



Rep. Ed Sullivan Jr.

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1 AMENDMENT TO HOUSE BILL 3076

2 AMENDMENT NO. _____. Amend House Bill 3076 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Property Tax Code is amended by changing
5 Sections 9-195 and 18-185 and by adding Section 9-196 as
6 follows:

7 (35 ILCS 200/9-195)

8 Sec. 9-195. Leasing of exempt property.

9 (a) Except as provided in Sections 15-35, 15-55, 15-60,
10 15-100, 15-103, and 15-185, when property which is exempt from
11 taxation is leased to another whose property is not exempt, and
12 the leasing of which does not make the property taxable, the
13 leasehold estate and the appurtenances shall be listed as the
14 property of the lessee thereof, or his or her assignee. Except
15 as set forth in Section 9-196, taxes ~~Taxes~~ on that property
16 shall be collected in the same manner as on property that is
17 not exempt, and the lessee shall be liable for those taxes.
18 However, no tax lien shall attach to the exempt real estate.
19 The changes made by this amendatory Act of 1997 and by this
20 amendatory Act of the 91st General Assembly are declaratory of
21 existing law and shall not be construed as a new enactment. The
22 changes made by Public Acts 88-221 and 88-420 that are
23 incorporated into this Section by this amendatory Act of 1993
24 are declarative of existing law and are not a new enactment.

1 (b) The provisions of this Section regarding taxation of
2 leasehold interests in exempt property do not apply to any
3 leasehold interest created pursuant to any transaction
4 described in subsection (e) of Section 15-35, subsection (c-5)
5 of Section 15-60, subsection (b) of Section 15-100, Section
6 15-103, or Section 15-185.

7 (Source: P.A. 92-844, eff. 8-23-02; 92-846, eff. 8-23-02;
8 93-19, eff. 6-20-03.)

9 (35 ILCS 200/9-196 new)

10 Sec. 9-196. Valuation of certain leasehold estates.

11 (a) If property that is exempt from taxation under Section
12 15-50 is leased for a term of years to another person whose
13 property is not exempt and if that other person constructs
14 single-family residences on the property and collects income
15 from residential tenants on that property, then the value of
16 the leasehold estate must be calculated by dividing (i) the
17 estimated annual cash flow of the property for the median lease
18 year, as defined in subsection (b), by (ii) a capitalization
19 rate of 8%. The valuation calculated under this Section is the
20 value of the leasehold estate for the duration of the lease
21 term.

22 (b) "Median lease year" means the calendar year during
23 which 50% of the lease term has expired. The chief county
24 assessment officer, in accordance with rules adopted by the
25 Department, must determine the estimated annual cash flow of
26 the median lease year.

27 (35 ILCS 200/18-185)

28 Sec. 18-185. Short title; definitions. This Division 5 may
29 be cited as the Property Tax Extension Limitation Law. As used
30 in this Division 5:

31 "Consumer Price Index" means the Consumer Price Index for
32 All Urban Consumers for all items published by the United

1 States Department of Labor.

2 "Extension limitation" means (a) the lesser of 5% or the
3 percentage increase in the Consumer Price Index during the
4 12-month calendar year preceding the levy year or (b) the rate
5 of increase approved by voters under Section 18-205.

6 "Affected county" means a county of 3,000,000 or more
7 inhabitants or a county contiguous to a county of 3,000,000 or
8 more inhabitants.

9 "Taxing district" has the same meaning provided in Section
10 1-150, except as otherwise provided in this Section. For the
11 1991 through 1994 levy years only, "taxing district" includes
12 only each non-home rule taxing district having the majority of
13 its 1990 equalized assessed value within any county or counties
14 contiguous to a county with 3,000,000 or more inhabitants.
15 Beginning with the 1995 levy year, "taxing district" includes
16 only each non-home rule taxing district subject to this Law
17 before the 1995 levy year and each non-home rule taxing
18 district not subject to this Law before the 1995 levy year
19 having the majority of its 1994 equalized assessed value in an
20 affected county or counties. Beginning with the levy year in
21 which this Law becomes applicable to a taxing district as
22 provided in Section 18-213, "taxing district" also includes
23 those taxing districts made subject to this Law as provided in
24 Section 18-213.

25 "Aggregate extension" for taxing districts to which this
26 Law applied before the 1995 levy year means the annual
27 corporate extension for the taxing district and those special
28 purpose extensions that are made annually for the taxing
29 district, excluding special purpose extensions: (a) made for
30 the taxing district to pay interest or principal on general
31 obligation bonds that were approved by referendum; (b) made for
32 any taxing district to pay interest or principal on general
33 obligation bonds issued before October 1, 1991; (c) made for
34 any taxing district to pay interest or principal on bonds

1 issued to refund or continue to refund those bonds issued
2 before October 1, 1991; (d) made for any taxing district to pay
3 interest or principal on bonds issued to refund or continue to
4 refund bonds issued after October 1, 1991 that were approved by
5 referendum; (e) made for any taxing district to pay interest or
6 principal on revenue bonds issued before October 1, 1991 for
7 payment of which a property tax levy or the full faith and
8 credit of the unit of local government is pledged; however, a
9 tax for the payment of interest or principal on those bonds
10 shall be made only after the governing body of the unit of
11 local government finds that all other sources for payment are
12 insufficient to make those payments; (f) made for payments
13 under a building commission lease when the lease payments are
14 for the retirement of bonds issued by the commission before
15 October 1, 1991, to pay for the building project; (g) made for
16 payments due under installment contracts entered into before
17 October 1, 1991; (h) made for payments of principal and
18 interest on bonds issued under the Metropolitan Water
19 Reclamation District Act to finance construction projects
20 initiated before October 1, 1991; (i) made for payments of
21 principal and interest on limited bonds, as defined in Section
22 3 of the Local Government Debt Reform Act, in an amount not to
23 exceed the debt service extension base less the amount in items
24 (b), (c), (e), and (h) of this definition for non-referendum
25 obligations, except obligations initially issued pursuant to
26 referendum; (j) made for payments of principal and interest on
27 bonds issued under Section 15 of the Local Government Debt
28 Reform Act; (k) made by a school district that participates in
29 the Special Education District of Lake County, created by
30 special education joint agreement under Section 10-22.31 of the
31 School Code, for payment of the school district's share of the
32 amounts required to be contributed by the Special Education
33 District of Lake County to the Illinois Municipal Retirement
34 Fund under Article 7 of the Illinois Pension Code; the amount

1 of any extension under this item (k) shall be certified by the
2 school district to the county clerk; (l) made to fund expenses
3 of providing joint recreational programs for the handicapped
4 under Section 5-8 of the Park District Code or Section 11-95-14
5 of the Illinois Municipal Code; (m) made for temporary
6 relocation loan repayment purposes pursuant to Sections 2-3.77
7 and 17-2.2d of the School Code; ~~and~~ (n) made for payment of
8 principal and interest on any bonds issued under the authority
9 of Section 17-2.2d of the School Code; and (o) ~~(m)~~ made for
10 contributions to a firefighter's pension fund created under
11 Article 4 of the Illinois Pension Code, to the extent of the
12 amount certified under item (5) of Section 4-134 of the
13 Illinois Pension Code.

14 "Aggregate extension" for the taxing districts to which
15 this Law did not apply before the 1995 levy year (except taxing
16 districts subject to this Law in accordance with Section
17 18-213) means the annual corporate extension for the taxing
18 district and those special purpose extensions that are made
19 annually for the taxing district, excluding special purpose
20 extensions: (a) made for the taxing district to pay interest or
21 principal on general obligation bonds that were approved by
22 referendum; (b) made for any taxing district to pay interest or
23 principal on general obligation bonds issued before March 1,
24 1995; (c) made for any taxing district to pay interest or
25 principal on bonds issued to refund or continue to refund those
26 bonds issued before March 1, 1995; (d) made for any taxing
27 district to pay interest or principal on bonds issued to refund
28 or continue to refund bonds issued after March 1, 1995 that
29 were approved by referendum; (e) made for any taxing district
30 to pay interest or principal on revenue bonds issued before
31 March 1, 1995 for payment of which a property tax levy or the
32 full faith and credit of the unit of local government is
33 pledged; however, a tax for the payment of interest or
34 principal on those bonds shall be made only after the governing

1 body of the unit of local government finds that all other
2 sources for payment are insufficient to make those payments;
3 (f) made for payments under a building commission lease when
4 the lease payments are for the retirement of bonds issued by
5 the commission before March 1, 1995 to pay for the building
6 project; (g) made for payments due under installment contracts
7 entered into before March 1, 1995; (h) made for payments of
8 principal and interest on bonds issued under the Metropolitan
9 Water Reclamation District Act to finance construction
10 projects initiated before October 1, 1991; (h-4) made for
11 stormwater management purposes by the Metropolitan Water
12 Reclamation District of Greater Chicago under Section 12 of the
13 Metropolitan Water Reclamation District Act; (i) made for
14 payments of principal and interest on limited bonds, as defined
15 in Section 3 of the Local Government Debt Reform Act, in an
16 amount not to exceed the debt service extension base less the
17 amount in items (b), (c), and (e) of this definition for
18 non-referendum obligations, except obligations initially
19 issued pursuant to referendum and bonds described in subsection
20 (h) of this definition; (j) made for payments of principal and
21 interest on bonds issued under Section 15 of the Local
22 Government Debt Reform Act; (k) made for payments of principal
23 and interest on bonds authorized by Public Act 88-503 and
24 issued under Section 20a of the Chicago Park District Act for
25 aquarium or museum projects; (l) made for payments of principal
26 and interest on bonds authorized by Public Act 87-1191 or
27 93-601 and (i) issued pursuant to Section 21.2 of the Cook
28 County Forest Preserve District Act, (ii) issued under Section
29 42 of the Cook County Forest Preserve District Act for
30 zoological park projects, or (iii) issued under Section 44.1 of
31 the Cook County Forest Preserve District Act for botanical
32 gardens projects; (m) made pursuant to Section 34-53.5 of the
33 School Code, whether levied annually or not; (n) made to fund
34 expenses of providing joint recreational programs for the

1 handicapped under Section 5-8 of the Park District Code or
2 Section 11-95-14 of the Illinois Municipal Code; (o) made by
3 the Chicago Park District for recreational programs for the
4 handicapped under subsection (c) of Section 7.06 of the Chicago
5 Park District Act; and (p) made for contributions to a
6 firefighter's pension fund created under Article 4 of the
7 Illinois Pension Code, to the extent of the amount certified
8 under item (5) of Section 4-134 of the Illinois Pension Code.

9 "Aggregate extension" for all taxing districts to which
10 this Law applies in accordance with Section 18-213, except for
11 those taxing districts subject to paragraph (2) of subsection
12 (e) of Section 18-213, means the annual corporate extension for
13 the taxing district and those special purpose extensions that
14 are made annually for the taxing district, excluding special
15 purpose extensions: (a) made for the taxing district to pay
16 interest or principal on general obligation bonds that were
17 approved by referendum; (b) made for any taxing district to pay
18 interest or principal on general obligation bonds issued before
19 the date on which the referendum making this Law applicable to
20 the taxing district is held; (c) made for any taxing district
21 to pay interest or principal on bonds issued to refund or
22 continue to refund those bonds issued before the date on which
23 the referendum making this Law applicable to the taxing
24 district is held; (d) made for any taxing district to pay
25 interest or principal on bonds issued to refund or continue to
26 refund bonds issued after the date on which the referendum
27 making this Law applicable to the taxing district is held if
28 the bonds were approved by referendum after the date on which
29 the referendum making this Law applicable to the taxing
30 district is held; (e) made for any taxing district to pay
31 interest or principal on revenue bonds issued before the date
32 on which the referendum making this Law applicable to the
33 taxing district is held for payment of which a property tax
34 levy or the full faith and credit of the unit of local

1 government is pledged; however, a tax for the payment of
2 interest or principal on those bonds shall be made only after
3 the governing body of the unit of local government finds that
4 all other sources for payment are insufficient to make those
5 payments; (f) made for payments under a building commission
6 lease when the lease payments are for the retirement of bonds
7 issued by the commission before the date on which the
8 referendum making this Law applicable to the taxing district is
9 held to pay for the building project; (g) made for payments due
10 under installment contracts entered into before the date on
11 which the referendum making this Law applicable to the taxing
12 district is held; (h) made for payments of principal and
13 interest on limited bonds, as defined in Section 3 of the Local
14 Government Debt Reform Act, in an amount not to exceed the debt
15 service extension base less the amount in items (b), (c), and
16 (e) of this definition for non-referendum obligations, except
17 obligations initially issued pursuant to referendum; (i) made
18 for payments of principal and interest on bonds issued under
19 Section 15 of the Local Government Debt Reform Act; (j) made
20 for a qualified airport authority to pay interest or principal
21 on general obligation bonds issued for the purpose of paying
22 obligations due under, or financing airport facilities
23 required to be acquired, constructed, installed or equipped
24 pursuant to, contracts entered into before March 1, 1996 (but
25 not including any amendments to such a contract taking effect
26 on or after that date); (k) made to fund expenses of providing
27 joint recreational programs for the handicapped under Section
28 5-8 of the Park District Code or Section 11-95-14 of the
29 Illinois Municipal Code; and (l) made for contributions to a
30 firefighter's pension fund created under Article 4 of the
31 Illinois Pension Code, to the extent of the amount certified
32 under item (5) of Section 4-134 of the Illinois Pension Code.

33 "Aggregate extension" for all taxing districts to which
34 this Law applies in accordance with paragraph (2) of subsection

1 (e) of Section 18-213 means the annual corporate extension for
2 the taxing district and those special purpose extensions that
3 are made annually for the taxing district, excluding special
4 purpose extensions: (a) made for the taxing district to pay
5 interest or principal on general obligation bonds that were
6 approved by referendum; (b) made for any taxing district to pay
7 interest or principal on general obligation bonds issued before
8 the effective date of this amendatory Act of 1997; (c) made for
9 any taxing district to pay interest or principal on bonds
10 issued to refund or continue to refund those bonds issued
11 before the effective date of this amendatory Act of 1997; (d)
12 made for any taxing district to pay interest or principal on
13 bonds issued to refund or continue to refund bonds issued after
14 the effective date of this amendatory Act of 1997 if the bonds
15 were approved by referendum after the effective date of this
16 amendatory Act of 1997; (e) made for any taxing district to pay
17 interest or principal on revenue bonds issued before the
18 effective date of this amendatory Act of 1997 for payment of
19 which a property tax levy or the full faith and credit of the
20 unit of local government is pledged; however, a tax for the
21 payment of interest or principal on those bonds shall be made
22 only after the governing body of the unit of local government
23 finds that all other sources for payment are insufficient to
24 make those payments; (f) made for payments under a building
25 commission lease when the lease payments are for the retirement
26 of bonds issued by the commission before the effective date of
27 this amendatory Act of 1997 to pay for the building project;
28 (g) made for payments due under installment contracts entered
29 into before the effective date of this amendatory Act of 1997;
30 (h) made for payments of principal and interest on limited
31 bonds, as defined in Section 3 of the Local Government Debt
32 Reform Act, in an amount not to exceed the debt service
33 extension base less the amount in items (b), (c), and (e) of
34 this definition for non-referendum obligations, except

1 obligations initially issued pursuant to referendum; (i) made
2 for payments of principal and interest on bonds issued under
3 Section 15 of the Local Government Debt Reform Act; (j) made
4 for a qualified airport authority to pay interest or principal
5 on general obligation bonds issued for the purpose of paying
6 obligations due under, or financing airport facilities
7 required to be acquired, constructed, installed or equipped
8 pursuant to, contracts entered into before March 1, 1996 (but
9 not including any amendments to such a contract taking effect
10 on or after that date); (k) made to fund expenses of providing
11 joint recreational programs for the handicapped under Section
12 5-8 of the Park District Code or Section 11-95-14 of the
13 Illinois Municipal Code; and (l) made for contributions to a
14 firefighter's pension fund created under Article 4 of the
15 Illinois Pension Code, to the extent of the amount certified
16 under item (5) of Section 4-134 of the Illinois Pension Code.

17 "Debt service extension base" means an amount equal to that
18 portion of the extension for a taxing district for the 1994
19 levy year, or for those taxing districts subject to this Law in
20 accordance with Section 18-213, except for those subject to
21 paragraph (2) of subsection (e) of Section 18-213, for the levy
22 year in which the referendum making this Law applicable to the
23 taxing district is held, or for those taxing districts subject
24 to this Law in accordance with paragraph (2) of subsection (e)
25 of Section 18-213 for the 1996 levy year, constituting an
26 extension for payment of principal and interest on bonds issued
27 by the taxing district without referendum, but not including
28 excluded non-referendum bonds. For park districts (i) that were
29 first subject to this Law in 1991 or 1995 and (ii) whose
30 extension for the 1994 levy year for the payment of principal
31 and interest on bonds issued by the park district without
32 referendum (but not including excluded non-referendum bonds)
33 was less than 51% of the amount for the 1991 levy year
34 constituting an extension for payment of principal and interest

1 on bonds issued by the park district without referendum (but
2 not including excluded non-referendum bonds), "debt service
3 extension base" means an amount equal to that portion of the
4 extension for the 1991 levy year constituting an extension for
5 payment of principal and interest on bonds issued by the park
6 district without referendum (but not including excluded
7 non-referendum bonds). The debt service extension base may be
8 established or increased as provided under Section 18-212.
9 "Excluded non-referendum bonds" means (i) bonds authorized by
10 Public Act 88-503 and issued under Section 20a of the Chicago
11 Park District Act for aquarium and museum projects; (ii) bonds
12 issued under Section 15 of the Local Government Debt Reform
13 Act; or (iii) refunding obligations issued to refund or to
14 continue to refund obligations initially issued pursuant to
15 referendum.

16 "Special purpose extensions" include, but are not limited
17 to, extensions for levies made on an annual basis for
18 unemployment and workers' compensation, self-insurance,
19 contributions to pension plans, and extensions made pursuant to
20 Section 6-601 of the Illinois Highway Code for a road
21 district's permanent road fund whether levied annually or not.
22 The extension for a special service area is not included in the
23 aggregate extension.

24 "Aggregate extension base" means the taxing district's
25 last preceding aggregate extension as adjusted under Sections
26 18-215 through 18-230.

27 "Levy year" has the same meaning as "year" under Section
28 1-155.

29 "New property" means (i) the assessed value, after final
30 board of review or board of appeals action, of new improvements
31 or additions to existing improvements on any parcel of real
32 property that increase the assessed value of that real property
33 during the levy year multiplied by the equalization factor
34 issued by the Department under Section 17-30, (ii) the assessed

1 value, after final board of review or board of appeals action,
2 of real property not exempt from real estate taxation, which
3 real property was exempt from real estate taxation for any
4 portion of the immediately preceding levy year, multiplied by
5 the equalization factor issued by the Department under Section
6 17-30, ~~and~~ (iii) in counties that classify in accordance with
7 Section 4 of Article IX of the Illinois Constitution, an
8 incentive property's additional assessed value resulting from
9 a scheduled increase in the level of assessment as applied to
10 the first year final board of review market value, and (iv) the
11 value of improvements made in the in the first full year of a
12 leasehold estate on property exempt from taxation under Section
13 15-50 that is leased for a term of years to another person
14 whose property is not exempt and if that other person
15 constructs single-family residences on the property and
16 collects income from residential tenants on that property. In
17 addition, the county clerk in a county containing a population
18 of 3,000,000 or more shall include in the 1997 recovered tax
19 increment value for any school district, any recovered tax
20 increment value that was applicable to the 1995 tax year
21 calculations.

22 "Qualified airport authority" means an airport authority
23 organized under the Airport Authorities Act and located in a
24 county bordering on the State of Wisconsin and having a
25 population in excess of 200,000 and not greater than 500,000.

26 "Recovered tax increment value" means, except as otherwise
27 provided in this paragraph, the amount of the current year's
28 equalized assessed value, in the first year after a
29 municipality terminates the designation of an area as a
30 redevelopment project area previously established under the
31 Tax Increment Allocation Development Act in the Illinois
32 Municipal Code, previously established under the Industrial
33 Jobs Recovery Law in the Illinois Municipal Code, or previously
34 established under the Economic Development Area Tax Increment

1 Allocation Act, of each taxable lot, block, tract, or parcel of
2 real property in the redevelopment project area over and above
3 the initial equalized assessed value of each property in the
4 redevelopment project area. For the taxes which are extended
5 for the 1997 levy year, the recovered tax increment value for a
6 non-home rule taxing district that first became subject to this
7 Law for the 1995 levy year because a majority of its 1994
8 equalized assessed value was in an affected county or counties
9 shall be increased if a municipality terminated the designation
10 of an area in 1993 as a redevelopment project area previously
11 established under the Tax Increment Allocation Development Act
12 in the Illinois Municipal Code, previously established under
13 the Industrial Jobs Recovery Law in the Illinois Municipal
14 Code, or previously established under the Economic Development
15 Area Tax Increment Allocation Act, by an amount equal to the
16 1994 equalized assessed value of each taxable lot, block,
17 tract, or parcel of real property in the redevelopment project
18 area over and above the initial equalized assessed value of
19 each property in the redevelopment project area. In the first
20 year after a municipality removes a taxable lot, block, tract,
21 or parcel of real property from a redevelopment project area
22 established under the Tax Increment Allocation Development Act
23 in the Illinois Municipal Code, the Industrial Jobs Recovery
24 Law in the Illinois Municipal Code, or the Economic Development
25 Area Tax Increment Allocation Act, "recovered tax increment
26 value" means the amount of the current year's equalized
27 assessed value of each taxable lot, block, tract, or parcel of
28 real property removed from the redevelopment project area over
29 and above the initial equalized assessed value of that real
30 property before removal from the redevelopment project area.

31 Except as otherwise provided in this Section, "limiting
32 rate" means a fraction the numerator of which is the last
33 preceding aggregate extension base times an amount equal to one
34 plus the extension limitation defined in this Section and the

1 denominator of which is the current year's equalized assessed
2 value of all real property in the territory under the
3 jurisdiction of the taxing district during the prior levy year.
4 For those taxing districts that reduced their aggregate
5 extension for the last preceding levy year, the highest
6 aggregate extension in any of the last 3 preceding levy years
7 shall be used for the purpose of computing the limiting rate.
8 The denominator shall not include new property. The denominator
9 shall not include the recovered tax increment value.

10 (Source: P.A. 92-547, eff. 6-13-02; 93-601, eff. 1-1-04;
11 93-606, eff. 11-18-03; 93-612, eff. 11-18-03; 93-689, eff.
12 7-1-04; 93-690, eff. 7-1-04; 93-1049, eff. 11-17-04; revised
13 12-14-04.)".