HB5773

LRB104 21898 HLH 37782 b

104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB5773

Introduced 5/14/2026, by Rep. Lawrence "Larry" Walsh, Jr.

SYNOPSIS AS INTRODUCED:

35 ILCS 200/10-115
35 ILCS 200/10-125
35 ILCS 200/10-135
35 ILCS 200/10-145
35 ILCS 200/10-150
35 ILCS 200/10-152

Amends the Property Tax Code. Makes changes concerning certifications by the Department of Revenue for the purpose of establishing guidelines and valuations for farmland. Provides that cropland, permanent pasture, and other farmland shall be defined according to guidelines issued by the Department of Revenue (currently, U.S. Census Bureau definitions). Makes changes concerning equalization factors applied to farmland property. In provisions concerning property under a forestry management plan, provides that the Department of Natural Resources shall inform the Department of Revenue of each parcel of land covered by an approved forestry management plan, and the Department of Revenue shall notify each chief county assessment officer of each parcel of land covered by an approved forestry management plan (currently, the Department Natural Resources notifies the Department of Revenue and each chief county assessment officer). Effective immediately.

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A BILL FOR

AN ACT concerning revenue.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 5. The Property Tax Code is amended by changing Sections 10-115, 10-125, 10-135, 10-145, 10-150, and 10-152 as follows:

(35 ILCS 200/10-115)

Sec. 10-115. Department guidelines and valuations for farmland. The Department shall issue guidelines and recommendations for the valuation of farmland to achieve equitable assessment within and between counties.

The Director of Revenue shall appoint a five-person Farmland Assessment Technical Advisory Board, consisting of technical experts from the colleges or schools of agriculture of the State universities and State and federal agricultural agencies, to advise in and provide data and technical information needed for implementation of this Section.

By May 1 of each year, the Department shall certify to each chief county assessment officer the following, calculated from data provided by the Farmland Assessment Technical Advisory Board, on a per acre basis by soil productivity index for harvested cropland, using moving averages based upon ~~for~~ the most recent 5-year period for which data are available:

(a) gross income, estimated ~~by~~ using annual yields per acre, as assigned to soil productivity indices for the major crops grown in this State, ~~the crop mix~~ for each soil productivity index as determined by a Farmland Assessment Technical Advisory Board representative from the Department of Agricultural and Consumer Economics in the College of Agricultural, Consumer, and Environmental Sciences at ~~the College of Agriculture of~~ the University of Illinois, and annual average prices received by farmers for principal crops from associated publicly reported data ~~as published by the Illinois Crop Reporting Service~~;

(b) non-land production costs for each soil productivity index as calculated by the Department of Agricultural and Consumer Economics in~~, other than land costs, provided by~~ the College of Agricultural, Consumer, and Environmental Sciences at ~~Agriculture of~~ the University of Illinois;

(c) net return to land, for each soil productivity index, which is calculated by subtracting non-land production costs from estimated gross income; ~~, which shall be the difference between (a) and (b) above;~~

(d) ~~a proposed~~ agricultural economic value (AEV) determined by dividing the net return to land by a farmland income capitalization rate, which shall be determined based on the calculation year rate under Section 2032A of the Internal Revenue Code, or its analog in cases when the rate is not published by the Farm Credit Bank district that contains Illinois, plus 3%; except that, in cases when that calculated rate exceeds 10%, the income capitalization rate will be 10%; and, in cases when that calculated rate falls below 8%, the income capitalization rate will equal 8% ~~the moving average of the Federal Land Bank farmland mortgage interest rate as calculated by the Department~~;

(e) ~~the~~ equalized assessed value per acre of farmland for each soil productivity index, which shall be 33-1/3% of the agricultural economic value, or the percentage as provided under Section 17-5; but any increase or decrease in the equalized assessed value per acre by soil productivity index shall not exceed 10% from the immediate preceding year's soil productivity index certified assessed value of the median cropped soil; ~~in tax year 2015 only, that 10% limitation shall be reduced by $5 per acre;~~

(f) a proposed average equalized assessed value per acre of cropland for each individual county, weighted by the distribution of soils by productivity index in the county; and

(g) a proposed average equalized assessed value per acre for all farmland in each county, weighted (i) to consider the proportions of all farmland acres in the county which are cropland, permanent pasture, and other farmland, and (ii) to reflect the valuations for those types of land and debasements for slope and erosion as required by Section 10-125.

(Source: P.A. 98-109, eff. 7-25-13.)

(35 ILCS 200/10-125)

Sec. 10-125. Assessment level by type of farmland. Cropland, permanent pasture, and other farmland shall be defined according to guidelines issued by the Department of Revenue ~~U.S. Census Bureau definitions~~ in use during that assessment year and assessed in the following way:

(a) Cropland shall be assessed in accordance with the equalized assessed value of its soil productivity index as certified by the Department and shall be debased to take into account factors including, but not limited to, slope, drainage, ponding, flooding, and field size and shape.

(b) Permanent pasture shall be assessed at 1/3 of its debased productivity index equalized assessed value as cropland.

(c) Other farmland shall be assessed at 1/6 of its debased productivity index equalized assessed value as cropland.

(d) Wasteland shall be assessed on its contributory value to the farmland parcel.

In no case shall the equalized assessed value of permanent pasture be below 1/3, nor the equalized assessed value of

other farmland, except wasteland, be below 1/6, of the equalized assessed value per acre of cropland of the lowest productivity index certified under Section 10-115.
(Source: P.A. 86-954; 88-455.)

(35 ILCS 200/10-135)

Sec. 10-135. Farmland not subject to equalization. The assessed valuation of farmland assessed under Sections 10-110 through 10-130 shall not be subject to equalization by means of State equalization factors. ~~Equalization factors applied by a chief county assessment officer or a Board of Review under Sections 9-205 and 16-60 shall be applied to assessments of farmland only to achieve assessments as required by Sections 10-110 through 10-130.~~
(Source: P.A. 92-301, eff. 1-1-02.)

(35 ILCS 200/10-145)

Sec. 10-145. Farm dwellings. Each farm dwelling and appurtenant structures and the tract upon which they are immediately situated shall be assessed by the local assessing officials at 33 1/3% of fair cash value except that in counties that classify property for purposes of taxation in accordance with Section 4 of Article IX of the Constitution they shall be assessed at the percentage of fair cash value as required by county ordinance. That assessment shall be subject to equalization by the Department under Sections 17-5 through

17-30 and local equalization applied under Sections 9-205 and 16-60.

(Source: P.A. 82-554; 88-455.)

(35 ILCS 200/10-150)

Sec. 10-150. Property under forestry management plan. In counties with less than 3,000,000 inhabitants, any land being managed under a forestry management plan accepted by the Department of Natural Resources under the Illinois Forestry Development Act shall be considered as "other farmland" and shall be valued at 1/6 of its productivity index equalized assessed value as cropland. In counties with more than 3,000,000 inhabitants, any land totaling ~~totalling~~ 15 acres or less for which an approved forestry management plan was in effect on or before December 31, 1985, shall be considered "other farmland". The Department of Natural Resources shall inform the Department ~~and each chief county assessment officer~~ of each parcel of land covered by an approved forestry management plan, and the Department shall notify each chief county assessment officer of each parcel of land covered by an approved forestry management plan.

(Source: P.A. 88-455; 89-445, eff. 2-7-96.)

(35 ILCS 200/10-152)

(Section scheduled to be repealed on December 31, 2026)

Sec. 10-152. Vegetative filter strip assessment.

(a) In counties with less than 3,000,000 inhabitants, any land (i) that is located between a farm field and an area to be protected, including but not limited to surface water, a stream, a river, or a sinkhole and (ii) that meets the requirements of subsection (b) of this Section shall be considered a "vegetative filter strip" and valued at 1/6th of its productivity index equalized assessed value as cropland. In counties with 3,000,000 or more inhabitants, the land shall be valued at the lesser of either (i) 16% of the fair cash value of the farmland estimated at the price it would bring at a fair, voluntary sale for use by the buyer as a farm as defined in Section 1-60 or (ii) 90% of the 1983 average equalized assessed value per acre certified by the Department of Revenue.

(b) Vegetative filter strips shall meet the standards and specifications set forth in the Natural Resources Conservation Service Technical Guide and shall contain vegetation that (i) has a dense top growth; (ii) forms a uniform ground cover; (iii) has a heavy fibrous root system; and (iv) tolerates pesticides used in the farm field.

(c) The county's soil and water conservation district shall assist the taxpayer in completing a uniform certified document ~~as prescribed by the Department of Revenue~~ in cooperation with the Association of Illinois Soil and Water Conservation Districts that certifies (i) that the property meets the requirements established under this Section for vegetative filter strips and (ii) the acreage or square footage of property that qualifies for assessment as a vegetative filter strip. The document shall be filed by the applicant with the Chief County Assessment Officer. The Chief County Assessment Officer shall promulgate rules concerning the filing of the document. The soil and water conservation district shall create a conservation plan for the creation of the filter strip. The plan shall be kept on file in the soil and water conservation district office. Nothing in this Section shall be construed to require any taxpayer to have vegetative filter strips.

(d) A joint report by the Department of Agriculture and the Department of Natural Resources concerning the effect and impact of vegetative filter strip assessment shall be submitted to the General Assembly by March 1, 2006.

(e) (Blank). ~~This Section is repealed on December 31, 2026.~~

(Source: P.A. 99-560, eff. 1-1-17; 99-916, eff. 12-30-16.)

Section 99. Effective date. This Act takes effect upon becoming law.