

**Civic Federation Position on the Illinois Property Tax Appeal Board
February 28, 2003**

Summary

The Civic Federation is equally concerned both with the financial stability of Cook County taxing agencies and with the rights of taxpayers to seek redress from inaccurate property tax bills. Current legislative efforts to minimize the jurisdiction of the PTAB do not properly balance the interests of taxpayers in appealing incorrect property tax assessments. However, to protect the financial stability of Cook County taxing agencies, changes must be made to the PTAB to accommodate the County's unique classification system. **Therefore, we recommend removing the level of assessment issue from consideration in PTAB cases.** This can be achieved through one of the following methods outlined in earlier Civic Federation reports:

- Exclude the Illinois Department of Revenue studies as evidence;
- Prevent the PTAB from considering assessment level issues;
- A combination of both of the above mentioned options.

Civic Federation Position

The jurisdiction of the Illinois Property Tax Appeals Board (PTAB) to hear commercial and industrial property tax assessment appeals in Cook County **should not be removed.** Although The Civic Federation shares the concern over problems resulting from PTAB's reliance on the Illinois Department of Revenue (IDOR) Assessment/Sales Ratio Studies for commercial and industrial property in Cook County and supports reform of certain PTAB procedures, we oppose reversing course on the reforms to the Cook County assessment appeals process that became law in 1995. Cook County businesses and other taxpayers should be allowed to continue seeking redress from incorrect assessments of their property's full value at PTAB. The Civic Federation has always maintained that the property tax assessment appeals system must provide a plain, speedy and efficient remedy to an incorrect assessment. The existence of PTAB in Cook County is a means of achieving this objective.

While the Civic Federation supports the continuation of PTAB's jurisdiction in Cook County, we recognize that the current reliance of the Board in utilizing the IDOR Assessment/Sales Ratio Studies in its adjudication process has led to potentially large refunds that could devastate local taxing agencies. The Ratio Studies' ability to accurately measure the assessment levels of commercial and industrial property has been deemed inadequate by the courts. We believe that the appropriate solution to the potential problems created by the PTAB's use of these studies is to remove the level of assessment issue from the PTAB's jurisdiction. A fuller discussion of previous Civic Federation recommendations on accomplishing this is discussed below. Targeting the solution in this manner retains the PTAB's adjudicative role in determining the actual value of business properties for the purpose of taxation. Determining the correct full value of properties should be the predominant and most important function of the PTAB. To date, the administration of this function has been to the benefit of the sound functioning of the

overall property tax system in Cook County. Furthermore, the PTAB should not be the vehicle to resolve the problems inherent in the application of the Cook County property tax classification system. Those problems are more appropriately addressed by the Cook County Board, the General Assembly and the Courts.

Previous Civic Federation Positions

In April of 2001 The Civic Federation issued the report of its third Task Force on Reform of the Cook County Property Tax Appeals process. After examining the issues raised by the Property Tax Appeal Board's use of the Illinois Department of Revenue's Assessment/Sales Ratio Studies in Cook County, the Task Force concluded that restricting the jurisdiction of the PTAB "is too much at odds with the fundamental intent of the 1995 legislation which brought the PTAB to Cook County." The Task Force recommended that no ratio studies conducted by the IDOR be admitted as evidence by the PTAB in non-residential appeals. Instead, the PTAB would apply the ordinance level of assessment or a level of assessment proven through the use of another form of evidence. This option would allow all taxpayers to continue to have recourse through the PTAB for correcting erroneous assessments of full market value. It would, however, prevent the potentially disastrous effects to local governments of allowing the PTAB to use the ratio studies to rule on issues of de facto assessment practices. In addition, the Task Force recommended that the procedures of the PTAB be modified to change which taxing agencies are notified about the existence of an appeal, to alter the ability of taxing agencies to intervene in appeals, and to introduce a case management procedure.

The potentially devastating effects to local governments of the using the ratio study's median levels as the appropriate level for all circumstances in property tax assessment appeals were outlined by The Civic Federation in February of 2002. The study accurately reflects the maximum potential impact as projected from available information and utilizing certain necessary assumptions. Exclusion of the IDOR ratio studies would - for all practical purposes - eliminate the risk of large-scale property tax refunds resulting from application of median rather than ordinance levels of assessment while at the same time protect the ability of business properties to avail themselves of the PTAB to correct their assessments.

Conclusion

The PTAB's jurisdiction to hear property tax assessment appeals for commercial and industrial property in Cook County should be maintained. The PTAB has had numerous beneficial effects on Cook County's property tax system, including expedited resolution of full value issues. These beneficial effects can be maintained through solutions that are specifically designed to address the issues generating concern. What is needed is a definitive and lasting legislative compromise that ensures that the interests of all parties are properly balanced.