

SB1791



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB1791

Introduced 2/9/2017, by Sen. Steve Stadelman

SYNOPSIS AS INTRODUCED:

35 ILCS 200/16-180
35 ILCS 200/16-181 new

Amends the Property Tax Code. Provides that in all cases where a change in assessed valuation greater than \$300,000 is sought, the Property Tax Appeal Board shall make an independent determination of valuation. Provides criteria for determining which comparable properties are to be used, together with requirements and criteria for making the independent determination of valuation. Makes a conforming change. Effective immediately.

LRB100 05852 HLH 15877 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Property Tax Code is amended by changing
5 Section 16-180 and by adding Section 16-181 as follows:

6 (35 ILCS 200/16-180)

7 Sec. 16-180. Procedure for determination of correct
8 assessment. The Property Tax Appeal Board shall establish by
9 rules an informal procedure for the determination of the
10 correct assessment of property which is the subject of an
11 appeal, subject to the requirements of Section 16-181. The
12 procedure, to the extent that the Board considers practicable,
13 shall eliminate formal rules of pleading, practice and
14 evidence, and except for any reasonable filing fee determined
15 by the Board, may provide that costs shall be in the discretion
16 of the Board. A copy of the appellant's petition shall be
17 mailed or sent by electronic means by the clerk of the Property
18 Tax Appeal Board to the board of review whose decision is being
19 appealed. In all cases where a change in assessed valuation of
20 \$100,000 or more is sought, the board of review shall serve a
21 copy of the petition on all taxing districts as shown on the
22 last available tax bill. The chairman of the Property Tax
23 Appeal Board shall provide for the speedy hearing of all such

1 appeals. Each appeal shall be limited to the grounds listed in
2 the petition filed with the Property Tax Appeal Board. All
3 appeals shall be considered de novo and the Property Tax Appeal
4 Board shall not be limited to the evidence presented to the
5 board of review of the county. A party participating in the
6 hearing before the Property Tax Appeal Board is entitled to
7 introduce evidence that is otherwise proper and admissible
8 without regard to whether that evidence has previously been
9 introduced at a hearing before the board of review of the
10 county. Where no complaint has been made to the board of review
11 of the county where the property is located and the appeal is
12 based solely on the effect of an equalizing factor assigned to
13 all property or to a class of property by the board of review,
14 the Property Tax Appeal Board shall not grant a reduction in
15 assessment greater than the amount that was added as the result
16 of the equalizing factor.

17 The provisions added to this Section by this amendatory Act
18 of the 93rd General Assembly shall be construed as declaratory
19 of existing law and not as a new enactment.

20 (Source: P.A. 99-626, eff. 7-22-16.)

21 (35 ILCS 200/16-181 new)

22 Sec. 16-181. Property Tax Appeal Board; determinations.

23 (a) Subject to subsection (b), in all cases where a change
24 in assessed valuation greater than \$300,000 is sought, the
25 Property Tax Appeal Board shall make an independent

1 determination of and separately state its findings of fact and
2 conclusions of law as to all of the following, in the following
3 order:

4 (1) the market in which the property subject to
5 assessment competes, the supply and demand for the
6 property, the demand for potential uses of the property,
7 and the economic viability of the property at the specific
8 location within the market in which it competes;

9 (2) The reasonably probable use to which the property
10 subject to assessment can be put in the immediate future
11 and the present use of the property that results in the
12 highest and best use, subject to all of the following:

13 (A) the Board shall state its findings of fact and
14 conclusions of law as to the uses that are physically
15 possible;

16 (B) the Board shall state its findings of fact and
17 conclusions of law as to the uses that are legally
18 permissible under applicable land use legislation,
19 regulations, easements, ordinances, or other
20 encumbrances existing on the tax day;

21 (C) the Board shall state its findings of fact and
22 conclusions of law as to the uses that are financially
23 feasible; for the purposes of this subparagraph (C), a
24 use is financially feasible if it will produce income
25 from or value to the property after considering all
26 risks and costs necessary to create and maintain the

1 use; in determining financial feasibility, the Board
2 shall determine the value of the land in the market
3 area, the value of all improvements to the land, the
4 cost to convert or renovate the land, and existing
5 improvements to support the use; and

6 (D) the Board shall state its findings of fact and
7 conclusions of law as to the maximally productive use
8 that meets the requirements of subparagraphs (A) to (C)
9 of this paragraph (2) and results in the highest value
10 that can be appropriately supported.

11 (3) The calculation of a replacement or reproduction
12 construction cost for property that has the same highest
13 and best use and the same utility, features, and age as the
14 property subject to assessment.

15 (4) The comparable properties in the market in which
16 the property subject to assessment competes that have the
17 same highest and best use as the property subject to
18 assessment; in determining comparable properties, the
19 Board shall do all of the following:

20 (A) Determine that the information for each
21 property considered to be comparable has been verified
22 and accurately and completely discloses all private
23 restrictions and covenants on the use of the property,
24 the impact of those private restrictions and
25 covenants, the terms of the sale, the method of
26 financing, and market information.

1 (B) Include only property considered to be
2 comparable with a use that is the same as the highest
3 and best use of the property subject to assessment in
4 accordance with paragraph (2) of subsection (a).

5 (C) Include property considered to be comparable
6 only if the sale or rental of the property occurred
7 under economic conditions that were not substantially
8 different from the highest and best use of the property
9 subject to assessment unless there is substantial
10 evidence that the economic conditions are common at the
11 location of the property subject to assessment.

12 (D) Include property considered to be comparable
13 that was vacant at the time of sale only if there is
14 substantial evidence to support all of the following:

15 (i) The cause of the vacancy is typical for
16 marketing properties of the same class or there is
17 substantial evidence to support a method of
18 adjusting the value of the vacant comparable
19 property, to support the extent of the adjustment,
20 and to support a conclusion that the final adjusted
21 value for the vacant property is not speculative.

22 (ii) The time of the vacancy is within the
23 marketing exposure time period typical for
24 properties of the same class or there is
25 substantial evidence to support a method of
26 adjusting the value of the vacant comparable

1 property, to support the extent of the adjustment,
2 and to support a conclusion that the final adjusted
3 value for the vacant property is not speculative.

4 (iii) The vacancy does not reflect a use
5 different from the highest and best use of the
6 property subject to assessment.

7 (iv) The vacancy is not the result of economic
8 or market conditions that are different from the
9 property subject to assessment or there is
10 substantial evidence to support a method of
11 adjusting the value of the vacant comparable
12 property, to support the extent of the adjustment,
13 and to support a conclusion that the final adjusted
14 value for the vacant property is not speculative.

15 (E) Exclude property considered to be comparable
16 that was made subject to a private restriction or
17 covenant in connection with the sale or rental of the
18 property if that private restriction or covenant
19 causes the comparable property to have a substantially
20 impaired highest and best use as compared to the
21 property subject to assessment or if that private
22 restriction or covenant does not assist in the economic
23 development of the property, does not provide a
24 continuing benefit to the property, or materially
25 increases the likelihood of vacancy or inactivity on
26 the property.

1 (5) The basis for all of the following:

2 (A) Selecting the most relevant units and basis for
3 comparison consistent with the treatment in the market
4 of comparable property.

5 (B) Adjusting the comparable properties for
6 differences in location, age, size, physical condition
7 and characteristics, function, rental terms, financing
8 and other income use, economic characteristics, legal
9 characteristics, and other components that influence
10 the value.

11 (C) Excluding any comparable property pursuant to
12 paragraph of (4) of this subsection (a).

13 (6) The method of valuation, subject to all of the
14 following:

15 (A) In determining the method of valuation, the
16 Board shall use, weigh, and reconcile:

17 (i) the method of valuation used by the
18 assessor; and

19 (ii) all of the following methods of
20 valuation: comparable sales; capitalization of
21 income; and cost less depreciation.

22 (B) In using, weighing, and reconciling the
23 methods of valuation under subparagraph (A) of this
24 paragraph (6), the Board shall state whether the
25 information supporting each method of valuation is
26 accurate and reliable and shall, as it considers

1 necessary, require additional information from the
2 parties to determine a value that is credible and not
3 speculative.

4 (C) The Board shall not disregard any method of
5 valuation identified in subparagraph (A) of this
6 paragraph (6) absent a reasonable justification
7 supported by substantial evidence or a stipulation
8 that complies with the requirements of paragraph (1) of
9 subsection (b).

10 (b) The Board's determinations under subsection (a) are
11 subject to all of the following:

12 (1) The Board may consider the parties' stipulation to
13 a finding of fact or conclusion of law under subsection (a)
14 only if the parties further provide a stipulated
15 explanation of the evidentiary basis for that finding of
16 fact or conclusion of law that comports with the
17 evidentiary basis required for an independent Board
18 determination under subsection (a).

19 (2) For each finding of fact under subsection (a), the
20 Board shall separately identify supporting evidence that
21 is substantial and reliable and has been verified.

22 (3) If the evidence on the record does not constitute
23 substantial evidence, the Board shall require additional
24 evidence from the parties sufficient to support a
25 conclusion that the Board has reached an independent
26 determination.

1 (4) All of the Board's determinations under subsection
2 (a) shall be made in accordance with generally accepted
3 appraisal principles, including the "Uniform Standards of
4 Professional Appraisal Practice" promulgated by the
5 Appraisal Foundation.

6 (c) As used in this Section, "private restriction or
7 covenant" means a requirement, provision, or statement in a
8 deed, lease, or contract that restrains or limits the use of
9 the property or requires a use of the property.

10 Section 99. Effective date. This Act takes effect upon
11 becoming law.