

1 AN ACT concerning taxes.

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

4 Section 5. The Property Tax Code is amended by changing  
5 Sections 15-65 and 15-95 as follows:

6 (35 ILCS 200/15-65)

7 Sec. 15-65. Charitable purposes. All property of the  
8 following is exempt when actually and exclusively used for  
9 charitable or beneficent purposes, and not leased or  
10 otherwise used with a view to profit:

11 (a) Institutions of public charity.

12 (b) Beneficent and charitable organizations  
13 incorporated in any state of the United States, including  
14 organizations whose owner, and no other person, uses the  
15 property exclusively for the distribution, sale, or  
16 resale of donated goods and related activities and uses  
17 all the income from those activities to support the  
18 charitable, religious or beneficent activities of the  
19 owner, whether or not such activities occur on the  
20 property.

21 (c) Old people's homes, facilities for persons with  
22 a developmental disability, and not-for-profit  
23 organizations providing services or facilities related to  
24 the goals of educational, social and physical  
25 development, if, upon making application for the  
26 exemption, the applicant provides affirmative evidence  
27 that the home or facility or organization is an exempt  
28 organization under paragraph (3) of Section 501(c) of the  
29 Internal Revenue Code or its successor, and either: (i)  
30 the bylaws of the home or facility or not-for-profit  
31 organization provide for a waiver or reduction, based on

1 an individual's ability to pay, of any entrance fee,  
2 assignment of assets, or fee for services, or (ii) the  
3 home or facility is qualified, built or financed under  
4 Section 202 of the National Housing Act of 1959, as  
5 amended.

6 An applicant that has been granted an exemption  
7 under this subsection on the basis that its bylaws  
8 provide for a waiver or reduction, based on an  
9 individual's ability to pay, of any entrance fee,  
10 assignment of assets, or fee for services may be  
11 periodically reviewed by the Department to determine if  
12 the waiver or reduction was a past policy or is a current  
13 policy. The Department may revoke the exemption if it  
14 finds that the policy for waiver or reduction is no  
15 longer current.

16 If a not-for-profit organization leases property  
17 that is otherwise exempt under this subsection to an  
18 organization that conducts an activity on the leased  
19 premises that would entitle the lessee to an exemption  
20 from real estate taxes if the lessee were the owner of  
21 the property, then the leased property is exempt.

22 (d) Not-for-profit health maintenance organizations  
23 certified by the Director of the Illinois Department of  
24 Insurance under the Health Maintenance Organization Act,  
25 including any health maintenance organization that  
26 provides services to members at prepaid rates approved by  
27 the Illinois Department of Insurance if the membership of  
28 the organization is sufficiently large or of indefinite  
29 classes so that the community is benefited by its  
30 operation. No exemption shall apply to any hospital or  
31 health maintenance organization which has been  
32 adjudicated by a court of competent jurisdiction to have  
33 denied admission to any person because of race, color,  
34 creed, sex or national origin.

- 1 (e) All free public libraries.
- 2 (f) Historical societies.
- 3 (g) All public housing residential rental property  
4 subject to a regulatory and operating agreement approved  
5 by the housing authority and the Department of Housing  
6 and Urban Development, if legal title is held (i) by an  
7 entity that is organized solely to hold the title and  
8 that qualifies under paragraph (2) of Section 501(c) of  
9 the Internal Revenue Code or its successor or (ii) by an  
10 entity that is (A) organized as a partnership, in which  
11 the charitable organization or an affiliate or subsidiary  
12 of the charitable organization is a general partner, for  
13 the purposes of owning and operating public housing  
14 residential rental property that has received an  
15 allocation of Low Income Housing Tax Credits for up to  
16 100% of the public housing dwelling units and (B) under  
17 an Annual Contributions Contract with the Department of  
18 Housing and Urban Development. If a not-for-profit  
19 organization leases property that is otherwise exempt  
20 under this subsection (g) to an organization that  
21 conducts an activity on the leased premises that would  
22 entitle the lessee to an exemption from real estate taxes  
23 if the lessee were the owner of the property, then the  
24 leased property is exempt.

25 Property otherwise qualifying for an exemption under this  
26 Section shall not lose its exemption because the legal title  
27 is held (i) by an entity that is organized solely to hold  
28 that title and that qualifies under paragraph (2) of Section  
29 501(c) of the Internal Revenue Code or its successor, whether  
30 or not that entity receives rent from the charitable  
31 organization for the repair and maintenance of the property,  
32 (ii) by an entity that is organized as a partnership, in  
33 which the charitable organization, or an affiliate or  
34 subsidiary of the charitable organization, is a general

1 partner, for the purposes of owning and operating a  
2 residential rental property that has received an allocation  
3 of Low Income Housing Tax Credits for up to 100% of the  
4 dwelling units under Section 42 of the Internal Revenue Code  
5 of 1986, or (iii) for any assessment year including and  
6 subsequent to January 1, 1996 for which an application for  
7 exemption has been filed and a decision on which has not  
8 become final and nonappealable, by a limited liability  
9 company organized under the Limited Liability Company Act  
10 provided that (A) the limited liability company receives a  
11 notification from the Internal Revenue Service that it  
12 qualifies under paragraph (2) or (3) of Section 501(c) of the  
13 Internal Revenue Code; (B) the limited liability company's  
14 sole members, as that term is used in Section 1-5 of the  
15 Limited Liability Company Act, are the institutions of public  
16 charity that actually and exclusively use the property for  
17 charitable and beneficent purposes; and (C) the limited  
18 liability company does not lease the property or otherwise  
19 use it with a view to profit.

20 (Source: P.A. 91-416, eff. 8-6-99; 92-382, eff. 8-16-01.)

21 (35 ILCS 200/15-95)

22 Sec. 15-95. Housing authorities. All property of housing  
23 authorities created under the Housing Authorities Act is  
24 exempt, if the property and improvements are used for low  
25 rent housing and related uses. This exemption includes public  
26 housing residential rental property subject to a regulatory  
27 and operating agreement approved by the housing authority and  
28 the Department of Housing and Urban Development, if legal  
29 title is held (i) by an entity that is organized solely to  
30 hold the title and that qualifies under paragraph (2) of  
31 Section 501(c) of the Internal Revenue Code or its successor  
32 or (ii) by an entity that is (A) organized as a partnership,  
33 in which the charitable organization or an affiliate or

1 subsidiary of the charitable organization is a general  
2 partner, for the purposes of owning and operating public  
3 housing residential rental property that has received an  
4 allocation of Low Income Housing Tax Credits for up to 100%  
5 of the public housing dwelling units and (B) under an Annual  
6 Contributions Contract with the Department of Housing and  
7 Urban Development. However, property or portions thereof  
8 intended or used for stores or other commercial purposes are  
9 not exempt. Nothing herein shall exempt property of housing  
10 authorities or any part thereof from special assessments or  
11 special taxation for local improvements. Nothing contained in  
12 this Section shall be construed as limiting the power of any  
13 political subdivision of this State to sell or furnish a  
14 housing authority with water, electricity, gas, or other  
15 services and facilities under the same basis that those  
16 services and facilities are rendered to others under similar  
17 circumstances.

18 (Source: Laws 1959, p. 1549, 1554, 2219, and 2224; P.A.  
19 88-455.)

20 Section 10. The Illinois Municipal Code is amended by  
21 changing Sections 11-74.4-8 and 11-74.4-9 as follows:

22 (65 ILCS 5/11-74.4-8) (from Ch. 24, par. 11-74.4-8)  
23 Sec. 11-74.4-8. A municipality may not adopt tax  
24 increment financing in a redevelopment project area after the  
25 effective date of this amendatory Act of 1997 that will  
26 encompass an area that is currently included in an enterprise  
27 zone created under the Illinois Enterprise Zone Act unless  
28 that municipality, pursuant to Section 5.4 of the Illinois  
29 Enterprise Zone Act, amends the enterprise zone designating  
30 ordinance to limit the eligibility for tax abatements as  
31 provided in Section 5.4.1 of the Illinois Enterprise Zone  
32 Act. A municipality, at the time a redevelopment project

1 area is designated, may adopt tax increment allocation  
2 financing by passing an ordinance providing that the ad  
3 valorem taxes, if any, arising from the levies upon taxable  
4 real property in such redevelopment project area by taxing  
5 districts and tax rates determined in the manner provided in  
6 paragraph (c) of Section 11-74.4-9 each year after the  
7 effective date of the ordinance until redevelopment project  
8 costs and all municipal obligations financing redevelopment  
9 project costs incurred under this Division have been paid  
10 shall be divided as follows:

11 (a) That portion of taxes levied upon each taxable lot,  
12 block, tract or parcel of real property which is attributable  
13 to the lower of the current equalized assessed value or the  
14 initial equalized assessed value of each such taxable lot,  
15 block, tract or parcel of real property in the redevelopment  
16 project area shall be allocated to and when collected shall  
17 be paid by the county collector to the respective affected  
18 taxing districts in the manner required by law in the absence  
19 of the adoption of tax increment allocation financing.

20 (b) Except from a tax levied by a township to retire  
21 bonds issued to satisfy court-ordered damages, that portion,  
22 if any, of such taxes which is attributable to the increase  
23 in the current equalized assessed valuation of each taxable  
24 lot, block, tract or parcel of real property in the  
25 redevelopment project area over and above the initial  
26 equalized assessed value of each property in the project area  
27 shall be allocated to and when collected shall be paid to the  
28 municipal treasurer who shall deposit said taxes into a  
29 special fund called the special tax allocation fund of the  
30 municipality for the purpose of paying redevelopment project  
31 costs and obligations incurred in the payment thereof. In any  
32 county with a population of 3,000,000 or more that has  
33 adopted a procedure for collecting taxes that provides for  
34 one or more of the installments of the taxes to be billed and

1 collected on an estimated basis, the municipal treasurer  
2 shall be paid for deposit in the special tax allocation fund  
3 of the municipality, from the taxes collected from estimated  
4 bills issued for property in the redevelopment project area,  
5 the difference between the amount actually collected from  
6 each taxable lot, block, tract, or parcel of real property  
7 within the redevelopment project area and an amount  
8 determined by multiplying the rate at which taxes were last  
9 extended against the taxable lot, block, track, or parcel of  
10 real property in the manner provided in subsection (c) of  
11 Section 11-74.4-9 by the initial equalized assessed value of  
12 the property divided by the number of installments in which  
13 real estate taxes are billed and collected within the county;  
14 provided that the payments on or before December 31, 1999 to  
15 a municipal treasurer shall be made only if each of the  
16 following conditions are met:

17 (1) The total equalized assessed value of the  
18 redevelopment project area as last determined was not  
19 less than 175% of the total initial equalized assessed  
20 value.

21 (2) Not more than 50% of the total equalized  
22 assessed value of the redevelopment project area as last  
23 determined is attributable to a piece of property  
24 assigned a single real estate index number.

25 (3) The municipal clerk has certified to the county  
26 clerk that the municipality has issued its obligations to  
27 which there has been pledged the incremental property  
28 taxes of the redevelopment project area or taxes levied  
29 and collected on any or all property in the municipality  
30 or the full faith and credit of the municipality to pay  
31 or secure payment for all or a portion of the  
32 redevelopment project costs. The certification shall be  
33 filed annually no later than September 1 for the  
34 estimated taxes to be distributed in the following year;

1           however, for the year 1992 the certification shall be  
2           made at any time on or before March 31, 1992.

3           (4) The municipality has not requested that the  
4           total initial equalized assessed value of real property  
5           be adjusted as provided in subsection (b) of Section  
6           11-74.4-9.

7           The conditions of paragraphs (1) through (4) do not apply  
8           after December 31, 1999 to payments to a municipal treasurer  
9           made by a county with 3,000,000 or more inhabitants that has  
10          adopted an estimated billing procedure for collecting taxes.  
11          If a county that has adopted the estimated billing procedure  
12          makes an erroneous overpayment of tax revenue to the  
13          municipal treasurer, then the county may seek a refund of  
14          that overpayment. The county shall send the municipal  
15          treasurer a notice of liability for the overpayment on or  
16          before the mailing date of the next real estate tax bill  
17          within the county. The refund shall be limited to the amount  
18          of the overpayment.

19          It is the intent of this Division that after the  
20          effective date of this amendatory Act of 1988 a  
21          municipality's own ad valorem tax arising from levies on  
22          taxable real property be included in the determination of  
23          incremental revenue in the manner provided in paragraph (c)  
24          of Section 11-74.4-9. If the municipality does not extend  
25          such a tax, it shall annually deposit in the municipality's  
26          Special Tax Increment Fund an amount equal to 10% of the  
27          total contributions to the fund from all other taxing  
28          districts in that year. The annual 10% deposit required by  
29          this paragraph shall be limited to the actual amount of  
30          municipally produced incremental tax revenues available to  
31          the municipality from taxpayers located in the redevelopment  
32          project area in that year if: (a) the plan for the area  
33          restricts the use of the property primarily to industrial  
34          purposes, (b) the municipality establishing the redevelopment



1 project area is a home-rule community with a 1990 population  
 2 of between 25,000 and 50,000, (c) the municipality is wholly  
 3 located within a county with a 1990 population of over  
 4 750,000 and (d) the redevelopment project area was  
 5 established by the municipality prior to June 1, 1990. This  
 6 payment shall be in lieu of a contribution of ad valorem  
 7 taxes on real property. If no such payment is made, any  
 8 redevelopment project area of the municipality shall be  
 9 dissolved.

10 If a municipality has adopted tax increment allocation  
 11 financing by ordinance and the County Clerk thereafter  
 12 certifies the "total initial equalized assessed value as  
 13 adjusted" of the taxable real property within such  
 14 redevelopment project area in the manner provided in  
 15 paragraph (b) of Section 11-74.4-9, each year after the date  
 16 of the certification of the total initial equalized assessed  
 17 value as adjusted until redevelopment project costs and all  
 18 municipal obligations financing redevelopment project costs  
 19 have been paid the ad valorem taxes, if any, arising from the  
 20 levies upon the taxable real property in such redevelopment  
 21 project area by taxing districts and tax rates determined in  
 22 the manner provided in paragraph (c) of Section 11-74.4-9  
 23 shall be divided as follows:

24 (1) That portion of the taxes levied upon each  
 25 taxable lot, block, tract or parcel of real property  
 26 which is attributable to the lower of the current  
 27 equalized assessed value or "current equalized assessed  
 28 value as adjusted" or the initial equalized assessed  
 29 value of each such taxable lot, block, tract, or parcel  
 30 of real property existing at the time tax increment  
 31 financing was adopted, minus:

32 (i) the housing authority exemptions provided  
 33 by Section 15-95 of the Property Tax Code,

34 (ii) the charitable purposes exemptions

1 provided by Section 15-65 of the Property Tax Code,  
2 and

3 (iii) the total current homestead exemptions  
4 provided by Sections 15-170 and 15-175 of the  
5 Property Tax Code

6 in the redevelopment project area shall be allocated to  
7 and when collected shall be paid by the county collector  
8 to the respective affected taxing districts in the manner  
9 required by law in the absence of the adoption of tax  
10 increment allocation financing.

11 (2) That portion, if any, of such taxes which is  
12 attributable to the increase in the current equalized  
13 assessed valuation of each taxable lot, block, tract, or  
14 parcel of real property in the redevelopment project  
15 area, over and above the initial equalized assessed value  
16 of each property existing at the time tax increment  
17 financing was adopted, minus the total current homestead  
18 exemptions pertaining to each piece of property provided  
19 by Sections 15-170 and 15-175 of the Property Tax Code  
20 in the redevelopment project area, shall be allocated to  
21 and when collected shall be paid to the municipal Treasurer,  
22 who shall deposit said taxes into a special fund called the  
23 special tax allocation fund of the municipality for the  
24 purpose of paying redevelopment project costs and obligations  
25 incurred in the payment thereof.

26 The municipality may pledge in the ordinance the funds in  
27 and to be deposited in the special tax allocation fund for  
28 the payment of such costs and obligations. No part of the  
29 current equalized assessed valuation of each property in the  
30 redevelopment project area attributable to any increase above  
31 the total initial equalized assessed value, or the total  
32 initial equalized assessed value as adjusted, of such  
33 properties shall be used in calculating the general State  
34 school aid formula, provided for in Section 18-8 of the

1 School Code, until such time as all redevelopment project  
2 costs have been paid as provided for in this Section.

3 Whenever a municipality issues bonds for the purpose of  
4 financing redevelopment project costs, such municipality may  
5 provide by ordinance for the appointment of a trustee, which  
6 may be any trust company within the State, and for the  
7 establishment of such funds or accounts to be maintained by  
8 such trustee as the municipality shall deem necessary to  
9 provide for the security and payment of the bonds. If such  
10 municipality provides for the appointment of a trustee, such  
11 trustee shall be considered the assignee of any payments  
12 assigned by the municipality pursuant to such ordinance and  
13 this Section. Any amounts paid to such trustee as assignee  
14 shall be deposited in the funds or accounts established  
15 pursuant to such trust agreement, and shall be held by such  
16 trustee in trust for the benefit of the holders of the bonds,  
17 and such holders shall have a lien on and a security interest  
18 in such funds or accounts so long as the bonds remain  
19 outstanding and unpaid. Upon retirement of the bonds, the  
20 trustee shall pay over any excess amounts held to the  
21 municipality for deposit in the special tax allocation fund.

22 When such redevelopment projects costs, including without  
23 limitation all municipal obligations financing redevelopment  
24 project costs incurred under this Division, have been paid,  
25 all surplus funds then remaining in the special tax  
26 allocation fund shall be distributed by being paid by the  
27 municipal treasurer to the Department of Revenue, the  
28 municipality and the county collector; first to the  
29 Department of Revenue and the municipality in direct  
30 proportion to the tax incremental revenue received from the  
31 State and the municipality, but not to exceed the total  
32 incremental revenue received from the State or the  
33 municipality less any annual surplus distribution of  
34 incremental revenue previously made; with any remaining funds

1 to be paid to the County Collector who shall immediately  
2 thereafter pay said funds to the taxing districts in the  
3 redevelopment project area in the same manner and proportion  
4 as the most recent distribution by the county collector to  
5 the affected districts of real property taxes from real  
6 property in the redevelopment project area.

7 Upon the payment of all redevelopment project costs,  
8 retirement of obligations and the distribution of any excess  
9 monies pursuant to this Section, the municipality shall adopt  
10 an ordinance dissolving the special tax allocation fund for  
11 the redevelopment project area and terminating the  
12 designation of the redevelopment project area as a  
13 redevelopment project area. Municipalities shall notify  
14 affected taxing districts prior to November 1 if the  
15 redevelopment project area is to be terminated by December 31  
16 of that same year. If a municipality extends estimated dates  
17 of completion of a redevelopment project and retirement of  
18 obligations to finance a redevelopment project, as allowed by  
19 this amendatory Act of 1993, that extension shall not extend  
20 the property tax increment allocation financing authorized by  
21 this Section. Thereafter the rates of the taxing districts  
22 shall be extended and taxes levied, collected and distributed  
23 in the manner applicable in the absence of the adoption of  
24 tax increment allocation financing.

25 Nothing in this Section shall be construed as relieving  
26 property in such redevelopment project areas from being  
27 assessed as provided in the Property Tax Code or as relieving  
28 owners of such property from paying a uniform rate of taxes,  
29 as required by Section 4 of Article 9 of the Illinois  
30 Constitution.

31 (Source: P.A. 91-190, eff. 7-20-99; 91-478, eff. 11-1-99;  
32 92-16, eff. 6-28-01.)

33 (65 ILCS 5/11-74.4-9) (from Ch. 24, par. 11-74.4-9)

1           Sec. 11-74.4-9. (a) If a municipality by ordinance  
 2 provides for tax increment allocation financing pursuant to  
 3 Section 11-74.4-8, the county clerk immediately thereafter  
 4 shall determine (1) the most recently ascertained equalized  
 5 assessed value of each lot, block, tract or parcel of real  
 6 property within such redevelopment project area from which  
 7 shall be deducted:

8           (i) the housing authority exemptions provided by  
 9           Section 15-95 of the Property Tax Code,

10           (ii) the charitable purposes exemptions provided by  
 11           Section 15-65 of the Property Tax Code, and

12           (iii) the homestead exemptions provided by Sections  
 13           15-170 and 15-175 of the Property Tax Code,

14 which value shall be the "initial equalized assessed value"  
 15 of each such piece of property, and (2) the total equalized  
 16 assessed value of all taxable real property within such  
 17 redevelopment project area by adding together the most  
 18 recently ascertained equalized assessed value of each taxable  
 19 lot, block, tract, or parcel of real property within such  
 20 project area, from which shall be deducted:

21           (i) the housing authority exemptions provided by  
 22           Section 15-95 of the Property Tax Code,

23           (ii) the charitable purposes exemptions provided by  
 24           Section 15-65 of the Property Tax Code, and

25           (iii) the homestead exemptions provided by Sections  
 26           15-170 and 15-175 of the Property Tax Code,

27 and shall certify such amount as the "total initial equalized  
 28 assessed value" of the taxable real property within such  
 29 project area.

30           (b) In reference to any municipality which has adopted  
 31 tax increment financing after January 1, 1978, and in respect  
 32 to which the county clerk has certified the "total initial  
 33 equalized assessed value" of the property in the  
 34 redevelopment area, the municipality may thereafter request

1 the clerk in writing to adjust the initial equalized value of  
2 all taxable real property within the redevelopment project  
3 area by deducting therefrom:

4 (i) the housing authority exemptions provided by  
5 Section 15-95 of the Property Tax Code,

6 (ii) the charitable purposes exemptions provided by  
7 Section 15-65 of the Property Tax Code, and

8 (iii) the homestead exemptions provided for by  
9 Sections 15-170 and 15-175 of the Property Tax Code

10 applicable to each lot, block, tract or parcel of real  
11 property within such redevelopment project area. The county  
12 clerk shall immediately after the written request to adjust  
13 the total initial equalized value is received determine:

14 (i) the total housing authority exemptions in the  
15 redevelopment project area provided by Section 15-95 of  
16 the Property Tax Code,

17 (ii) the total charitable purposes exemptions in  
18 the redevelopment project area provided by Section 15-65  
19 of the Property Tax Code, and

20 (iii) the total homestead exemptions in the  
21 redevelopment project area provided by Sections 15-170  
22 and 15-175 of the Property Tax Code

23 by adding together the homestead exemptions provided by said  
24 Sections on each lot, block, tract or parcel of real property  
25 within such redevelopment project area and then shall deduct  
26 the total of said exemptions from the total initial equalized  
27 assessed value. The county clerk shall then promptly certify  
28 such amount as the "total initial equalized assessed value as  
29 adjusted" of the taxable real property within such  
30 redevelopment project area.

31 (c) After the county clerk has certified the "total  
32 initial equalized assessed value" of the taxable real  
33 property in such area, then in respect to every taxing  
34 district containing a redevelopment project area, the county

1 clerk or any other official required by law to ascertain the  
2 amount of the equalized assessed value of all taxable  
3 property within such district for the purpose of computing  
4 the rate per cent of tax to be extended upon taxable property  
5 within such district, shall in every year that tax increment  
6 allocation financing is in effect ascertain the amount of  
7 value of taxable property in a redevelopment project area by  
8 including in such amount the lower of the current equalized  
9 assessed value or the certified "total initial equalized  
10 assessed value" of all taxable real property in such area,  
11 except that after he has certified the "total initial  
12 equalized assessed value as adjusted" he shall in the year of  
13 said certification if tax rates have not been extended and in  
14 every year thereafter that tax increment allocation financing  
15 is in effect ascertain the amount of value of taxable  
16 property in a redevelopment project area by including in such  
17 amount the lower of the current equalized assessed value or  
18 the certified "total initial equalized assessed value as  
19 adjusted" of all taxable real property in such area. The rate  
20 per cent of tax determined shall be extended to the current  
21 equalized assessed value of all property in the redevelopment  
22 project area in the same manner as the rate per cent of tax  
23 is extended to all other taxable property in the taxing  
24 district. The method of extending taxes established under  
25 this Section shall terminate when the municipality adopts an  
26 ordinance dissolving the special tax allocation fund for the  
27 redevelopment project area. This Division shall not be  
28 construed as relieving property owners within a redevelopment  
29 project area from paying a uniform rate of taxes upon the  
30 current equalized assessed value of their taxable property as  
31 provided in the Property Tax Code.  
32 (Source: P.A. 88-670, eff. 12-2-94.)

33 Section 99. Effective date. This Act takes effect upon

1 becoming law.