

**Livingston County Board of Review
Minutes – December 20, 2019**

The Board of Review met today to hold a hearing with the five grain elevators being represented by Attorney, Kyle Tomkins. Present were Jim Patten, Linda Dionne, Nancy Giovanini, and Shelly Renken.

The Board approved the agenda and minutes from the previous meeting as written with no additions or corrections.

A hearing was conducted with the five grain elevators that had filed appeals.

Attorney Kyle Tomkins of Hasselberg, Grebe, Snodgrass, and Urgan & Wentworth represented Ruff Brother Grain, Prairie Central Coop, Missal Farmers Grain, Graymont Coop and Zimmerman Feed & Grain in their appeals to the Board of Review. The appellants filed on Contention of Law stating that items such as grain dryers, augers, hopper bins, tanks, legs and conveyors should not be assessed as part of the real estate, but instead should be considered personal property. They further contend the Supervisor of Assessment failed to afford the complainants equal protection under the law in violation of the Fourteenth Amendment of the US Constitution. The request is to have the values changed back to the previous 2018 assessment or, remove all items considered personal property by the Appellants.

Livingston County entered into a contract with Vanguard Appraisals, Inc. to review and value 32 grain elevator sites and 2 seed plants located in the County. Greg Kutzera, a Senior Appraiser with Vanguard, who specializes in Grain Elevators and large industrial properties, inspected all parcels. Once all of the data was collected, the values were calculated using their CAMA software, then analyzed using sales to determine needed adjustments. Those proposed values were then reviewed and approved by the Supervisor of Assessments.

Greg Engelage from Sikich, LLC explained to the Board of Review how grain is brought into a grain elevator and how it moves around the facility. He stated that buildings should have a 40-year economic life and bins should have a 20-year economic life. Mr. Engelage referenced a 1971 case that Revenue ruled air rating and drying were production activities and should be considered personal property. He also explained that equipment is subject to sales tax and therefore should not be subject to real estate tax.

Matt Henshaw represented Prairie Central Coop. Also present was Mike Fogarty, Board member. Prairie Central has six facilities located in Livingston County with a total of 25,357,000-bushel capacity. He stated that there have been no significant improvements made over the past 12 years. Mr. Henshaw stated that the McDowell facility closed last year and is now used for temporary storage. The Ocoya facility may also close in the near future. The Assessor's records show that new construction totaling 122,977 in assessed was added to 04-

03-100-018 from 2009 thru 2014. New construction totaling 523,044 in assessed value was added to 15-01-400-002 from 2004 thru 2013.

Thadd and Jeff Zimmerman were present to represent Zimmerman Feed & Grain. This property has been owner-operated for the past 35 years. The property was purchased from Jeff's father in 1984 and has had steady improvements made yearly since. He stated that in the past, the Township Assessor would meet with them personally to measure new structures and go over the values. The owner stated that the temporary storage that is on the tax rolls was nothing more than a pad of dirt with mobile panels used to store grain. He also expressed his concern with the tight profit margin they work within. They are currently paying 14.3% of their income to property taxes. It was noted that this facility had 236,395 in assessed value added due to new construction that was found during the reassessment dating from 2000 thru 2016.

Matt Jacobs, General Manager, represented Graymont Coop. Graymont Coop operates four facilities within Livingston County. He listed several items that have been purchased, moved, and replaced over the years supporting his claim that such items should be personal property. A new 65' diameter tank was added to the Graymont property for 2019 totaling 126,323 in assessed value. A 90' bin was also added to the Cornell facility for 2019 totaling 245,106 in assessed value.

Mark Loudon, Long Point Manager, represented Ruff Brothers Grain. The Long Point facility was built mostly in the 1960-1970's. A new dryer was added in 2009 and a new bin was put up in 2010. He explained that two bins and two dryers have been brought in from other sites. There are two temporary storage sites, one has an asphalt base, and the other is an old foundation of a bin that was removed. There are no augers on this site, legs are used instead.

Greg Lovins manages the Ancona, Budd, Nevada and Blackstone facilities for Ruff Brothers. Most of these sites were built in the 1970-1980's. There have been some improvements over the last seven years.

Jessie Ruff with Ruff Brothers states this family owned company has 15 locations over 5 counties. Many pieces of equipment are moved between their facilities.

The Ruff Brothers elevator sites had a total of 420,993 in new construction added for 2019 due to the reassessment. Construction ranged from 2009 thru 2019.

Missal Farmers Grain was represented by Russell Roudebush & Ken Talty. Missal Grain has one facility located in Newtown Township with a storage capacity of 2.2 million bushels. The owners explained that an old dryer was taken down, sold and replaced with a new one on this site supporting their argument that such items should be personal property. They stated a tax increase would put a heavy burden on the business.

Mary O'Connor with Sikich works with many grain elevators throughout the state. She has been an appraiser for 40+ years valuing business value. She also works with mergers and acquisitions. According to Mrs. O'Connor, the older facilities are competing with newer facilities that are much more efficient. There should be an adjustment made for economy of scale. Mrs. O'Connor referenced Marshall & Swift's pricing manual stating the cost manual depreciates down to 80% and then stops. Vanguard has a floor of 60%. She stated that the throughput on all of the referenced elevators is one or less. It is her belief that equipment that is subject to sales tax should not be subject to real estate taxes.

Bob Ehler, President of Vanguard Appraisals, Inc., stated that their company has worked in seven states across the Midwest and has done several projects for counties in Illinois. Vanguard's cost manual is updated every ten years. The current 2008 cost manual being used by Livingston County has been adjusted for time by 25%. Their new cost manual studies show the actual price difference should be closer to 32%. He also stated the concrete storage is given a greater obsolesces factor to reflect the reduced market value.

The Supervisor of Assessments, Shelly Renken, referenced 35 ILCS 200/9-75 stating that the Chief County assessment Officer may in any year review and correct an assessment as appears to be just. The Grain Elevators were reassessed in 2019 by her office. At that time, all like properties were done at the same time, using the same pricing methods to maintain uniformity with that class of properties. When the County was flown in 2016, Change Detection software was purchased. This software compared the previous 2009 flight to the current to find differences. Several grain elevator parcels were highlighted showing several structures that had been added, but not put on the tax rolls. This is what prompted the reassessment of this group of properties. The result was over \$2 million in assessed value being found and added to the tax rolls. The Township Assessors reviewed all other parcels, as 2019 was a Quadrennial Reassessment Year.

Mr. Tomkins closed the meeting by reiterating the reason for the appeal.

The meeting was adjourned at 12:30pm.