



Office of the Lake County Assessor

LAKE COUNTY GOVERNMENT CENTER
2293 NORTH MAIN STREET
CROWN POINT, INDIANA 46307

May 13, 2024

Lake County Council
2293 North Main Street
Crown Point, IN 46307

RE: USX- Petition for Review

Dear President Cid and Council Members,

This letter serves as our official request for the adoption of a resolution approving the proposed expenditures to carry out the appeal of the above referenced entity:

In February 2007 the Indiana Board of Tax Review ordered that the true tax value for the real property at United States Steel Corporation- Gary Works for March 1, 2001 be assessed at \$90M. The assessed value of the real property prior to the determination was \$269,801,300 (land- \$59,582,900, improvements- \$210,218,400).

The DLGF's Final Determination for the 2024 pay 2025 assessment year is \$108,598,800. Unlike other property classes across the county, USX's real property values have largely remained constant over the past 20 years, hovering around the \$100 million range and since legislation was enacted transferring the responsibility of assessing Lake County's three large industrial facilities to the Department of Local Government Finance. Although US Steel's assessment is believed to have been undervalued, it has not been challenged since the 2001 determination.

The 2024 Preliminary Certification of the real property at USX was issued by the Department on March 1, 2024. Upon receipt, we began to engage Mayor Eddie Melton and his team in discussions regarding a potential challenge of the assessment. Careful consideration has been given to the matter, and in good faith, we desire to proceed with initiating the petition for review. While the allocated value of the pending \$14B acquisition by Nippon is informative, our decision is *not* premised on this information alone. Enclosed is a disclosure from the sale of two parcels formerly owned by Cleveland Cliffs. The transaction occurred in October of 2021. The purchase price was \$21.5m for approximately 92 acres or \$233,695/ac. As you may be aware, US Steel is situated on approximately 3100 acres. This data suggests that the land is worth more than the current assessment. Further, we have engaged an independent fee appraiser to conduct a land only appraisal, which we believe will satisfy the substantial evidence requirement.

Also unique to Lake County's large industrial facilities, are the requirements for initiating an appeal. In this instance, the County Assessor **may not** expend public money appealing an assessment under IC 6-1.1-8.5-11 *unless* the following requirements are met **before** a petition for review is submitted to the Indiana board:

- (1) The county assessor submits to the county fiscal body a written estimate of the cost of the appeal.
- (2) The county fiscal body adopts a resolution approving the county assessor's proposed expenditure to carry out the appeal.
- (3) The total amount of the proposed expenditure is in accordance with an appropriation made by the county fiscal body in the manner provided by law.

This is uncharted territory, as this would be the first time a challenge of this nature will have been brought. We estimate the costs will be around \$500K, over the life of the appeal. The City of Gary is 100% in support of this endeavor and willing to cover its pro rata share of the expenses.

It should also be noted that the circumstances involved in USX are different from those of the Southlake Mall assessment/appeal, which was inherited by this administration, for multiple reasons. With the requirement for the County Assessor to establish a reasonable likelihood of success *before* the matter may proceed being the most salient. If this requirement is not met, the petition for review will be dismissed. As it stands, the only expense is the cost of the land only appraisal, which will be paid from funds currently available in my office's 2024 budget.

While this request may seem untimely, there were a number of bases to cover in order to ensure the necessary support was in place. The appeal deadline is **Friday, May 17th**. We respectfully request a resolution approving the proposed expenditure be passed.

If you have any questions regarding this matter, I am available for immediate discussion. Thank you in advance for your consideration.

Respectfully,



LaTonya Spearman
Lake County Assessor

cc: Carol Cody
 Ray Szarmach

Additional Enclosures: Preliminary Certification of the 2024 Real Property True Tax Value for United States Steel

Final Determination of the 2024 Real Property True Tax Value for United States Steel – Gary Works

Table of USX Historical Values
Table of USX Current Values