead Exemption (35 ILCS 200/15-169)**

–PA 95-644, provides a reduction in a property's EAV to a qualifying property owned by a veteran with a service-connected disability certified by the U. S. Department of Veterans' Affairs.

**Public Act 99-0375 increases the exemption amounts in 35 ILCS 200/15-169** and lowers the service-connected disability threshold to qualify for the exemption beginning with the 2015 tax year for property taxes payable in 2016.

A reduction in equalized assessed value (EAV) of \$2,500 is granted if the percentage of service-connected disability is at least 30 percent but less than 50 percent.

A reduction in EAV of \$5,000 is granted if the percentage of service-connected disability is at least 50 percent but less than 70 percent.

A total exemption from taxes is granted if the percentage of service-connected disability is at least 70 percent.

**Public Act 98-1145** amends 35 ILCS 200/15-169 by adding a provision under Subsection (c-1) that expands the exemption to a surviving spouse of a veteran killed in the line of duty:

“Beginning with taxable year 2015, nothing in this Section shall require the veteran to have qualified for or obtain the exemption before death if the veteran was killed in the line of duty.”

**FAQ's**

**What qualifications must be met by a veteran with a disability?**

All of the following qualifications must be met to receive the Standard Homestead Exemption for Veterans with Disabilities (SHEVD) under 35 ILCS 200/15-169:

\*Be a veteran (i.e., an Illinois resident who has served as a member of the United States Armed Forces on active duty or State active duty, a member of the Illinois National Guard, or a member of the United States Reserve Forces and who has received an **honorable discharge**)

\*Have a **service-connected** disability of at least 30 percent that is issued by the United States Department of Veterans Affairs.

\*Qualifying property must be residential real property (any portion that is used for commercial purposes does not qualify, **including farmland**).

\*Own and occupy the property as primary residence on January 1 of the assessment year or lease and occupy a single-family residence on January 1 of the assessment year and be liable for the payment of the property taxes.

\*Property's equalized assessed value (EAV), after state equalization, is less than \$250,000.

**What qualifications must be met for a surviving spouse to receive the SHEVD?**

An un-remarried surviving spouse of a veteran who is deceased can also continue to receive the exemption on his/her spouse's primary residence, **provided the exemption had previously been granted to the veteran.**

Beginning in tax year 2015, an un-remarried surviving spouse of a veteran **killed in the line of duty** is eligible for the SHEVD on his/her primary residence, even if the veteran did not previously qualify or obtain the exemption.

The surviving spouse can transfer the SHEVD to another primary residence after the veteran's original primary residence is sold. An un-remarried surviving spouse must occupy and hold legal or beneficial title to the primary residence on January 1 of the assessment year.

**Will a veteran who is killed due to a non-service related death while on active duty qualify for the exemption?**

Yes, a military service member on active duty (including training) is considered to be working 24 hours a day. Any death of a military service member that happens while on active duty status is considered a service-connected related death and will qualify for the exemption at 100% disabled.

**Will a surviving spouse of a veteran killed prior to the 2015 tax year be able to qualify for the exemption?**

No. A surviving spouse of a veteran killed in the line of duty prior to January 1, 2015 when the provision takes effect will not qualify for the exemption.

**If the disabled veteran (70%-100%) also has the Senior Freeze exemption, do they need to continue to submit their freeze application?**

No, unless it makes them feel more comfortable!



- **Disabled Persons' Homestead Exemption (35 ILCS 200/15-168) – PA 95-644** provides a \$2,000 reduction in a property's EAV to a qualifying property owned by a disabled person. A disabled person must file an annual application by the county's due date to continue to receive this exemption. Initial applications are available on-line or in our office.

• **Home Improvement Exemption—**

“ ... a homestead improvement exemption, limited to **\$75,000 per year** in fair cash value, when the property is owned and used **exclusively for residential purpose** upon demonstration that a proposed increase in assessed value is attributable solely to a *new improvement of an existing structure*. The amount of the exemption **shall be limited to the fair cash [market] value added by the new improvement** and shall continue for 4 years from the date the improvement is completed and occupied or until the next following general assessment of that property, whichever is later.”

**35 ILCS 205/19.23-2**

**Remember**—the total amount of home improvement exemptions on a parcel in a given assessment year cannot total more than \$75,000.

• **(NEW) Accessibility Improvements to Residential Property-**

Adds a new section to the Property Tax Code (35 ILCS 200/10-23) for the 2015 tax year (property taxes payable in 2016). Accessibility improvements made to residential property shall not increase the assessed valuation of the property for a period of **7 years** after the improvements are completed. "Accessibility improvement" means a home modification listed under the Home Services Program administered by the Department of Human Services (89 Illinois Administrative Code 686), including, but not limited to the installation of ramps and grab-bars, widening doorways, and other changes to enhance the independence of a disabled or elderly individual.

**Please note**—a home improvement that is completed in 2016 will be assessed for the first time in your 2017 assessments; and 2017 is the year when you would fill out and mail in the home improvement exemption form. Any improvement completed in 2017 should be noted in your 2018 assessments, and so forth.

**Remember**—it is unlikely that the *market value* of the improvement equals the *actual cost* of the improvement. For example, an in-ground swimming pool may add no actual market value to the home because the local market shows that many people are not willing to pay extra for a home with a pool; a lot depends on the house and the neighborhood. On the other hand, a three-season porch or sun room may add nearly its total cost to the market value of the home due to the high

desirability of such porches/rooms these days. **Take care in determining how much value an improvement adds to the total property.** Use your sales data, along with your assessment manual, to determine how much value certain improvements add to the property.

An improvement qualifies for the exemption if it increases the assessed valuation of the property **and** [emphasis added] either (1) increases the square footage of any existing structure assessed as real property or (2) materially alters the existing character and condition of such structures. Examples of the first type of improvements include new room additions; attached or detached garages; balconies, decks, patios, or porches; permanent storage sheds; and swimming pools. Examples of the second type include installing central air (new, not replacement); replacing asbestos siding with wood clapboards; upgrading asphalt shingles with slate tiles; and converting unfinished space into living area. **Note:** No real property assessment should ever be increased due to repair and maintenance of the property. “Work is deemed repair and maintenance when it (1) does not increase the square footage of improvements and does not materially alter the existing character and condition of the structure but is limited to work performed to prolong the life of the existing improvements in a well-maintained condition; and (2) employs materials, such as roofing and siding, whose value is not greater than the replacement value of the materials being replaced. Examples of repair and maintenance include repainting the interior or exterior of a structure; exchanging any existing fixture for a new one of comparable quality; and replacing wood clapboards with vinyl or aluminum siding.”

Home Improvement Exemption forms are available in this office.



### • Natural Disaster Homestead Exemption-

The Natural Disaster Homestead Exemption is an exemption on homestead property for a rebuilt residential structure following a natural disaster occurring in the taxable year 2012 or any taxable year thereafter. The amount of the exemption is the reduction in equalized assessed value (EAV) of the residence in the first taxable year for which the taxpayer applies for an exemption minus the equalized assessed value of the residence for the taxable year prior to the taxable year in which the natural disaster occurred. The exemption continues at the same amount until the taxable year in which the property is sold or transferred.

**Note:** Property is not eligible for the NDHE (35 ILCS 200/15-173) and the Homestead Improvement Exemption (35 ILCS 200/15-180) for the same natural disaster or catastrophic event. The property may, however, remain eligible for an additional Homestead Improvement Exemption for any separate event occurring after the property qualified for the NDHE.

The residential structure must be rebuilt within 2 years after the date of the natural disaster; and the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential as it existed immediately prior to the natural disaster.

A natural disaster means an occurrence of widespread or severe damage or loss of property resulting from any catastrophic cause including but not limited to fire, flood, earthquake, wind, storm, or extended period of severe inclement weather. In the case of a residential structure affected by flooding, the structure shall not be eligible for an exemption unless it is located within a local jurisdiction which is participating in the National Flood Insurance Program. A proclamation of disaster by the President of the United States or the Governor of the State of Illinois is not a prerequisite to the classification of an occurrence as a natural disaster.

## • Non-Homestead Exemptions—

An assessor, CCAO, or Board of Review has no authority to make an original exemption determination. **All** property must be assessed unless determined to be exempt by the Department of Revenue. If the parcel has received a state-approved exemption, the docket number will appear in your listing. Do not enter an assessment for these parcels; but you should have an updated assessment for all exempt parcels in your records. Beginning in 2009, if an exempt entity adds a new building to land that is already exempt; we ask that you send us this information. We will then contact the entity and instruct them to file an exemption for the building with the DOR. If the application is not filed in the timeline we have provided, we will then have you add the building to the assessment rolls. We would like to avoid having these assessments shown on the valuation reports for the taxing bodies, only to have them removed by certificate of error and thus resulting in a tax dollar loss.



**When an exempt property sells, a prorated assessment needs to be applied to the property immediately.** This reiterates the importance of keeping current values in your records.

**\*\*It is very important to check your sales for exempt properties that have sold.** Whether they sell to an individual, or another charitable organization, a pro-rated assessment needs to be placed on the property immediately. If it is before June 15<sup>th</sup>, you will need to enter that information in your PAMS. If after, it will need to be submitted to the Board of Review.

**Beginning** in 2016, exempt renewals will no longer be mailed to religious entities or religious schools.

**Section 110.115 of the Rules of the Department of Revenue** states, “... when the question as to the liability of... property to taxation has not previously been... determined or there has been a change in ownership or use of such property since the last such previous determination, it shall be the duty of the Board of Review... to make out and forward to the Department a full and complete statement of all the facts in the case...” My office sends a copy of the State’s determination on each parcel to you. Some of the denials or partial denials can appear somewhat confusing; be sure to look over the sheet thoroughly; and if you have questions, please call Juanita.

## Miscellaneous—

### • Certificates of Error (35 ILCS 200/14-20 and 35 ILCS 200/16-75)

A *Certificate of Error* is the instrument that corrects an error in fact (not an error in judgment), and should be submitted to correct the PRIOR YEAR’S ASSESSMENT and the CURRENT YEAR’S TAX BILL.

Only Township Assessors, CCAO, and Board of Review may request a Certificate of Error. In Illinois, taxpayers have neither a statutory nor a constitutional right to participate in a certificate of error procedure.

The certificate of error procedure is separate and distinct from the refund procedure available to the taxpayer (*Ball*, 385 Ill. App. 3d at 105, citing *Chicago Sheraton Corp.*, 71 Ill. 2d at 91).

Taxpayers do not have a private cause of action under section 14-15 of the Property Tax Code (*Ball*, 385 Ill. App. 3d at 105, citing *Chicago Sheraton Corp.*, 71 Ill. 2d at 91). The Supreme Court has held that “the General Assembly intended the certificate of error procedure to be an expeditious summary process, without participation by the taxpayer, for correcting the assessor's errors” (*Chicago Sheraton Corp.*, 71 Ill. 2d at 91).

A *Request for Certificate of Error* to correct a 2016 assessment and a 2017 property tax bill can be submitted to the County Assessment Office any time after January 1, 2017 and until December 1, 2017.



A Certificate of Error is used to correct an error in fact; the state property tax code prohibits a Certificate of Error to be made based on “errors of judgment as to the valuation” (35 ILCS 200/16-75). Bases for a Certificate of Error identified by the Illinois Department of

Revenue include:

- Incorrect computations;
- Duplicate assessments,
- Improvements damaged or destroyed;
- Incorrect description of property assessed; and
- Unapplied homestead exemptions.

**What is the process?** The property tax code provides that they can be issued by a Chief County Assessment Officer with the concurrence of a majority of the Board of Review (35 ILCS 200/14-20). The property tax code also provides that they can be issued by the Board of Review with the concurrence of the Chief County Assessment Officer (35 ILCS 200/16-75). In order to insure compliance with statutory requirements, the request must:

- State the nature of the error in fact (other than error of judgment to valuation);
- Provide the valuation before the error and the corrected valuation breakdown: land, improvements, and total;
- Include evidence of before and after showing the reason for issuing the Certificate of Error; and
- Be signed by the Township Assessor or designee.

**Remember, a Request for Certificate of Error corrects the PRIOR year’s assessment; it does not correct the current year’s assessment.** If the current year’s assessment needs to be corrected also the assessor must put the corrected valuation on the current years assessment roll. If you have already certified your assessment roll to the Supervisor of Assessments office then you must correct the valuation through a Request for Revised Assessment form.

Beginning in 2017, we have a new form that will need to be completed to request a certificate of error (attached). **All c/e requests must be accompanied by this form.**

## • Assessment Corrections

**What is it?** An *assessment correction* is a request that the Board of Review, on its own motion, adjust an equalized assessed valuation (EAV) that has been previously certified to the Board of Review. These include:

- *Instant assessments.*
- *Consolidations (cancel/combine).*
- *Assessment Updates*, which are changes that are requested based on additional information that became available after the assessment roll was certified (incorrect property record card, clerical errors, etc.).
- *Stipulations to Board of Review complaints-* This form **must** be filed when stipulating to a taxpayer’s complaint at the Board of Review.

**Who can request it?** It can be requested by a Township Assessor or the Supervisor of Assessments; taxpayers or taxing bodies must use the complaint process as provided in the Illinois Property Tax Code (35 ILCS 200/16-25 and 35 ILCS 200/16-55, respectively).

**When can it be requested?** It cannot be filed prior to the date the Township Assessment Roll is certified to the Board of Review. The filing deadline for an assessment correction is December 1, 2017.

**Why is it used?** It is designed to provide a mechanism wherein an assessing officer can request a change for an EAV after further information has been brought to the assessing officer's attention. It is also used as the form for an assessor to stipulate to a taxpayer's complaint. It is not a suitable vehicle for changes to entire neighborhoods, nor is it a substitute for the normal mass appraisal process.

**What is the process?** If the Board of Review concurs, the taxpayer will be notified in writing that the Board has made this change on its own motion pursuant to 35 ILCS 200/16-30; if the requested change is \$100,000 or more, all taxing bodies with a revenue interest will be notified. If the taxpayer or taxing body with a revenue interest does not agree with the proposed change, they will have 15 days from the date of the notice to file an Assessment Complaint and will be entitled to a hearing.

**How should it be filed?** A *Request for an Assessment Correction* form (attached) **must** be used for all corrections and stipulations. All evidence supporting the correction must accompany the form.

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## ● Exposure to the Open Market

During the past few years, there has been much discussion in the assessment community concerning exposure to the open market and what evidence the department requires in order to support removal of sales not exposed to the open market in the Department's sales-ratio studies.

In 1994, the Department of Revenue adopted this definition of "Exposure to the Open Market", which is still in use:



*Exposure to the open market means that the owner of a parcel of real property either personally or by agent gave notice to the general public by advertisement or other means of the intention of that owner to sell that parcel of real property to another person.*

may  
Evidence which may be submitted includes:

1. A written statement from the seller stating that no one but the buyer had the opportunity to purchase the property;
2. A copy of a contract stating that the buyer had the option to buy at the time of the sale;
3. A written statement from the seller indicating that the property was not listed with a real estate agent or broker, that the property was not advertised for sale in a newspaper, magazine, or through broadcast or electronic media (including the internet), and that there was no sign indicating that the property was for sale; or
4. A written statement from the buyer stating that he approached the seller about purchasing the property without the seller having indicated in any way that the property was for sale.

In 2010, the General Assembly adopted Public Act 96-1083, which changes how certain "compulsory sales" are treated in the equalization process. **While the law does not address whether township assessors can or must use them in the assessment process, it does require that they be used in the equalization and appeal process.**

## Deed Types for Sales Ratio Studies

Transaction Description	Valid for IDOR Study?
Vacant Lot Sale	Yes
Contract Originated in the Current Year	Yes
Multiple Parcels on one deed (as long as in same township)	Yes
Relocation Company (To or From)	Yes
Trustee's Deed	Yes
Warranty Deed	Yes
Bank REO	Yes
Short Sale	Yes
Administrator's Deed	No
Assignment of Beneficial Interest of a Trust	No
Auction	No
Charitable Organization was the Buyer or Seller	No
Contract Originated in a Prior Year	No
Deed in Trust	No
Department of Veterans Affairs' Deed	No
Executor's Deed	No
Exempt Organization was the Buyer or Seller	No
Farm Property	No
Farm Property assessed under Section 20e	No
Foreclosure (Sale In Lieu of)- only if marked on line 10e	No
Government Organization was the Buyer or Seller	No
Guardian's Deed	No
Improvements Added or Removed after Jan. 1 of prior year but before the date of Sale	No
Not Advertised	No
Option to Purchase	No
Partial Assessment (in the year prior to the sale)	No
Partial Interest	No
Preferential Assessment (in the year prior to the sale)	No
Prior of Duplicate Sales	No
Quit Claim Deed	No
Related Parties	No
Sale between family members	No
Sale in one year, recorded in another year	No
Sale Leaseback	No
Sheriff's Sale	No
Special Warranty Deed	No
Split of land or Combination of land parcels	No
Trade or Exchange	No
Two Valid Sales with greater than 25% difference in Sale Price	No

## ● Use of Sale Price in Assessments

### **sale chase** (*verb; inflected form: sale chasing*)

**1.** to change assessments on individual properties that have recently sold, without changing assessments on comparable properties that have not sold.**2.** to appraise without regard to uniformity, in violation of 35 ILCS 200/9-145, *et seq.*

The Illinois Constitution requires that “taxes upon real property shall be levied uniformly by valuation ascertained as the General Assembly shall provide by law” (Ill. Const. Art. 9, § 4(A) (1970))

The Illinois Supreme Court has held that using recent sales prices to determine the fair cash value and tax assessment of only certain parcels of property violates the uniformity clause of the Illinois Constitution (*Walsh v. State Property Tax Appeal Bd.*, App. 3 Dist.1997, 222 Ill.Dec. 286, 286 Ill.App.3d 895, 677 N.E.2d 489, appeal allowed 226 Ill.Dec. 140, 173 I11.2d 548, 684 N.E.2d 1343, affirmed 229 Ill.Dec. 487, 181 I11.2d 228, 692 N.E.2d 260).

### **Regarding the use of subject property sale prices in assessment appeals:**

- The Illinois Supreme Court has held that “fair cash value” means “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 so to do . . .” [citation omitted]. See *Springfield Marine Bank v. Property Tax Appeal Board*, 44 Ill. 2d 428, 430, 256 N.E.2d 334, 336, (1970).
- Illinois courts have consistently held that “a contemporaneous sale between parties dealing at arm’s length is not only relevant to the question of fair cash market value but would be practically conclusive on the issue of whether an assessment was at full value.” See *People ex rel. Korzen v. Belt Ry. Co. of Chicago*, 37 Ill. 2d 158, 161, 226 N.E.2d 265, 267, (1967).
- However, the sale price of property does not necessarily establish its value without further information on the relationship of the buyer and seller and other circumstances. See *Ellsworth Grain Co. v. Illinois Property Tax Appeal Board*, 172 Ill.App.3d 552, 526 N.E.2d 885 (4thDist. 1988).

In 1993, the Property Tax Appeal Board promulgated "Board Policy Concerning Assessment of Owner Occupied Residential Property." This policy properly states, absent proof that a transaction is not arms-length, a recent sale price of a property under appeal will carry substantial weight in the decision of the Board. However, this policy should not be used as an excuse for assessing each property that has sold based on its sale price while not concurrently reassessing comparable property. Certainly an arms-length sale of a property is normally an excellent indicator of the market value of that property and similar properties. However, when using sales to assess property, it is important that both sold and unsold properties be treated in the same manner, Properties which have sold should be reassessed to the level of assessments in the jurisdiction, but the sale information should also be used to reassess similarly situated properties to the same level of assessments.

### ● **Non-Farm Uniformity—**

The statutes require that all non-farm property be assessed at 33-1/3% of its fair cash value. All townships are advised to work on achieving better uniformity *within* their jurisdictions. Uniformity of assessments within your township should be your *prime* concern. **Most Board of Review and PTAB cases are lost due to lack of uniformity.** This does not mean that one or two inappropriately assessed parcels can muddle up all your hard work; but if the B/R or the PTAB find a pattern of inconsistencies, they will rule against you.

## ● Taxable Leaseholds



*The following information on Taxable Leaseholds was provided at the 2007 Department of Revenue Orientation for new Chief County Assessment Officers.*

For property taxation purposes in the state of Illinois, real property is taxed under the fee simple interest which is the highest ownership interest. The statutory liability for property taxes is based on ownership and not on any lesser interest, including but not limited to leaseholds.

Consequently, leaseholds are not ordinarily considered real property for purposes of taxation and even if a property is leased (as most commercial or income producing property types are) the leasehold interests are not separated from the fee simple and separately taxed. Although a leasehold interest is considered to be a chattel or personal property of the lessee and not real estate, the courts have held that it is within the power of the legislature to declare a leasehold interest to be real estate for purposes of taxation.

In addition to a leasehold interest in mineral rights which is considered to be taxable real estate just as an ownership interest created by deed, the other significant exception to the non-taxable leasehold rule arises in the case of certain leaseholds in exempt lands. The statutory authority to tax a leasehold interest in tax-exempt real estate has been applied on numerous occasions.

For property tax purposes in Illinois, a leasehold is taxable if each of the following three conditions exists:

1. The property is exempt from taxation as determined by the department or a court; and
2. The property is leased to another person or entity whose property is not exempt from taxation; and
3. The leasing of the property does not cause the property to lose its exempt status for purposes of taxation.

In part, Section 9-195 of the Property Tax Code provides:

**Except as provided in Sections 15-35, 15-55, 15-60, 15-100, 15-103, and 15-185, when property which is exempt from taxation is leased to another whose property is not exempt, and the leasing of which does not make the property taxable, the leasehold estate and the appurtenances shall be listed as the property of the lessee thereof, or his or her assignee. Taxes on that property shall be collected in the same manner as on property that is not exempt, and the lessee shall be liable for those taxes. However, no tax lien shall attach to the exempt real estate...**

The owner, or lessor, of the property has no tax liability and if the property tax on the leasehold becomes delinquent, a lien on only the leasehold interest may be sold at a tax sale. The property rights retained by the owner are not subject to a tax sale.

The purpose of Property Tax Code Section 9-145 is to tax at least a portion of the value of property that is exempt from taxation to its owner irrespective of use when a lease results in the sort of use of the property by the lessee that would normally subject the property to taxation if the lessee were an owner. By and large, however, it is the use made of the property and not the character of the owner that determines the question of tax exemption. However, in a limited but important class of cases, property is exempt as to its owner irrespective of leasing, whether or not the lease is made with a view to profit. A primary category of property exempt by virtue of ownership alone is property of the State of Illinois. By virtue of Section 9145, however, the leasehold interest is taxable to the lessee as real estate. The number and significance of state-owned properties that have raised the issue of a leasehold tax assessment are sufficiently large that

the language of 9-145 has been duplicated and, to some extent, extended in the Code provision specifically exempting State of Illinois property.

### **Distinguishing Leaseholds from Licenses**

If a mere license is granted to manage or use property exempt by ownership rather than a true leasehold estate, it will not be subject to taxation under Code Section 9-145. This has led to some contracts that attempted to convert taxable leaseholds to nontaxable licenses by artful word crafting. The courts, however, have looked through the form to the substance of these transactions, and when the essential characteristics of a lease are found, the transaction will be treated as such and not as an exempt license.

If you need information on valuing leaseholds, please contact our office.

### **• Completion of Assessments/Download Information—**



The Statutes require that all assessments be completed and certified to the CCAO by June 15. We will be at your office to download assessments on or prior to Thursday, June 15, 2017.

Since you will not be receiving books this year, we will be supplying you with the following:

- A workbook, if needed, in paper or excel format. There will be no notations by us in either format. You will be able to get your new farmland values from either format.
- You will be sent an excel spreadsheet of farmland changes due to splits, forestry, etc.
- Casey will send you your split information also on a spreadsheet.
- Any other information we may need will be sent by email.

We will need from you a spreadsheet or list, at the time of your download, the following:

- Address corrections or additions.
- Legal description corrections.
- Name changes due to errors.
- Acreage amount corrections.

### **Use Codes:**

Please be sure to use the updated codes as follows:

0011 Farm Land with Buildings	0052 Commercial Vacant Land
0020 Rural Non-Farmland (Q)	0060 Commercial
0021 Farm Land without Buildings	0062 Commercial Vacant Land 20G4 (CV)
0025 Rural Non-Farmland/Farm Land (QF)	0065 Commercial/Farm Land (CF)
0028 Conservation Stewardship (S)	0070 Commercial Office
0029 Wooded Acreage Transition (T)	0072 Commercial Vacant Land Office
0030 Residential Vacant Land	0080 Industrial
0032 Residential Vacant Land 20G4 (RV)	0081 Industrial Vacant Land
0035 Residential/Farm Land (RF)	0082 Industrial Vacant Land 20G4 (IV)
0040 Residential	0085 Industrial/Farm Land (IF)
0041 Residential Model Home	0285 Conservation Stewardship/Farm Land (SF)
0050 Comm Res More than 6 Units	

- For **exempt** parcels that you have coded as anything other than the above, IT IS VERY IMPORTANT that you enter the class code in the “Property Use” field.

- Farm values are pulled differently than other values. It would be very helpful if you checked all of your farm parcels to make sure they are coded as farm. Also, 'unimproved' land is treated as farmland, so if you have Residential, Commercial etc. vacant land on the unimproved line, it will create an error.
- Reason Codes must be 2 digits (I.E. 01, 02). It doesn't matter what you have written after the numbers, but please change your RChange tables to include 2 digits.
- Any properties with a reason for change code that SHOULD NOT generate an assessment change notice (i.e. annual farm changes, Instants, BOR, etc.) MUST BE CODED WITH A 99!!!
- Our system only accepts 2 reason for change codes. Please try to only use 2 in your system as well. Otherwise I have to pick one and delete it.
- We ask that you inform us of any address additions when we download your information. We have had to send out spreadsheets of properties where the building value is greater than 0, and the address is empty. Just so you are aware, we DO NOT receive addresses from the cities, and your property address line in PAMS does not transfer into our system.

## REASON FOR CHANGE CODES

01. Property Revalue- covers both township neighborhood revalue and market adjustment.
02. Demolition—Full or partial.
03. New Construction—New buildings only.
04. Pro-rated New Construction to Full Value— Instant assessment to full value, or the pro-rated completion of any new construction.
05. Property Improvement—Additions, garages---things you might get a permit for that adds value.
06. Partial Assessment—Use when adding a partially-completed improvement (after contacting this office).—See page 5 regarding partial assessments.
07. New Parcel—New parcel resulting from a split or new subdivision.
08. Change in Status—Class change, previously exempt to taxable (and vice-versa), etc.
09. Added Farm Building—pole buildings, barns, etc.
10. Agricultural—change in farmland value not related to land size change.
11. Land Size Change—resulting from a split or other circumstances.
12. Property Record Card Correction—incorrect square footage, unfinished basement, story description etc.
13. Destruction—due to fire or natural disaster.
14. Remove Preferential Land—RV, CV, IV- to -R, C, I.
15. Drainage District
16. Reduction Due to Recent Appraisal
17. Market Adjustment
18. Change of Leasehold Assessment. (Exempt property only)
19. Cell Tower
20. Adjusted Due to Condition Temporary Reduced Assessment- this could be due to condition, etc.
21. Mobile Home Assessed as Real Estate.

22. Pro-Rated to Full Value- Pro-rated assessment to full value, EXCEPT new construction (code 04), and exempt property (code 08).

**Reasons why certain records do not upload into our system:**

- 1.) Township name on record is not correct. (should be entered as South Moline Township);
- 2.) Incorrectly marked as inactive;
- 3.) A certain record did not roll over into this assessment year (records are pulled by assessment year);
- 4.) PIN# not entered in correct format.

**\*\*\*Pro-Rated Assessments:**

- 1.) When we pull valuation amounts, we first check pro-rated values. It is VERY IMPORTANT that when you enter pro-rated values that you check the box to roll to full amount for the following year. Then, when you roll your valuations to the next year, you first roll your pro-rated valuations to full year. Otherwise they stay there for the next year, and we use them. **This is the most common error we find.** We have sent out graphic instructions on how to do this correctly. If you need those to be re-sent, please let us know.
- 2.) When adding township factors to your assessments, also please remember to add the factors to Pro-rates.

**• Figuring Tentative and Final Township Equalization Factors-**

Step One: Measure the Initial 2016 Township Level of Assessment before Township Revisions (as taken from the IDOR’s sales ratio study reported on form PTAX 215)

Township	2013	2014	2015	3-Year Average
Addison	34.25%	31.72%	28.52%	31.50%

Step Two: Estimate the Required Amount of Overall Changes for 2016 Assessment Year  
 $(33.33/31.50) =$  Tentative Factor

Township	Required Amount of Assessor’s Change Needed	Tentative Factor
Addison	+5.81%	1.0581

Step Three: Measure 2016 Level of Assessment after Township Changes (This is measured by comparing the 2015 final valuations (minus all reclassified and demolition properties) to the 2016 tentative valuations (minus all reclassified and new construction properties).

Township	Actual Amount of Assessor’s Changes Made		3-Year Average	Adjusted Level
Addison	+2.15%	x	31.50%	32.18%

Step Four: Calculate the 2016 Final Township Factor

Township	Required Level		Adjusted Level		Factor
Addison	33.33%	÷	32.18%	=	1.0357

## • Property Record Cards—

(35 ILCS 200/9-30)

Sec. 9-30. Property records systems - Townships and multi-townships. The township or multi-township assessor may spend funds for the preparation, establishment and maintenance of a detailed property record system which would provide information useful to assessment officials. The assessor also may enter into contracts with persons, firms or corporations for the preparation and establishment of the record system. **The property record system shall include up-to-date and complete tax maps, ownership lists, valuation standards and property record cards, including appraisals, for all or any part of the property in the township or multi-township assessment district in accordance with reasonable rules and procedures prescribed by the Department, but the system and records shall not be considered to be assessments nor limit the powers and duties of assessing officials. The record shall be available to all assessing officials and to the public.**

(Source: P.A. 82-554; 88-455.)

Thanks to the cooperation of all the Township Assessors, we now have access to the property record cards through the PAMS system. We would like to update the records at least twice a year, or as many times as you feel necessary. Having this information available on the website has been extremely helpful to businesses and taxpayers.

We would like to continue to improve our website to be as informational and taxpayer friendly as possible. Any suggestions are certainly welcome.

## • C.I.A.O. Designation, Course Offerings, & Continuing Education—

*“Education is for improving the lives of others and for leaving your community and world better than you found it.”*

*Marian Wright Edelman*

### **Continuing Education Requirements**

Two big changes to the Illinois Department of Revenue education program begin January 1, 2016! First, you will no longer need to meet level and category requirements. This means you'll be able to take the classes that are most interesting to you and most relevant to your work. You'll also be allowed to repeat courses you took ten or more years ago. This applies to any course approved for continuing education credit.

#### **Overview:**

Effective January 1, 2011, all recipients of the Certified Illinois Assessing Officer (CIAO) or CIAO/A designation will be required to complete continuing education (CE) to maintain the designation.

## **Requirements:**

60-hours of continuing education every continuing education cycle (every 4 years).

## **Continuing Education Cycle:**

Cycle # 1	2011, 2012, 2013, 2014
Cycle # 2	2015, 2016, 2017, 2018
Cycle # 3	2019, 2020, 2021, 2022
Cycle # 4	2023, 2024, 2025, 2026

## **Approved Classes:**

Illinois Property Assessment Institute (IPAI), Illinois Department of Revenue (IDOR), courses approved by the Illinois Department of Revenue or International Association of Assessing Officers (IAAO) courses may be used to maintain the designation.

## **Suspension of Designation:**

Recipients that do not complete the required continuing education by the end of the cycle will have their CIAO designation suspended. A notice of suspension will be sent. To remove the suspension, recipients must complete the continuing education requirements of the previous cycle by the end of the first year of the new cycle. (i.e. individuals who do not complete the requirements by the end of Cycle # 1 (2014) must complete the requirements for Cycle # 1 by the end of 2015.

## **Inactive Designation:**

Recipients that do not complete the required continuing education by the end of the suspension year will have their CIAO designation inactivated. A notice of inactive status will be sent. Notice will also be sent to the Illinois Department of Revenue indicating inactive status.

## **Reinstatement Procedures:**

Individuals that have an inactive designation may reinstate the designation by completing the CIAO Option 1 or Option 2 or by completing the CIAO Option 3 home-study portion.

## **Special Notes:**

- Continuing education hours for CIAO maintenance are not subject to IDOR Level & Category restrictions.
- Hours may consist of examination or seminar hours.
- Students may not take the same class during the same cycle.

## **Summary of Education Requirements**

- Must have 30 hours (two 15 hour courses) of continuing education in the year prior to the election, one of which must be an exam course. (Election year is 2017, so courses must be taken in 2016.)
- Must take a minimum of two additional 15 hour courses (seminar or test) in the 4-year cycle prior to election to maintain CIAO. (Cycle #1 is 2011 – 2014)
- Not eligible for \$500 education stipend unless you take 30 hours per year, including a 15 hour exam course.

- Assessment officials that have served for more than 12 years, with a minimum of 360 hours of completed courses (at least 180 of exam courses) are qualified to run for office without taking any additional classes per 35 ILCS 200/2-45(c)(6):

I cannot stress enough the very real need for continuing education for all assessors-whether in a large or small jurisdiction .**The property owners are so much more knowledgeable and sophisticated than they used to be; we have tried to educate them about the assessment process, and it has worked. Consequently, we have to be educated too—just to keep up with them!** And it becomes more important that we all operate our offices within the guidelines prescribed in the Illinois Compiled Statutes. Uniformly following the statutory requirements will result in fair and equal treatment of all property owners in Rock Island County. And in the long run, this makes all of our jobs easier.

The Board of Review and I are available to come to your township to enlighten your trustees about your job and its requirements -- equipment, finances, records, etc. Give me a call if you'd like us to come to talk to your township. Several of the urban township assessors make themselves available for peer support. Call me for more information.

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### • Contact with the Public—

*“When you talk, you are only repeating what you already know. But if you listen, you may learn something new.”*

— Dalai Lama XIV

“The taxpayer's impression of you will also be his impression of the officials in charge. It is **your responsibility** to make this impression one that will bring lasting credit to [you and/or] the assessing officials you represent.”

*Illinois Real Property Appraisal Manual*

This “good impression” is one the assessor wants to project in the field as well as in the office. It is extremely important that the assessors identify themselves verbally **and** with a business card or other form of I.D. Knock on the door and briefly greet the occupant and identify yourself by handing out a business card. It will foster many positive feelings about assessors and the job you do.



In the office, all records, except certain personnel documents, are **public information** (see the above section). Taxpayers, Realtors®, appraisers, reporters are all entitled to view and copy your assessment records. Whether you prefer to charge or not for copies is your choice. The laws say that you may charge a “reasonable fee.” You may choose to use a records request form of some type so that you can keep track of the copies you make and for whom.

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### • Teamwork and Help—

*Teamwork is the ability to work as a group toward a common vision, even if that vision becomes extremely blurry.*

~Author Unknown

Under the township form of county government, in order to be most effective, we need to work together as a team. I believe that accuracy is an extremely important goal as we remember that our obligation is to provide quality assessments for our taxpayers. Accuracy is also extremely important as we fill out property record cards, explain the assessment process to taxpayers, help

the public find information, interpret the laws, etc. If you are not sure about some of the laws or procedures, I urge you to call my office for an explanation. We can also arrange peer help for you. My staff and I are available for any questions. Don't hesitate to call us. Every question is important. If we don't have an answer to your question, we will consult with the DOR for an answer.



Larry A. Wilson  
CIAO-I

AKA 12/02/2004  
Revised 11/2016