



## 98TH GENERAL ASSEMBLY

### State of Illinois

#### 2013 and 2014

#### SB3408

Introduced 2/14/2014, by Sen. Kwame Raoul

#### SYNOPSIS AS INTRODUCED:

35 ILCS 200/9-195  
35 ILCS 200/15-60  
35 ILCS 200/21-95  
30 ILCS 805/8.38 new

Amends the Property Tax Code. Provides that certain property owned by a county, municipality, taxing district, unit of local government, or by one or more municipalities pursuant to an ordinance or intergovernmental agreement, that is held for land bank purposes is exempt from taxation under the Code. Provides that the property remains exempt even if the property is leased to another entity whose property is not exempt. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB098 20000 HLH 55227 b

FISCAL NOTE ACT  
MAY APPLY

HOUSING  
AFFORDABILITY  
IMPACT NOTE ACT  
MAY APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

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, 15-60, and 21-95 as follows:

6 (35 ILCS 200/9-195)

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

8 (a) Except as provided in Sections 15-35, 15-55, 15-60,  
9 15-100, 15-103, 15-160, and 15-185, when property which is  
10 exempt from taxation is leased to another whose property is not  
11 exempt, and the leasing of which does not make the property  
12 taxable, the leasehold estate and the appurtenances shall be  
13 listed as the property of the lessee thereof, or his or her  
14 assignee. Taxes on that property shall be collected in the same  
15 manner as on property that is not exempt, and the lessee shall  
16 be liable for those taxes. However, no tax lien shall attach to  
17 the exempt real estate. The changes made by this amendatory Act  
18 of 1997 and by this amendatory Act of the 91st General Assembly  
19 are declaratory of existing law and shall not be construed as a  
20 new enactment. The changes made by Public Acts 88-221 and  
21 88-420 that are incorporated into this Section by this  
22 amendatory Act of 1993 are declarative of existing law and are  
23 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 or (g) of Section 15-60, subsection (b) of Section 15-100,  
6 Section 15-103, Section 15-160, or Section 15-185.

7           (Source: P.A. 97-1161, eff. 6-1-13.)

8           (35 ILCS 200/15-60)

9           Sec. 15-60. Taxing district property. All property  
10 belonging to any county or municipality used exclusively for  
11 the maintenance of the poor is exempt, as is all property owned  
12 by a taxing district that is being held for future expansion or  
13 development, except if leased by the taxing district to lessees  
14 for use for other than public purposes.

15           Also exempt are:

16           (a) all swamp or overflowed lands belonging to any  
17 county;

18           (b) all public buildings belonging to any county,  
19 township, or municipality, with the ground on which the  
20 buildings are erected;

21           (c) all property owned by any municipality located  
22 within its incorporated limits. Any such property leased by  
23 a municipality shall remain exempt, and the leasehold  
24 interest of the lessee shall be assessed under Section  
25 9-195 of this Act, (i) for a lease entered into on or after

1           January 1, 1994, unless the lease expressly provides that  
2           this exemption shall not apply; (ii) for a lease entered  
3           into on or after the effective date of Public Act 87-1280  
4           and before January 1, 1994, unless the lease expressly  
5           provides that this exemption shall not apply or unless  
6           evidence other than the lease itself substantiates the  
7           intent of the parties to the lease that this exemption  
8           shall not apply; and (iii) for a lease entered into before  
9           the effective date of Public Act 87-1280, if the terms of  
10          the lease do not bind the lessee to pay the taxes on the  
11          leased property or if, notwithstanding the terms of the  
12          lease, the municipality has filed or hereafter files a  
13          timely exemption petition or complaint with respect to  
14          property consisting of or including the leased property for  
15          an assessment year which includes part or all of the first  
16          12 months of the lease period. The foregoing clause (iii)  
17          added by Public Act 87-1280 shall not operate to exempt  
18          property for any assessment year as to which no timely  
19          exemption petition or complaint has been filed by the  
20          municipality or as to which an administrative or court  
21          decision denying exemption has become final and  
22          nonappealable. For each assessment year or portion thereof  
23          that property is made exempt by operation of the foregoing  
24          clause (iii), whether such year or portion is before or  
25          after the effective date of Public Act 87-1280, the  
26          leasehold interest of the lessee shall, if necessary, be

1 considered omitted property for purposes of this Act;

2 (c-5) Notwithstanding clause (i) of subsection (c),  
3 all property owned by a municipality with a population of  
4 over 500,000 that is used for toll road or toll bridge  
5 purposes and that is leased for those purposes to another  
6 entity whose property is not exempt shall remain exempt,  
7 and any leasehold interest in the property shall not be  
8 subject to taxation under Section 9-195 of this Act;

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

18 (e) all property owned by a township and operated as  
19 senior citizen housing under Sections 35-50 through  
20 35-50.6 of the Township Code; ~~and~~

21 (f) all property owned by the Executive Board of the  
22 Mutual Aid Box Alarm System (MABAS), a unit of  
23 intergovernmental cooperation, that is used for the public  
24 purpose of disaster preparedness and response for units of  
25 local government and the State of Illinois pursuant to  
26 Section 10 of Article VII of the Illinois Constitution and

1 the Intergovernmental Cooperation Act; and ~~—~~

2 (g) all property owned by a county, municipality,  
3 taxing district, unit of local government, or by one or  
4 more municipalities pursuant to an ordinance or  
5 intergovernmental agreement, that is held for land bank  
6 purposes, including to promote redevelopment and reuse of  
7 vacant, abandoned, and tax-delinquent properties, to  
8 support targeted efforts to stabilize neighborhoods, and  
9 to stimulate residential, commercial and industrial  
10 development; any such property held for land bank purposes  
11 that is leased for those purposes to another entity whose  
12 property is not exempt shall remain exempt, and any  
13 leasehold interest in the property shall not be subject to  
14 taxation under Section 9-195 of this Act.

15 All property owned by any municipality outside of its  
16 corporate limits is exempt if used exclusively for municipal or  
17 public purposes.

18 For purposes of this Section, "municipality" means a  
19 municipality, as defined in Section 1-1-2 of the Illinois  
20 Municipal Code.

21 (Source: P.A. 98-206, eff. 1-1-14.)

22 (35 ILCS 200/21-95)

23 Sec. 21-95. Tax abatement after acquisition by a  
24 governmental unit. When any county, municipality, school  
25 district, or park district acquires property through the

1 foreclosure of a lien, through a judicial deed, through the  
2 foreclosure of receivership certificate lien, or by acceptance  
3 of a deed of conveyance in lieu of foreclosing any lien against  
4 the property, or when a government unit acquires property under  
5 the Abandoned Housing Rehabilitation Act, or when any county or  
6 other taxing district acquires a deed for property under  
7 Section 21-90 or Sections 21-145 and 21-260, or when a county,  
8 municipality, taxing district, unit of local government, or one  
9 or more municipalities pursuant to an ordinance or  
10 intergovernmental agreement, acquires property for land bank  
11 purposes as described in subsection (g) of Section 15-60, or  
12 when any county, municipality, school district, or park  
13 district acquires title to property that was to be transferred  
14 to that county, municipality, school district, or park district  
15 under the terms of an annexation agreement, development  
16 agreement, donation agreement, plat of subdivision, or zoning  
17 ordinance by an entity that has been dissolved or is being  
18 dissolved or has been in bankruptcy proceedings or is in  
19 bankruptcy proceedings, all due or unpaid property taxes and  
20 existing liens for unpaid property taxes imposed or pending  
21 under any law or ordinance of this State or any of its  
22 political subdivisions shall become null and void.

23 (Source: P.A. 96-1142, eff. 7-21-10.)

24 Section 90. The State Mandates Act is amended by adding  
25 Section 8.38 as follows:

1 (30 ILCS 805/8.38 new)

2 Sec. 8.38. Exempt mandate. Notwithstanding Sections 6 and 8  
3 of this Act, no reimbursement by the State is required for the  
4 implementation of any mandate created by this amendatory Act of  
5 the 98th General Assembly.

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