

1 AN ACT concerning revenue.

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 9-195, 10-380, and 15-35 and by adding Sections 9-275,
6 15-57, and 16-181 as 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, 15-57,
10 15-60, 15-100, 15-103, and 15-185, when property which is
11 exempt from taxation is leased to another whose property is not
12 exempt, and the leasing of which does not make the property
13 taxable, the leasehold estate and the appurtenances shall be
14 listed as the property of the lessee thereof, or his or her
15 assignee. Taxes on that property shall be collected in the same
16 manner as on property that is not exempt, and the lessee shall
17 be liable for those taxes. However, no tax lien shall attach to
18 the exempt real estate. The changes made by this amendatory Act
19 of 1997 and by this amendatory Act of the 91st General Assembly
20 are declaratory of existing law and shall not be construed as a
21 new enactment. The changes made by Public Acts 88-221 and
22 88-420 that are incorporated into this Section by this
23 amendatory Act of 1993 are declarative of existing law and are

1 not a new enactment.

2 (b) The provisions of this Section regarding taxation of
3 leasehold interests in exempt property do not apply to any
4 leasehold interest created pursuant to any transaction
5 described in subsection (e) of Section 15-35, item (a) of
6 Section 15-35, Section 15-57, subsection (c-5) of Section
7 15-60, subsection (b) of Section 15-100, Section 15-103, or
8 Section 15-185.

9 (Source: P.A. 92-844, eff. 8-23-02; 92-846, eff. 8-23-02;
10 93-19, eff. 6-20-03.)

11 (35 ILCS 200/9-275 new)

12 Sec. 9-275. Erroneous homestead exemptions.

13 (a) If, upon determination by the chief county assessment
14 officer, any person or entity that was not eligible to receive
15 a homestead exemption under Article 15 of this Code was granted
16 one homestead exemption in error for real property in any year
17 or years not to exceed the 3 assessment years prior to the
18 assessment year in which the determination is made, then the
19 chief county assessment officer may cause to be served on the
20 person to whom the most recent tax bill was mailed a notice of
21 intent to record a tax lien against the property with respect
22 to which the erroneous homestead exemption was granted.

23 (b) If, upon determination by the chief county assessment
24 officer, any person or entity that was not eligible to receive
25 a homestead exemption under Article 15 of this Code was granted

1 2 homestead exemptions in error for real property in any year
2 or years not to exceed the 3 assessment years prior to the
3 assessment year in which the determination is made, then the
4 chief county assessment officer may cause to be served on the
5 person to whom the most recent tax bill was mailed a notice of
6 intent to record a tax lien against the property with respect
7 to which the erroneous homestead exemption was granted.

8 (c) If, upon determination by the chief county assessment
9 officer, any person or entity that was not eligible to receive
10 a homestead exemption under Article 15 of this Code was granted
11 3 or more homestead exemptions in error for real property in
12 any year or years not to exceed the 6 assessment years prior to
13 the assessment year in which the determination is made, then
14 the chief county assessment officer may cause to be served on
15 the person to whom the most recent tax bill was mailed a notice
16 of intent to record a tax lien against the property with
17 respect to which the erroneous homestead exemption was granted.

18 (d) The notice of intent to record a tax lien described in
19 subsections (a), (b), and (c) of this Section shall identify
20 the property against which the lien is being sought and shall
21 identify the assessment years in which the erroneous homestead
22 exemption was granted.

23 In counties with 3,000,000 or more inhabitants, the notice
24 must also include a form that the property owner may return to
25 the chief county assessment officer to request a hearing. The
26 property owner may request a hearing by returning the form

1 within 30 days after service. The hearing shall be held within
2 90 days after the property owner is served. The chief county
3 assessment officer shall promulgate rules of service and
4 procedure for the hearing. The chief county assessment officer
5 must generally follow rules of evidence and practices that
6 prevail in the county circuit courts, but, because of the
7 nature of these proceedings, the chief county assessment
8 officer is not bound by those rules in all particulars. The
9 chief county assessment officer shall appoint a hearing officer
10 to oversee the hearing. The property owner shall be allowed to
11 present evidence to the hearing officer at the hearing. After
12 taking into consideration all the relevant testimony and
13 evidence, the hearing officer shall make an administrative
14 decision on whether the property owner was erroneously granted
15 a homestead exemption for the assessment year or years in
16 question. The property owner may appeal the hearing officer's
17 ruling to the circuit court of the county where the property is
18 located under the Administrative Review Law.

19 In counties with less than 3,000,000 inhabitants, the
20 notice must also include a form that the property owner may
21 return to the board of review to request a hearing. The
22 property owner may request a hearing by returning the form
23 within 30 days after service. The hearing shall be held within
24 90 days after the property owner is served. The board of review
25 shall follow its normal practices and procedures in conducting
26 the hearing. The property owner shall be allowed to present

1 evidence to the board of review. After taking into
2 consideration all of the relevant testimony and evidence, the
3 board of review shall issue a decision on whether the property
4 owner was erroneously granted a homestead exemption for the
5 assessment year or years in question. The property owner may
6 appeal the board of review's ruling to the circuit court of the
7 county where the property is located under the Administrative
8 Review Law.

9 (e) A lien imposed under this Section shall be filed with
10 the county clerk and the county recorder of deeds, but may not
11 be filed sooner than 45 days after the notice was delivered to
12 the property owner if the property owner does not request a
13 hearing, or, until the conclusion of the hearing and all
14 appeals if the property owner does request a hearing.

15 (1) When a lien is filed pursuant to subsection (a) of
16 this Section, the arrearages of taxes that might have been
17 assessed, plus 5% interest per annum, shall be charged
18 against the property by the county clerk.

19 (2) When a lien is filed pursuant to subsection (b) of
20 this Section, the arrearages of taxes that might have been
21 assessed, plus a penalty of 25% of the total amount of
22 unpaid taxes for each year and 10% interest per annum,
23 shall be charged against the property by the county clerk.

24 (3) When a lien is filed pursuant to subsection (c) of
25 this Section, the arrearages of taxes that might have been
26 assessed, plus a penalty of 40% of the total amount of

1 unpaid taxes for each year and 15% interest per annum,
2 shall be charged against the property by the county clerk.

3 (f) If the erroneous homestead exemption was granted as a
4 result of a clerical error or omission on the part of the chief
5 county assessment officer, and if the owner has paid its tax
6 bills as received for the year or years in which the error
7 occurred, then the interest and penalties authorized by this
8 Section shall not be chargeable to the owner. However, nothing
9 in this Section shall prevent the collection of the principal
10 amount of back taxes due and owing.

11 (g) If, at the hearing, the property owner establishes that
12 it is a bona fide purchaser of the property for value, and
13 without notice of the erroneous homestead exemption, the
14 property owner shall not be liable for any unpaid back taxes,
15 interest, or penalties for the period of time prior to the date
16 that the property owner purchased the property. A certified
17 title to the property that is issued by the county clerk or
18 county recorder of deeds and is free and clear of any liens
19 imposed under subsections (a), (b), or (c) of this Section,
20 shall be prima facie evidence that the property owner is
21 without notice of the erroneous homestead exemption.

22 (h) When a lien is filed pursuant to subsection (e) of this
23 Section, the chief county assessment officer shall mail a copy
24 of the lien to the person to whom the most recent tax bill was
25 mailed and the outstanding liability created by such a lien is
26 due and payable within 30 days after the mailing of the lien by

1 the chief county assessment officer. This liability is deemed
2 delinquent and shall bear interest beginning on the day after
3 the due date. Any such liability deemed delinquent after that
4 due date shall bear interest at the rate of 1.5% per month or
5 portion thereof until paid.

6 (i) The unpaid taxes shall be paid to the appropriate
7 taxing districts. Interest shall be paid to the county where
8 the property is located. The penalty shall be paid to the chief
9 county assessment officer's office for the administration of
10 the provisions of this amendatory Act of the 97th General
11 Assembly.

12 (j) For purposes of this Section, "homestead exemption"
13 means an exemption under Section 15-165 (disabled veterans),
14 15-167 (returning veterans), 15-168 (disabled persons), 15-169
15 (disabled veterans standard homestead), 15-170 (senior
16 citizens), 15-172 (senior citizens assessment freeze), 15-175
17 (general homestead), 15-176 (alternative general homestead),
18 or 15-177 (long-time occupant).

19 (35 ILCS 200/10-380)

20 Sec. 10-380. For the taxable years 2006 and thereafter,
21 ~~2007, 2008, and 2009,~~ the chief county assessment officer in
22 the county in which property subject to a PPV Lease is located
23 shall apply the provisions of 10-370(b) (i) and 10-375(c) (i) of
24 this Division 14 in assessing and determining the value of any
25 PPV Lease for purposes of the property tax laws of this State.

1 (Source: P.A. 94-974, eff. 6-30-06.)

2 (35 ILCS 200/15-35)

3 Sec. 15-35. Schools. All property donated by the United
4 States for school purposes, and all property of schools, not
5 sold or leased or otherwise used with a view to profit, is
6 exempt, whether owned by a resident or non-resident of this
7 State or by a corporation incorporated in any state of the
8 United States. Also exempt is:

9 (a) property, along with the leasehold interest in that
10 property, of schools which is leased to the State, a unit
11 of local government, or school district ~~municipality~~ to be
12 used for governmental ~~municipal~~ purposes on a
13 not-for-profit basis;

14 (b) property of schools on which the schools are
15 located and any other property of schools used by the
16 schools exclusively for school purposes, including, but
17 not limited to, student residence halls, dormitories and
18 other housing facilities for students and their spouses and
19 children, staff housing facilities, and school-owned and
20 operated dormitory or residence halls occupied in whole or
21 in part by students who belong to fraternities, sororities,
22 or other campus organizations;

23 (c) property donated, granted, received or used for
24 public school, college, theological seminary, university,
25 or other educational purposes, whether held in trust or

1 absolutely;

2 (d) in counties with more than 200,000 inhabitants
3 which classify property, property (including interests in
4 land and other facilities) on or adjacent to (even if
5 separated by a public street, alley, sidewalk, parkway or
6 other public way) the grounds of a school, if that property
7 is used by an academic, research or professional society,
8 institute, association or organization which serves the
9 advancement of learning in a field or fields of study
10 taught by the school and which property is not used with a
11 view to profit;

12 (e) property owned by a school district. The exemption
13 under this subsection is not affected by any transaction in
14 which, for the purpose of obtaining financing, the school
15 district, directly or indirectly, leases or otherwise
16 transfers the property to another for which or whom
17 property is not exempt and immediately after the lease or
18 transfer enters into a leaseback or other agreement that
19 directly or indirectly gives the school district a right to
20 use, control, and possess the property. In the case of a
21 conveyance of the property, the school district must retain
22 an option to purchase the property at a future date or,
23 within the limitations period for reverters, the property
24 must revert back to the school district.

25 (1) If the property has been conveyed as described
26 in this subsection, the property is no longer exempt

1 under this Section as of the date when:

2 (A) the right of the school district to use,
3 control, and possess the property is terminated;

4 (B) the school district no longer has an option
5 to purchase or otherwise acquire the property; and

6 (C) there is no provision for a reverter of the
7 property to the school district within the
8 limitations period for reverters.

9 (2) Pursuant to Sections 15-15 and 15-20 of this
10 Code, the school district shall notify the chief county
11 assessment officer of any transaction under this
12 subsection. The chief county assessment officer shall
13 determine initial and continuing compliance with the
14 requirements of this subsection for tax exemption.
15 Failure to notify the chief county assessment officer
16 of a transaction under this subsection or to otherwise
17 comply with the requirements of Sections 15-15 and
18 15-20 of this Code shall, in the discretion of the
19 chief county assessment officer, constitute cause to
20 terminate the exemption, notwithstanding any other
21 provision of this Code.

22 (3) No provision of this subsection shall be
23 construed to affect the obligation of the school
24 district to which an exemption certificate has been
25 issued under this Section from its obligation under
26 Section 15-10 of this Code to file an annual

1 certificate of status or to notify the chief county
2 assessment officer of transfers of interest or other
3 changes in the status of the property as required by
4 this Code.

5 (4) The changes made by this amendatory Act of the
6 91st General Assembly are declarative of existing law
7 and shall not be construed as a new enactment; and

8 (f) in counties with more than 200,000 inhabitants
9 which classify property, property of a corporation, which
10 is an exempt entity under paragraph (3) of Section 501(c)
11 of the Internal Revenue Code or its successor law, used by
12 the corporation for the following purposes: (1) conducting
13 continuing education for professional development of
14 personnel in energy-related industries; (2) maintaining a
15 library of energy technology information available to
16 students and the public free of charge; and (3) conducting
17 research in energy and environment, which research results
18 could be ultimately accessible to persons involved in
19 education.

20 (Source: P.A. 91-513, eff. 8-13-99; 91-578, eff. 8-14-99;
21 92-16, eff. 6-28-01.)

22 (35 ILCS 200/15-57 new)

23 Sec. 15-57. Government property leased to another
24 government entity. If property is owned by the State, a unit of
25 local government, or a school district and that property is

1 leased to the State, a unit of local government, or a school
2 district, then the property is exempt from taxation under this
3 Code and the leasehold interest is exempt from taxation under
4 this Code or under any other law. The provisions of this
5 Section apply notwithstanding any other provision of law.

6 (35 ILCS 200/16-181 new)

7 Sec. 16-181. Stipulation to revised assessment. The board
8 of review whose decision is being appealed may, at its
9 discretion, enter into discussions with a taxpayer aimed at
10 achieving a stipulated revised assessment upon the property,
11 either prior to or after receipt of the taxpayer's petition
12 from the Property Tax Appeal Board. If such discussions
13 commence prior to the board of review's receipt of the
14 taxpayer's petition from the Property Tax Appeal Board, the
15 taxpayer shall provide the board of review with such evidence
16 of the taxpayer's timely filing of its appeal before the
17 Property Tax Appeal Board as the board of review may request,
18 including but not limited to a copy of the taxpayer's petition
19 as filed with the Property Tax Appeal Board. If, after
20 discussions have been entered into, the taxpayer and the board
21 of review propose to stipulate to a revised assessment of the
22 property, and if the original complaint requested a reduction
23 in assessed value of more than \$100,000, then the board of
24 review shall first serve a copy of the proposed stipulation or
25 assessment agreement on all taxing districts as shown on the

1 last available property tax bill, along with a copy of the
2 taxpayer's petition as provided to the board of review and all
3 other evidence used to reach the settlement. The taxing
4 districts so served shall have a period of 45 days after the
5 postmark date of the notice from the board of review to file a
6 written objection to the proposal, stating the reasons for the
7 objection, with the board of review. Failure of a taxing
8 district to object to the proposed assessment within the 45-day
9 objection period shall be considered acceptance of the proposed
10 assessment. Upon the later of (i) the expiration of the 45-day
11 objection period or (ii) written resolution of any timely filed
12 written objection received from a taxing district, the board of
13 review shall provide the proposed stipulation or assessment
14 agreement to the Property Tax Appeal Board along with a
15 certificate of service affirming that all taxing districts have
16 been notified of the proposed stipulation or assessment
17 agreement, and that no timely written objections to the
18 stipulation or assessment agreement have been received or that
19 any such objections have been fully resolved. The certificate
20 of service shall be signed by a member of the board of review
21 or the clerk of the board of review. Within 120 days after the
22 Property Tax Appeal Board's receipt of the stipulation or
23 assessment agreement and certificate of service, the Property
24 Tax Appeal Board shall issue a decision in accordance with the
25 stipulation or assessment agreement, unless it finds that the
26 Property Tax Appeal Board lacks jurisdiction over the appeal or

1 that the stipulation or assessment agreement is against the
2 manifest weight of the evidence.

3 If the board of review provides notice to the affected
4 taxing districts of the proposed stipulation or assessment
5 agreement, and a taxing district (i) does not respond to the
6 notice, (ii) accepts the proposed assessment, or (iii) reaches
7 a written resolution with the board of review and the taxpayer,
8 then the board of review is not required to otherwise send
9 notice as required by Section 16-180 of the Property Tax Code
10 to that taxing district, and that taxing district is precluded
11 from intervening or otherwise participating in the appeal
12 pending before the Property Tax Appeal Board challenging the
13 assessment. If a taxing district files a written objection to
14 the proposal to the board of review which is not followed by a
15 written resolution, then the appeal shall proceed as provided
16 by law, the board of review must notify that taxing district as
17 required by Section 16-180, and any proposed stipulation or
18 assessment agreement shall not be considered or introduced as
19 evidence in any proceeding before the Property Tax Appeal
20 Board.

21 Section 90. The State Mandates Act is amended by adding
22 Section 8.35 as follows:

23 (30 ILCS 805/8.35 new)

24 Sec. 8.35. Exempt mandate. Notwithstanding Sections 6 and 8

1 of this Act, no reimbursement by the State is required for the
2 implementation of any mandate created by this amendatory Act of
3 the 97th General Assembly.

4 Section 95. Applicability. The changes made by this
5 amendatory Act of the 97th General Assembly to the Property Tax
6 Code by changing Sections 9-195 and 15-35 and by adding Section
7 15-57 and to the State Mandates Act by adding Section 8.35
8 apply to taxable years 2010 and thereafter. In addition, those
9 changes and additions also apply to taxable years prior to
10 2010, but no such taxes paid for any taxable year prior to 2010
11 need be refunded.

12 Section 97. Severability. The provisions of this Act are
13 severable under Section 1.31 of the Statute on Statutes.