



Elliott & Associates
PROPERTY TAX ATTORNEYS

Elliott | PROPERTY TAX UPDATE

PROPERTY TAX MINIMIZATION. IT'S ALL WE DO.



New assessor. New mindset. Higher taxes?

HOW YOU CAN HELP LOWER YOUR TAX BILL

In 2018, the Chicago Tribune published an explosive four-part series about the Cook County property tax system entitled "The Tax Divide". The Tribune claimed that affluent homeowners received "huge financial breaks" while people living in minority communities did not and that assessments developed by former Assessor Joe Berrios were "so riddled with errors that they created deep inequities".

The Tax Divide struck a nerve and had a huge impact on the Cook County assessment world.

It fueled the candidacy of a politically unknown reformer (Fritz Kaegi) who beat incumbent Assessor Joe Berrios in the Democratic primary and went on to be elected Cook County Assessor.

It impacted the jury pool (so to speak); namely, the Cook County Board of Review who decides tax appeal cases in the 2nd of a 3-step tax appeal process. After all the press coverage, the Board started requiring more thorough documentation as a condition to granting assessment relief.

New assessor. New mindset. Higher taxes for commercial property owners?

In addition, after Fritz Kaegi became Assessor, his office implemented rules mandating the specific documents to be provided as a condition to granting assessment reductions.

Today, the Assessor and Board of Review require more thorough documentation in commercial tax appeal cases than ever before.

If we provide the assessing officials with the documents they require, you should be rewarded with a significant tax savings. If not, your appeal will probably be denied, and you will be saddled with a much higher tax bill. Here are the documents the assessing officials typically require today.

- **Tax returns or profit and loss statements** for the last three full years are required for all income generating commercial properties.
 - **Tax returns** are preferred, but computer-generated P&L statements are acceptable.
 - **Year to date P&Ls** are highly recommended if the property experienced substantial vacancy or reduced income this year.
 - **Hand-written P&Ls** are received with skepticism and should be avoided. Tax returns come with an aura of credibility. Computer generated P&Ls are less credible but acceptable.
 - For hotels, P&Ls are preferred over tax returns because P&Ls include valuable expense detail lacking in tax returns.
 - Please note: for income-producing (non-owner-occupied) properties the assessing officials require tax returns or P&Ls even when we provide them with an appraisal.
- **Proof of Vacancy.** Vacancy relief is incredibly important to property owners in Cook County given our high property taxes and the lack rental income to pay those taxes during periods of vacancy. But both the Assessor and Board have become

hesitant to grant vacancy relief and are requiring iron-clad proof of vacancy and reasonable efforts to cure it. Here is what is required:

- **Current photographs.** Interior photographs proving the existence of vacancy and exterior photographs showing a for-rent sign to demonstrate efforts to cure vacancy are a must. Best practice is for those photographs to be dated.
- **Vacancy affidavit** showing the square footage or number of apartments vacant each month. The Assessor and Board each have their own form of vacancy affidavit, which we will provide to you.
- **Your affidavit explaining reasons for vacancy** and attempts to cure. The assessing officials want to know why the vacancy occurred and what you are doing to cure it. They are reluctant to grant vacancy relief to property owners who chose to allow vacancy and do not take reasonable steps to cure it.
- **Utility Bills.** The Assessor's rules require submission of utility bills and if they are not provided, the Assessor will deny vacancy relief. We understand utilities may have been turned off, or there may be one electric meter in a multi-tenant building and that the electric bill may not prove vacancy. In these cases, please call us to advise and we will communicate this to the assessing officials.
- **Tax returns or P&Ls** are required by the Assessor to demonstrate vacancy and relief will be denied by the Assessor if these documents are not provided.
- **Rent Roll.** The assessing officials want to review rent rolls to see what spaces are occupied and vacant.

Note: the assessing officials often look at prior year rent rolls submitted to them to look for inconsistencies, so make sure to be accurate.

- **Evidence of listing.** A copy of the listing agreement with your real estate broker or a For Rent or For Sale brochure prepared by the broker is helpful to prove vacancy and attempts to cure.

- **Purchase Documents.** Evidence of a recent purchase price in a recent arms-length transaction is the best evidence of market value. If applicable, we will ask you for a copy of the signed real estate sale contract and the closing statement, which proves the transaction closed, the sale price and payment of a brokerage commission if a broker was involved.
- **Appraisals.** Our mission is to obtain the lowest tax bill possible at the lowest out of pocket cost to you. Our team will review your case and develop a plan to obtain maximum tax savings. If we believe we can accomplish this without an appraisal, we will proceed without one. But, if we believe it to be cost-effective to obtain an appraisal, we will contact you for authorization. These decisions are made on a case-by-case basis.

We understand how frustrating high property can be: they eat into your income and hurt your property value.

We also understand how frustrating it can be when you are asked to provide a lot of documentation to support a tax appeal.

But we also understand how much money can be saved when you provide the assessing officials with the documents they require.

An experienced lawyer with a strategic plan and the right evidence will eventually win the day. Help us save you money by providing the documents the assessing officials demand today.