

# **State of Illinois Property Tax Assessments Statutes**

## **Basis for Property Tax Assessments – Market Value**

Real property in Illinois is generally valued on the basis of its fair cash value (35ILCS 200/9-145). Fair cash value is the amount for which a property can be sold in the due course of business and trade, not under duress, between a willing buyer and a willing seller (35 ILCS 200/1-50). Value is measured by one or more of three recognized approaches (1) market data, (2) cost, and (3) income (Illinois Real Property Appraisal Manual, Illinois Department of Revenue; see also Publication-136, Property Assessment and Equalization, Illinois Department of Revenue, January 2010, CCH ILLINOIS TAXREPORTS, ¶ 402-071). As an alternative to mailing the tax bill and at the request of the taxpayer, the bill can be sent by e-mail. A taxpayer who makes such a request must notify the collector of any subsequent change in the e-mail address. (35 ILCS 200/20-20).

Coal is assessed on the basis of its reserve economic value (35 ILCS200/9-145); The fair cash value of wind energy devices is determined by subtracting the allowance for physical depreciation from the trended real property cost basis. Functional obsolescence and external obsolescence may further reduce the fair cash value of the device, to the extent they are proved (35 ILCS200/10-605). These assessment provisions apply for assessment years 2007 through 2016 and do not apply to wind energy devices owned by any person or entity that is otherwise exempt from property taxation (35 ILCS 200/10-610).

## **Real Property Defined**

Illinois does not impose a state property tax; however, all real property in Illinois is subject to local property taxes (Sec. 4, Art. IX, Ill. Const.), unless it is specifically exempted (Sec. 6, Art. IX, Ill. Const.) Property subject to the tax is defined as: The land itself, with all things contained therein, and also all buildings, structures and improvements, and other permanent fixtures, thereon, including all oil, gas, coal and other minerals in the land and the right to remove oil, gas and other minerals, excluding coal, from the land, and all rights and privileges belonging or pertaining thereto, except where otherwise specified by this [property tax] Code. Included therein is any vehicle or similar portable structure used or so constructed as to permit its use as a dwelling place, if the structure is resting in whole on a permanent foundation (35 ILCS200/1-130).



### **Personal Property Defined**

Generally exempt but, the “intention test” and the “integrated industrial doctrine” are two approaches applied by the Illinois courts to evaluate whether personal property has become a fixture and hence subject to taxation (Application of Beeler v. Boylan (IL App Ct 1982)106 Ill App 3d 667, 435 NE2d 1357). Three criteria make up the intention test (1) the property must be annexed to the realty or to something appurtenant, (2) the annexation must be used in connection with the use to which the land is put, and (3) the annexation must be intended as a permanent improvement to the realty. Under the integrated industrial doctrine rule, all machinery of a factory or plant necessary for its operation as a going concern is considered part of the realty for taxation (Application of Beeler v. Boylan (IL App Ct 1982) 106 IllApp3d 667, 435 NE2d1357). Under this doctrine, physical annexation is subordinated to the interrelationship between the piece of property and the use of the real estate.

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### **Intangible Property Taxes**

Not taxed.