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## Reducing Assessed Valuations and Taxes on Real Estate

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If you own any real estate, a condominium unit, house, apartment building, factory, shopping center and/or office building, you get a tax bill telling you how much real estate tax is due for the property. That tax must be paid or you can lose the property. Many people who receive a tax bill may look at the amount they are asked to pay and then simply pay the tax. They do not ask for a reduction in the tax or the basis for the tax. They do not question how the tax is determined, how the property is valued or whether there are any mistakes in the process of determining the property value or determining the tax.

All real estate is reviewed by a local assessor. The assessor places a value on the property after the review. The value is called the "assessed valuation." The assessed valuation is then multiplied by your tax rate and other items called "multipliers" to determine your tax bill. All portions of a tax and tax bill can be challenged. However, the assessed valuation is generally what is challenged and reduced. There are procedures for challenging an assessed valuation and assessment.

**Condominium associations can seek tax reductions on all units.** Section 10(c) of the Condominium Property Act (CPA or Act) provides: "Upon authorization by a two-thirds vote of the members of the board of managers or by the affirmative vote of not less than a majority of the unit owners at a meeting duly called for such purpose, or upon such greater vote as may be required by the declaration or bylaws, the board of managers acting on behalf of all unit owners shall have the power to seek relief from or in connection with the assessment or levy of any such taxes, special assessments or charges, and to charge and collect all expenses incurred in connection therewith as common expenses." With this law the board can pass a resolution to seek an assessed valuation reduction and a tax reduction. If the board takes this action, a unit owner vote is not required. The owners can also vote to require the board to seek tax reductions on all units. The board then can enter into an agreement with a law firm to try to get a reduction in assessed valuation and taxes. The law requires that the board pay any fees and costs as a common expense.

Effective January 1, 1990, property in Cook County is reassessed every third year. Properties in the south and west suburbs were reassessed in 1993; properties in the city of Chicago were reassessed in 1994; properties in the north and northwest suburbs will be reassessed in 1995.

Taxpayers dissatisfied with the assessor's determination of assessed valuation may appeal the decision to the Board of Appeals. The appeal may be requested by the attorney handling the case. To proceed with an appeal, a complaint must be filed on or before the date established by the Board of Appeals as the official closing date for the township in which the property is located. No complaint will be accepted after the close of a township's

official filing period. It is important for the attorney to have authorization to file an appeal so that it can be pursued immediately as notices become available. Associations should reach a decision to appeal, if possible, before their township opens, and then hire an attorney.

The initial information to proceed with a tax protest for a condominium association includes: each unit owner's name, the unit number and each unit's tax identification number. This information is not absolutely necessary. We can get most items ourselves; although, the association's assistance is encouraged and is important. A written fee agreement is necessary in contingency fee cases. Additional information which may also be helpful includes: total square footage of the building; total square footage of each residence or dwelling; the nature and extent of any improvements; the number of units; the percentage ownership interest for each unit; the type of building construction; the unit size (i.e. number of bedrooms, baths and other amenities associated with the unit); any history of current sales and/or listings or if sales over a period of time indicate a trend upward or downward; comparables in the area in addition to comparables on the property in a multi-unit property; information on necessary improvements that have been made or reserves for making necessary improvements, the nature and extent of the improvements and the costs; and community concerns i.e. changes in the community, deterioration or specific designations within a community or at a property. Attorneys who practice in this area will provide an information sheet listing questions to be answered in order to have a better tax assessment appeal. Reductions can be sought at the Board of Appeals if the assessor's office does not reduce the assessment or does not give an adequate reduction. A tax reduction can be pursued even where reductions were not first sought before the assessor's office. There are specific time periods for filing with the board of appeals for each township. In the event that the board of appeals does not provide a reduction or assessment that is acceptable, the matter can be further appealed to the Circuit Court.

**Fee Arrangement.** This law firm charges a fee based upon the reduction in assessed valuation and resulting tax savings. The fee is: a) 25% of the tax savings for a single year if the reduction is for one year of the triennial; b) 33 1/3% of the tax savings for a single year if the reduction is for two years of the triennial and c) 50% of the tax savings for one year if the reduction is for all three years of a triennial. Costs, such as for an appraiser or other professionals needed to testify or assist in valuation, are chargeable to the client and payable as incurred. These costs are not incurred in most cases and will only be incurred with prior client approval.

We would be pleased to provide assistance in any tax reduction matters. Call us to find out the deadlines for appeals at the assessor or board of appeals.