

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, 15-35, 15-55, 15-60, 15-100, and 15-103 and by
6 adding Section 15-57 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 200/15-35)

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

18 (a) property, along with the leasehold interest in that
19 property, of schools which is leased to the State, a unit
20 of local government, or school district ~~municipality~~ to be
21 used for governmental ~~municipal~~ purposes on a
22 not-for-profit basis;

23 (b) property of schools on which the schools are
24 located and any other property of schools used by the
25 schools exclusively for school purposes, including, but

1 not limited to, student residence halls, dormitories and
2 other housing facilities for students and their spouses and
3 children, staff housing facilities, and school-owned and
4 operated dormitory or residence halls occupied in whole or
5 in part by students who belong to fraternities, sororities,
6 or other campus organizations;

7 (c) property donated, granted, received or used for
8 public school, college, theological seminary, university,
9 or other educational purposes, whether held in trust or
10 absolutely;

11 (d) in counties with more than 200,000 inhabitants
12 which classify property, property (including interests in
13 land and other facilities) on or adjacent to (even if
14 separated by a public street, alley, sidewalk, parkway or
15 other public way) the grounds of a school, if that property
16 is used by an academic, research or professional society,
17 institute, association or organization which serves the
18 advancement of learning in a field or fields of study
19 taught by the school and which property is not used with a
20 view to profit;

21 (e) property owned by a school district. The exemption
22 under this subsection is not affected by any transaction in
23 which, for the purpose of obtaining financing, the school
24 district, directly or indirectly, leases or otherwise
25 transfers the property to another for which or whom
26 property is not exempt and immediately after the lease or

1 transfer enters into a leaseback or other agreement that
2 directly or indirectly gives the school district a right to
3 use, control, and possess the property. In the case of a
4 conveyance of the property, the school district must retain
5 an option to purchase the property at a future date or,
6 within the limitations period for reverters, the property
7 must revert back to the school district.

8 (1) If the property has been conveyed as described
9 in this subsection, the property is no longer exempt
10 under this Section as of the date when:

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

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

15 (C) there is no provision for a reverter of the
16 property to the school district within the
17 limitations period for reverters.

18 (2) Pursuant to Sections 15-15 and 15-20 of this
19 Code, the school district shall notify the chief county
20 assessment officer of any transaction under this
21 subsection. The chief county assessment officer shall
22 determine initial and continuing compliance with the
23 requirements of this subsection for tax exemption.
24 Failure to notify the chief county assessment officer
25 of a transaction under this subsection or to otherwise
26 comply with the requirements of Sections 15-15 and

1 15-20 of this Code shall, in the discretion of the
2 chief county assessment officer, constitute cause to
3 terminate the exemption, notwithstanding any other
4 provision of this Code.

5 (3) No provision of this subsection shall be
6 construed to affect the obligation of the school
7 district to which an exemption certificate has been
8 issued under this Section from its obligation under
9 Section 15-10 of this Code to file an annual
10 certificate of status or to notify the chief county
11 assessment officer of transfers of interest or other
12 changes in the status of the property as required by
13 this Code.

14 (4) The changes made by this amendatory Act of the
15 91st General Assembly are declarative of existing law
16 and shall not be construed as a new enactment; and

17 (f) in counties with more than 200,000 inhabitants
18 which classify property, property of a corporation, which
19 is an exempt entity under paragraph (3) of Section 501(c)
20 of the Internal Revenue Code or its successor law, used by
21 the corporation for the following purposes: (1) conducting
22 continuing education for professional development of
23 personnel in energy-related industries; (2) maintaining a
24 library of energy technology information available to
25 students and the public free of charge; and (3) conducting
26 research in energy and environment, which research results

1 could be ultimately accessible to persons involved in
2 education.

3 (Source: P.A. 91-513, eff. 8-13-99; 91-578, eff. 8-14-99;
4 92-16, eff. 6-28-01.)

5 (35 ILCS 200/15-55)

6 Sec. 15-55. State property.

7 (a) All property belonging to the State of Illinois is
8 exempt. However, the State agency holding title shall file the
9 certificate of ownership and use required by Section 15-10,
10 together with a copy of any written lease or agreement, in
11 effect on March 30 of the assessment year, concerning parcels
12 of 1 acre or more, or an explanation of the terms of any oral
13 agreement under which the property is leased, subleased or
14 rented.

15 The leased property shall be assessed to the lessee and the
16 taxes thereon extended and billed to the lessee, and collected
17 in the same manner as for property which is not exempt. The
18 lessee shall be liable for the taxes and no lien shall attach
19 to the property of the State.

20 For the purposes of this Section, the word "leases"
21 includes licenses, franchises, operating agreements and other
22 arrangements under which private individuals, associations or
23 corporations are granted the right to use property of the
24 Illinois State Toll Highway Authority and includes all property
25 of the Authority used by others without regard to the size of

1 the leased parcel.

2 (b) However, all property of every kind belonging to the
3 State of Illinois, which is or may hereafter be leased to the
4 Illinois Prairie Path Corporation, shall be exempt from all
5 assessments, taxation or collection, despite the making of any
6 such lease, if it is used for:

7 (1) conservation, nature trail or any other
8 charitable, scientific, educational or recreational
9 purposes with public benefit, including the preserving and
10 aiding in the preservation of natural areas, objects,
11 flora, fauna or biotic communities;

12 (2) the establishment of footpaths, trails and other
13 protected areas;

14 (3) the conservation of the proper use of natural
15 resources or the promotion of the study of plant and animal
16 communities and of other phases of ecology, natural history
17 and conservation;

18 (4) the promotion of education in the fields of nature,
19 preservation and conservation; or

20 (5) similar public recreational activities conducted
21 by the Illinois Prairie Path Corporation.

22 No lien shall attach to the property of the State. No tax
23 liability shall become the obligation of or be enforceable
24 against Illinois Prairie Path Corporation.

25 (c) If the State sells the James R. Thompson Center or the
26 Elgin Mental Health Center and surrounding land located at 750

1 S. State Street, Elgin, Illinois, as provided in subdivision
2 (a)(2) of Section 7.4 of the State Property Control Act, to
3 another entity whose property is not exempt and immediately
4 thereafter enters into a leaseback or other agreement that
5 directly or indirectly gives the State a right to use, control,
6 and possess the property, that portion of the property leased
7 and occupied exclusively by the State shall remain exempt under
8 this Section. For the property to remain exempt under this
9 subsection (c), the State must retain an option to purchase the
10 property at a future date or, within the limitations period for
11 reverters, the property must revert back to the State.

12 If the property has been conveyed as described in this
13 subsection (c), the property is no longer exempt pursuant to
14 this Section as of the date when:

15 (1) the right of the State to use, control, and possess
16 the property has been terminated; or

17 (2) the State no longer has an option to purchase or
18 otherwise acquire the property and there is no provision
19 for a reverter of the property to the State within the
20 limitations period for reverters.

21 Pursuant to Sections 15-15 and 15-20 of this Code, the
22 State shall notify the chief county assessment officer of any
23 transaction under this subsection (c). The chief county
24 assessment officer shall determine initial and continuing
25 compliance with the requirements of this Section for tax
26 exemption. Failure to notify the chief county assessment

1 officer of a transaction under this subsection (c) or to
2 otherwise comply with the requirements of Sections 15-15 and
3 15-20 of this Code shall, in the discretion of the chief county
4 assessment officer, constitute cause to terminate the
5 exemption, notwithstanding any other provision of this Code.

6 (c-1) If the Illinois State Toll Highway Authority sells
7 the Illinois State Toll Highway Authority headquarters
8 building and surrounding land, located at 2700 Ogden Avenue,
9 Downers Grove, Illinois as provided in subdivision (a)(2) of
10 Section 7.5 of the State Property Control Act, to another
11 entity whose property is not exempt and immediately thereafter
12 enters into a leaseback or other agreement that directly or
13 indirectly gives the State or the Illinois State Toll Highway
14 Authority a right to use, control, and possess the property,
15 that portion of the property leased and occupied exclusively by
16 the State or the Authority shall remain exempt under this
17 Section. For the property to remain exempt under this
18 subsection (c), the Authority must retain an option to purchase
19 the property at a future date or, within the limitations period
20 for reverters, the property must revert back to the Authority.

21 If the property has been conveyed as described in this
22 subsection (c), the property is no longer exempt pursuant to
23 this Section as of the date when:

24 (1) the right of the State or the Authority to use,
25 control, and possess the property has been terminated; or

26 (2) the Authority no longer has an option to purchase

1 or otherwise acquire the property and there is no provision
2 for a reverter of the property to the Authority within the
3 limitations period for reverters.

4 Pursuant to Sections 15-15 and 15-20 of this Code, the
5 Authority shall notify the chief county assessment officer of
6 any transaction under this subsection (c). The chief county
7 assessment officer shall determine initial and continuing
8 compliance with the requirements of this Section for tax
9 exemption. Failure to notify the chief county assessment
10 officer of a transaction under this subsection (c) or to
11 otherwise comply with the requirements of Sections 15-15 and
12 15-20 of this Code shall, in the discretion of the chief county
13 assessment officer, constitute cause to terminate the
14 exemption, notwithstanding any other provision of this Code.

15 (d) The fair market rent of each parcel of real property in
16 Will County owned by the State of Illinois for the purpose of
17 developing an airport by the Department of Transportation shall
18 include the assessed value of leasehold tax. The lessee of each
19 parcel of real property in Will County owned by the State of
20 Illinois for the purpose of developing an airport by the
21 Department of Transportation shall not be liable for the taxes
22 thereon. In order for the State to compensate taxing districts
23 for the leasehold tax under this paragraph the Will County
24 Supervisor of Assessments shall certify, in writing, to the
25 Department of Transportation, the amount of leasehold taxes
26 extended for the 2002 property tax year for each such exempt

1 parcel. The Department of Transportation shall pay to the Will
2 County Treasurer, from the Tax Recovery Fund, on or before July
3 1 of each year, the amount of leasehold taxes for each such
4 exempt parcel as certified by the Will County Supervisor of
5 Assessments. The tax compensation shall terminate on December
6 31, 2020. It is the duty of the Department of Transportation to
7 file with the Office of the Will County Supervisor of
8 Assessments an affidavit stating the termination date for
9 rental of each such parcel due to airport construction. The
10 affidavit shall include the property identification number for
11 each such parcel. In no instance shall tax compensation for
12 property owned by the State be deemed delinquent or bear
13 interest. In no instance shall a lien attach to the property of
14 the State. In no instance shall the State be required to pay
15 leasehold tax compensation in excess of the Tax Recovery Fund's
16 balance.

17 (e) Public Act 81-1026 applies to all leases or agreements
18 entered into or renewed on or after September 24, 1979.

19 (f) Notwithstanding anything to the contrary in this Code,
20 all property owned by the State that is the Illiana Expressway,
21 as defined in the Public Private Agreements for the Illiana
22 Expressway Act, and that is used for transportation purposes
23 and that is leased for those purposes to another entity whose
24 property is not exempt shall remain exempt, and any leasehold
25 interest in the property shall not be subject to taxation under
26 Section 9-195 of this Act.

1 (g) Notwithstanding anything to the contrary in this
2 Section, all property owned by the State or the Illinois State
3 Toll Highway Authority that is defined as a transportation
4 project under the Public-Private Partnerships for
5 Transportation Act and that is used for transportation purposes
6 and that is leased for those purposes to another entity whose
7 property is not exempt shall remain exempt, and any leasehold
8 interest in the property shall not be subject to taxation under
9 Section 9-195 of this Act.

10 (h) Notwithstanding any other provision of law, property
11 that is owned by the State and leased to a unit of local
12 government or a school district is exempt, and those leasehold
13 interests are exempt, from taxation under this Code or any
14 other provision of law.

15 (Source: P.A. 96-192, eff. 8-10-09; 96-913, eff. 6-9-10;
16 97-502, eff. 8-23-11.)

17 (35 ILCS 200/15-57 new)

18 Sec. 15-57. Government property leased to another
19 government entity. If property is owned by the State, a unit of
20 local government, or a school district and that property is
21 leased to the State, a unit of local government, or a school
22 district, then the property is exempt from taxation under this
23 Code and the leasehold interest is exempt from taxation under
24 this Code or under any other law. The provisions of this
25 Section apply notwithstanding any other provision of law.

1 (35 ILCS 200/15-60)

2 Sec. 15-60. Taxing district property. All property
3 belonging to any county or municipality used exclusively for
4 the maintenance of the poor is exempt, as is all property owned
5 by a taxing district that is being held for future expansion or
6 development, except if leased by the taxing district to lessees
7 for use for other than public purposes.

8 Also exempt are:

9 (a) all swamp or overflowed lands belonging to any
10 county;

11 (b) all public buildings belonging to any county,
12 township, or municipality, with the ground on which the
13 buildings are erected;

14 (c) all property owned by any municipality located
15 within its incorporated limits. Any such property leased by
16 a municipality shall remain exempt, and the leasehold
17 interest of the lessee shall be assessed under Section
18 9-195 of this Act, (i) for a lease entered into on or after
19 January 1, 1994, unless the lease expressly provides that
20 this exemption shall not apply; (ii) for a lease entered
21 into on or after the effective date of Public Act 87-1280
22 and before January 1, 1994, unless the lease expressly
23 provides that this exemption shall not apply or unless
24 evidence other than the lease itself substantiates the
25 intent of the parties to the lease that this exemption

1 shall not apply; and (iii) for a lease entered into before
2 the effective date of Public Act 87-1280, if the terms of
3 the lease do not bind the lessee to pay the taxes on the
4 leased property or if, notwithstanding the terms of the
5 lease, the municipality has filed or hereafter files a
6 timely exemption petition or complaint with respect to
7 property consisting of or including the leased property for
8 an assessment year which includes part or all of the first
9 12 months of the lease period. The foregoing clause (iii)
10 added by Public Act 87-1280 shall not operate to exempt
11 property for any assessment year as to which no timely
12 exemption petition or complaint has been filed by the
13 municipality or as to which an administrative or court
14 decision denying exemption has become final and
15 nonappealable. For each assessment year or portion thereof
16 that property is made exempt by operation of the foregoing
17 clause (iii), whether such year or portion is before or
18 after the effective date of Public Act 87-1280, the
19 leasehold interest of the lessee shall, if necessary, be
20 considered omitted property for purposes of this Act;

21 (c-5) Notwithstanding clause (i) of subsection (c),
22 all property owned by a municipality with a population of
23 over 500,000 that is used for toll road or toll bridge
24 purposes and that is leased for those purposes to another
25 entity whose property is not exempt shall remain exempt,
26 and any leasehold interest in the property shall not be

1 subject to taxation under Section 9-195 of this Act;

2 (d) all property owned by any municipality located
3 outside its incorporated limits but within the same county
4 when used as a tuberculosis sanitarium, farm colony in
5 connection with a house of correction, or nursery, garden,
6 or farm, or for the growing of shrubs, trees, flowers,
7 vegetables, and plants for use in beautifying,
8 maintaining, and operating playgrounds, parks, parkways,
9 public grounds, buildings, and institutions owned or
10 controlled by the municipality; ~~and~~

11 (e) all property owned by a township and operated as
12 senior citizen housing under Sections 35-50 through
13 35-50.6 of the Township Code; and ~~and~~

14 (f) all property owned by the Executive Board of the
15 Mutual Aid Box Alarm System (MABAS), a unit of
16 intergovernmental cooperation, that is used for the public
17 purpose of disaster preparedness and response for units of
18 local government and the State of Illinois pursuant to
19 Section 10 of Article VII of the Illinois Constitution and
20 the Intergovernmental Cooperation Act.

21 All property owned by any municipality outside of its
22 corporate limits is exempt if used exclusively for municipal or
23 public purposes.

24 Notwithstanding any other provision of law, property that
25 is owned by a unit of local government and leased to the State,
26 another unit of local government, or a school district is

1 exempt, and those leasehold interests are exempt, from taxation
2 under this Code or any other provision of law.

3 For purposes of this Section, "municipality" means a
4 municipality, as defined in Section 1-1-2 of the Illinois
5 Municipal Code.

6 (Source: P.A. 92-844, eff. 8-23-02; 92-846, eff. 8-23-02.)

7 (35 ILCS 200/15-100)

8 Sec. 15-100. Public transportation systems.

9 (a) All property belonging to any municipal corporation
10 created for the sole purpose of owning and operating a
11 transportation system for public service is exempt.

12 (b) Property owned by (i) a municipal corporation of
13 500,000 or more inhabitants, used for public transportation
14 purposes, and operated by the Chicago Transit Authority; (ii)
15 the Regional Transportation Authority; (iii) any service board
16 or division of the Regional Transportation Authority; (iv) the
17 Northeast Illinois Regional Commuter Railroad Corporation; or
18 (v) the Chicago Transit Authority shall be exempt. For purposes
19 of this Section alone, the Regional Transportation Authority,
20 any service board or division of the Regional Transportation
21 Authority, the Northeast Illinois Regional Commuter Railroad
22 Corporation, the Chicago Transit Authority, or a municipal
23 corporation, as defined in item (i), shall be deemed an
24 "eligible transportation authority". The exemption provided in
25 this subsection shall not be affected by any transaction in

1 which, for the purpose of obtaining financing, the eligible
2 transportation authority, directly or indirectly, leases or
3 otherwise transfers such property to another whose property is
4 not exempt and immediately thereafter enters into a leaseback
5 or other agreement that directly or indirectly gives the
6 eligible transportation authority a right to use, control, and
7 possess the property. In the case of a conveyance of such
8 property, the eligible transportation authority must retain an
9 option to purchase the property at a future date or, within the
10 limitations period for reverters, the property must revert back
11 to the eligible transportation authority.

12 (c) If such property has been conveyed as described in
13 subsection (b), the property will no longer be exempt pursuant
14 to this Section as of the date when:

15 (1) the right of the eligible transportation authority
16 to use, control, and possess the property has been
17 terminated;

18 (2) the eligible transportation authority no longer
19 has an option to purchase or otherwise acquire the
20 property; and

21 (3) there is no provision for a reverter of the
22 property to the eligible transportation authority within
23 the limitations period for reverters.

24 (d) Pursuant to Sections 15-15 and 15-20 of this Code, the
25 eligible transportation authority shall notify the chief
26 county assessment officer of any transaction under subsection

1 (b) of this Section. The chief county assessment officer shall
2 determine initial and continuing compliance with the
3 requirements of this Section for tax exemption. Failure to
4 notify the chief county assessment officer of a transaction
5 under this Section or to otherwise comply with the requirements
6 of Sections 15-15 and 15-20 of this Code shall, in the
7 discretion of the chief county assessment officer, constitute
8 cause to terminate the exemption, notwithstanding any other
9 provision of this Code.

10 (d-5) Notwithstanding any other provision of law, if
11 property that is described in subsection (a) or (b) of this
12 Section is leased to the State, a unit of local government, or
13 a school district, then that property is exempt, and those
14 leasehold interests are exempt, from taxation under this Code
15 or any other provision of law.

16 (e) No provision of this Section shall be construed to
17 affect the obligation of the eligible transportation authority
18 to which an exemption certificate has been issued under this
19 Section from its obligation under Section 15-10 of this Code to
20 file an annual certificate of status or to notify the chief
21 county assessment officer of transfers of interest or other
22 changes in the status of the property as required by this Code.

23 (f) The changes made by this amendatory Act of 1997 are
24 declarative of existing law and shall not be construed as a new
25 enactment.

26 (Source: P.A. 90-562, eff. 12-16-97.)

1 (35 ILCS 200/15-103)

2 Sec. 15-103. Bi-State Development Agency.

3 (a) Property owned by the Bi-State Development Agency of
4 the Missouri-Illinois Metropolitan District is exempt.

5 (b) The exemption under this Section is not affected by any
6 transaction in which, for the purpose of obtaining financing,
7 the Agency, directly or indirectly, leases or otherwise
8 transfers the property to another for which or whom property is
9 not exempt and immediately after the lease or transfer enters
10 into a leaseback or other agreement that directly or indirectly
11 gives the Agency a right to use, control, and possess the
12 property. In the case of a conveyance of the property, the
13 Agency must retain an option to purchase the property at a
14 future date or, within the limitations period for reverters,
15 the property must revert back to the Agency.

16 (c) If the property has been conveyed as described in
17 subsection (b), the property is no longer exempt under this
18 Section as of the date when:

19 (1) the right of the Agency to use, control, and
20 possess the property is terminated;

21 (2) the Agency no longer has an option to purchase or
22 otherwise acquire the property; and

23 (3) there is no provision for a reverter of the
24 property to the Agency within the limitations period for
25 reverters.

1 (d) Pursuant to Sections 15-15 and 15-20 of this Code, the
2 Agency shall notify the chief county assessment officer of any
3 transaction under subsection (b). The chief county assessment
4 officer shall determine initial and continuing compliance with
5 the requirements of this Section for tax exemption. Failure to
6 notify the chief county assessment officer of a transaction
7 under this Section or to otherwise comply with the requirements
8 of Sections 15-15 and 15-20 of this Code shall, in the
9 discretion of the chief county assessment officer, constitute
10 cause to terminate the exemption, notwithstanding any other
11 provision of this Code.

12 (d-5) Notwithstanding any other provision of law, property
13 that is owned by the Bi-State Development Agency of the
14 Missouri-Illinois Metropolitan District and leased to the
15 State, another unit of local government, or a school district
16 is exempt, and those leasehold interests are exempt, from
17 taxation under this Code or any other provision of law.

18 (e) No provision of this Section shall be construed to
19 affect the obligation of the Agency under Section 15-10 of this
20 Code to file an annual certificate of status or to notify the
21 chief county assessment officer of transfers of interest or
22 other changes in the status of the property as required by this
23 Code.

24 (Source: P.A. 91-513, eff. 8-13-99.)

25 Section 90. The State Mandates Act is amended by adding

1 Section 8.36 as follows:

2 (30 ILCS 805/8.36 new)

3 Sec. 8.36. Exempt mandate. Notwithstanding Sections 6 and 8
4 of this Act, no reimbursement by the State is required for the
5 implementation of any mandate created by this amendatory Act of
6 the 97th General Assembly.

7 Section 95. Applicability. The changes made by this
8 amendatory Act of the 97th General Assembly apply to taxable
9 years 2010 and thereafter. In addition, those changes and
10 additions also apply to taxable years prior to 2010, but no
11 such taxes paid for any taxable year prior to 2010 need be
12 refunded.

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

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