

**JO DAVIESS COUNTY ASSESSMENT OFFICE
PROPERTY TAX CYCLE AND EQUALIZATION PROCESS**

QUESTIONS & ANSWERS

May 17, 2008

Presented by: Donna Berlage, Chief County Assessment Officer
Edna Penticoff, JDC Board of Review Chair
William Reddy, JDC Board of Review
Larry Wiedenheft, JDC Board of Review
Marvin Schultz, County Board Chair
Dan Reimer, County Administrator

(Jim Petelle 11-209): **Is the County assigning a value to properties at ACL with a transferable dock? If so, what amount in dollars are they using?**

When I checked this out with the State, they told me it's no different than if you own property down along the Mississippi River, had a view or could look out at the top of the Mississippi. It's the location of that lot, and if you have a dock with that lot. It's one of the things that enhances the value of that lot. No different than if you're living along the Mississippi it enhances the value of that property, so that makes that property worth more. We are not assessing the actual dock, but those things all figure in to make that property worth more than a piece of property laying on the outer fringes that does not have a dock. Those lots there won't be worth as much as a lake front lot. It's the location of that lot and the things that would enhance the value of that lot. When those sales come through, I do not know what has docks tied to them. What is reported on the transfer document is the value of the sales price that goes down to the State. I do not know what has a dock or what does not have a dock.

(Jerry Guidice 7-182): **How will the change I am hearing about affect my taxes?**

We don't know. The tax rate has not yet been set.

(Bill Skeens 8-239): **How do you account for the value of the lease for a dock transfer when computing assessments?**

This was just answered above.

(Bill Skeens 8-239): **What steps can property owners or the association take to challenge the multiplier?**

As far as we know, you can file a complaint. We will have an opening on Tuesday, May 27th. You must fill out paperwork first then you can come in and say you are protesting this equalizer. The Board of Review will have hearings on the 27th from 8:30 a.m. to Noon. It will be a first-come, first-serve basis. People can come in on the 27th, you don't have to come in sooner, to fill out the paperwork and just wait your turn for the hearing.

(Jim Goken, Chairman of Apple River/Thompson Township Multi-Township Assessment District): **Why was the multiplier placed on both Apple River and Thompson Township, when it is pretty clear that the problem is mostly in Thompson Township?**

The correct answer to that would be, if you run a multi-township assessment district, there is a multiplier that is applied to property that's applied to all the townships in that multi-township district. That's the law. The reason you are in a multi-township district is because the

population in your township is not enough to stand alone. Therefore, you are put in with one or two neighboring townships.

(Jim Goken, Chairman of Apple River/Thompson Township Multi-Township Assessment District): **Specifically, what actions is the Supervisor of Assessments office going to take to remedy this problem so we don't keep getting a multiplier put on the district every year?** *In 2008, we will be looking at the sales ratio again. 2004 numbers will be dropped and 2007's will be added. I know, myself included, a lot of folks have been looking at this past year as a bad year for real estate. There is a lot of real estate on the market for sale and it's not moving – people are not getting the price they want. People are saying you're raising the assessment this year and nothing is moving. There is less value there and it is true. But, the fact of the matter is that, by law, the State uses the last three years to average your sales ratio. We'll see some reduction, hopefully. I would like to say we covered this, but don't know if we made it clear enough to you. What we have is other townships that have been increased with a multiplier in this past tax cycle. We had two choices. The State decided if we didn't do anything about the deficiency in the 33.33%, they would put a multiplier of 2.5% on every piece of property in town. The other choice was those where the deficiency was at where the property was not up at the 33.33%, a factor would be applied there, to bring up the whole county up to 33.33%. The first one, of course, would be to apply the factor where the shortage is. In other words, the community that has created this county-wide shortage and the assessed evaluation. The other was to put the 2.5% on everybody else in town, and it was our consideration this choice was not fair. Fact of the matter is, if next year the Board did nothing and let the State put the 2.5% on all our properties, we still may get a raise next year in Apple Canyon or any of these other townships anyhow because it will be reviewed again.*

(Edie Petelle 11-209): **Now that our real estate has decreased in value, when can we look forward to having our property assessed to the true market value and see a decrease in our real estate taxes?**

Hopefully, when this past year goes into the average, real estate averages will see a decrease. But we won't know that until all this sales data is collected, the State has gone through it, and has advised us on what to do. The State looks at the three-year average. So looking at that three-year average, and we'll be looking at 2008 now, we're looking at putting in 2007 sales which will be coming in probably a little lower. We will lose some of the high sales that were in 2004. So in talking with the Department of Revenue in Springfield, she says that it is not geared to Apple Canyon Lake or the Territories. She said a lot of lake communities throughout the whole State of Illinois are experiencing this problem right now. Their property values have not kept up with the rising sale prices because we had so many good years of good sales. It is going to take a while. For 2007, the Department of Revenue does not anticipate a big change in the sales ratio. But if the trend would continue to show that sale prices are starting to go down and remain that way, they anticipate for 2008 and 2009 sales ratios that we'll start to see a trend the other way. Keep in mind when looking at a three-year average, it takes a while to work with high sales or low sales in order to have a major effect upon a three-average of sale prices.

(Pat Cuttone 12-114): **Are the transferable docks causing an increase in property assessment at ACL, even if they're not in fact sold with the property – they are common property, owned by rental only.**

If you are selling a piece of property that has a rental lease from the association and you can transfer it to the new party, obviously there is some value there. What the value is, I guess, the market determines that. We have many, many appraisals come in and they were listing boat

docks and these are for the ones that are not owned. Would be like if it was lake front and you had to travel to the dock. Appraisers were bringing them in from \$20,000 to \$ 50,000. It's adding that much to the value. This is what the appraisers are doing and this causes the Assessors office a problem.

(William Corso 14-100): **Why wasn't the second reassessment publicized?**

It was published in the Flash which is the newspaper this community would get.

(Henry Doden 13-129): **The Quad reassessment was just done. Why do we have to pay the price because it was not properly done with this multiplier issue?**

The fact of the matter is, as mentioned before, when the quad was done and values were looked at, there were some values on the land that went down, there were some values on our homes that went down. Not both, probably in the same instant around the same piece of property, but if the house went down a little, the land may have gone up. When this process was done, the people involved in it, were trying to be conservative looking at the number of equalizer factors that were put on this property year after year. They were probably a little too conservative. When the sales ratios came out, they were still short of the 33.33%.

(Sally Toepfer, Apple River): **Four parcels sold in Apple River (2 of which were HUD properties). In the same timeframe, 114 parcels were sold at Apple Canyon Lake or Thompson Township. How is it fair that Apple River's ratio is up in such an extreme fashion?**

Both assessing districts were set up years and years ago. Apple River and Thompson have been together since the early 80's if not longer. When we look at a district, we look at a multi-township district.

(Sally Toepfer, Apple River): **Last year our home in Apple River had a factor of 1.9 (which has the effect of a 20% increase). This year we just received a factor of approximately 1.2—no property enhancement has occurred. How is this fair?**

Apple River was re-valued for the quad. Probably the majority of Apple River went down this year before these factors have been applied.

(Harvey Geiger 9-149): **Furnished you with a new appraisal approximately March 28th. No response to date.**

If your appraisal came with your complaint form, it certainly was part of this Board's information that we look at and consider. You will get a response. I understand most of them are in the mail and there are a few more going out in the mail on Monday morning. You will get a response from the Board.

(Henry Doden 13-129): **How are farm homes assessed? Are they done the same as a normal residence? If not, why?**

They are done the same as a normal residence. They are looked at the same way. The farm land is treated differently by State law.

(John Kline): **Why isn't the value of a transferable boat dock treated as personal property instead of real estate?**

If it is not separated on the real estate transfer paperwork that goes down to the State, then it's all in the sale – that is the long and short of it. If you refer to the packet passed out from JDC,

you will see that the properties with boat docks did not have the biggest impact on sales. There are more sales without boat docks than with boat docks.

(Ken Pickel 10-71): What is the dollar amount that 1.1256 multiplier equates to in tax dollars per 1,000 evaluation?

We will not know that until the various taxing bodies in the County put in their requests, and then per each township. There's often times a different dollar value that is put on our assessed value to revenue monies that a township is looking for. What I have noticed over the years, is if your paying \$6.00 or \$7.00 per 100, it usually doesn't change too much from year to year. You're in the same category, but this is something we can't tell you until the various taxing bodies have put in their requests.

(Nancy Klein 2-20): I know three of the homes we have for sale are extremely over-assessed NOW! 1 - \$255,000 for sales \$189,000 1-1/2 years, 2 - \$245,000 for sale \$194,000 1-1/2 years, 3 - \$296,000 for sale \$275,000 3-1/2 years. How can we possibly say we are under-assessed?

Basically what we have been doing, is if someone brings us in a copy of their sales listing we normally take it to the price of the for sale listing.

(Fred Pfeiffer): I know people who own farmland whose taxes went down. Why, if crop values are going up.

Because farmland is assessed totally different than what residential real estate is. Farmland is based on soil type, the use of it whether it be crop land, timber or pasture and productivity index received from the State. Every year the State sends out what new list of what farmland should be assessed at according to the prototypes. This is applied to all farmland – that is according to State statute. We realize crop prices are going up. When you're looking at your sales ratio it is based on a three-year sales ratio, and the farmland is based on a five-year sales ratio. So it takes even longer to work in these values. This past year, when we received the EAB's for farmland for 2007, there were about four or five parcels that received a slight increase in their EAB's. In 2008 there is the possibility that there will be more some more increases. If the crop prices continue to stay high as they are, we will see start to see some increases in those values also.

(Bob Jones 14-80): Is the leased assigned docks part of the realty tax? Why, since the dock is not owned. Who sets the value of the property – the assessor, the new owner, the property that sold next door?

No, we cannot charge for those. If something is sold, we don't know if it's got a dock or not.

Donna Berlage in closing said: *I realize the people are upset about the taxes – everybody is upset about taxes because the cost is going up for everything whether it's gas, food, everything. I live in the County and my taxes have gone up too and I'm not happy about it either. But taxing bodies need money to operate. They need the money to make the roads drivable, the schools need the money to educate our kids. We need property taxes in order to pay for these things. I realize people think I'm doing this on a whim to raise property taxes and that's not it. The State mandates that we have to do 33.33%. That is what I am following. Actually, it's the real estate market that is driving what my office is doing. The people out there buying and selling real estate are forcing you to have higher values on your property. What they are selling your property for is what I follow along in raising the values. That is where the whole process starts in the buying and selling of real estate.*

THE FOLLOWING QUESTIONS WERE NOT ANSWERED IN THE TIME ALLOTTED AT THE MEETING. DONNA BERLAGE TOOK THE REMAINDER OF THE QUESTIONS BACK TO THE JDC OFFICE TO ANSWER.

Why did West Galena assessment ratio change from 31.12 to 33.33 when no factor was applied by CCAO?

For 2007 West Galena did receive a factor of 1.0710.

Why didn't the CCAO apply a factor for Apple River and Thompson Townships – as was done with Dunleith, East Galena and Guilford?

2007 was a quad year for Apple River and Thompson Townships. By law, each property, other than farmland, must be viewed, inspected, and revalued once every four years. Farmland is reassessed each year. Between these general assessment years, a factor may be applied if the sales ratio received from the Illinois Department of Revenue for individual assessment districts is lower than 33.33 percent of market value, as was the case with Dunleith, East Galena and Guilford.

How much consideration did the assessor's office give to our transferable docks issue when making property assessments at Apple Canyon Lake? Does a transferable dock cause a rise in our property tax?

As stated in the handout from Saturday's meeting, according to ACLPOA records there were only 16 ACL property sales with a transferable boat dock included in the State's 2006 sales ratio for Apple River/Thompson Townships. This represents about 13% of the 120 total valid sales considered by the State. When a transfer declaration is received and a deed recorded at the County Recorder's Office only the purchase price is reported. This is the only information that is then received by our office. We do not receive a copy of the purchase agreement between the buyer and seller. We have no knowledge if the property is being sold with or without a transferable boat dock. Accurate information regarding properties sold with transferable boat docks was received from the Association a couple of weeks ago and was not considered for any assessment purposes. Only the location of the property and the sales of similar properties were considered.

Does a small 10'x 10' storage shed not affixed to the home with no foundation cause your taxes to go up?

If the shed is on skids or not permanently attached to the real estate so that it can be picked up and moved, then it is considered personal property and is not assessed.

What recourse do we have if data supplied to the State is flawed?

Written proof of any errors in the data should be submitted to my office. I will review it and forward the information on to the Illinois Department of Revenue for their consideration. They issue the final decision as to whether any corrections need to be made.

Compared to 2004 and 2005, property sales in 2006 and 2007 are way down, since this is a quad year and State does a 3 year average, are you willing to lower values next year when sales dictate a lower value or will it only change (lower) in a quad year?

2004, 2005 and 2006 were all good years for property sales and while 2007 may show a modest decrease in the number of sales, the actual sale prices do not appear to show a dramatic decrease. Since the State looks at a 3 year average when determining the sales ratio, we probably need to see a rather significant one year down turn in sale prices (similar to past

increases) or two or more years of small decreases in order to have a significant effect on the sales ratio. If the economy and property values in the region continue to trend downward then the possibility does exist to review assessed values.

Farm ground has gone up over 100% over the past 6 years yet this is exempt from the equalization. Why?

By law, most property in Illinois is assessed at 33.33% of market value. There are some exceptions to this rule and one of these is farmland. Farm acreage is assessed based on its ability to produce income, which is called its agricultural economic value. A farm building is assessed at one-third of the value that it contributes to the farm's productivity. Farm home sites and farm dwellings are assessed at one-third of their market value. State Statute states that all real property excluding farmland and farm buildings can receive an equalization factor. Farmland is revalued every year by the State.

If a home is appraised for a value of \$300,000 and assessment is \$100,000 (hence 33.33%) already, how do I fight the 12.56% increase because this will put me over by 12.56%

The Board of Review can reduce the assessed value on certain parcels of property, but first a complaint must be filed (within the required timeline) and the Board of Review must find that the complaint is warranted.

Why not allow the State to apply an equalization factor of 1.0255% on every parcel in County. Why were we singled out? How during this downturn of times can you raise taxes when people can't sell their property? Did our Township assessor do his job correctly? Based on what's happened why is the Town of Apple River trying to get out of Thompson Township? How far back do you go for sales data?

After all the changes and factors had been applied at the Chief County Assessment Officer (CCAO) level the adjusted sales ratio received from the State on 4/15/08 showed that all areas of the County except Apple River/Thompson were within the 33.33% range except Apple River/Thompson which came in at 29.61% of assessed value. At this point in the assessment process the decision on how to proceed was up to the Board of Review and after careful review of all the facts, the Board of Review decided to apply a factor on Apple River/Thompson Townships. Apple River/Thompson was not singled out. Your sales ratio is based on sales in your area. My office does not determine the tax rate nor do we handle the amount of property taxes that are extended to individual properties. The responsibility of my office is to make sure that all property in the County is assessed fair and equitable and at the statutory level of 33.33%. Township Assessors are required to have their work completed and turned into my office by June 1; in 2007 the work in Apple River/Thompson townships was not completed until the end of September. I cannot speak to what Apple River Township might be considering or proposing regarding disconnecting from the Apple River/Thompson tax assessment district. Regarding the sales ratio, the State looks at 3 years of sales data (2004, 2005, 2006).

If the contract shows the value of the dock transfer separate from the lot then is it not included in the assessment?

My office does not see the purchase contract. All that passes through my office is the deed and the transfer declaration. The amount that is reported on the transfer declaration is what is used in my office and what is reported to the State.

How many complaints were filed – Apple River/Thompson? How many received a reduction?

There were 2 complaints filed in Apple River Township and 106 in Thompson Township. At this time I do not know how many will receive a reduction as the Board of Review must finish the complaint and hearing process before decisions are final.

Are the tax bills going to go out on time?

No, tax bills will be late. Tax bills cannot be printed until the Board of Review finishes its work and adjourns, the state then must certify values of properties and certify the final equalization factor, all taxing districts must then certify their levies, the County Clerk then must extend taxes and prepare books for the county collector who will then prepare and mail individual tax statements. It is likely that taxpayers will receive their tax statements in mid to late July with the first installment due in mid to late August.

Sales price reported to State determines sales ratio, but sales price reported to State is reduced based on value of the dock for local tax calculation – why?

My office is not involved in the actual closings, so we are not privy to information exchanged between buyer and seller. The only information we have access to is the sale price that is reported on the transfer declaration. If that information is somehow manipulated before it is reported on the transfer declaration, we are not aware of that.

How does the Senior Assessment Freeze affect the assessment ratios?

The Senior Assessment Freeze has no affect on the sales ratio. My office must maintain the market value of the property. The difference between the market value and the base amount for the Freeze is subtracted from the assessed value on the tax bill.

Given that all lakefront lots do not add the same value to a lakefront home, why is it that many of them have the same EAV of \$76,666, i.e. a lakefront of 150 ft the same as a lakefront with 50 ft. of shoreline, open lake vs. inlet cove?

Not all lakefront lots are valued the same. There are a few that have an estimated fair market value in the \$300,000 range. The sales that we had, showed lots with 50 lineal feet up to 112 lineal feet all selling in the \$200,000 plus price range.