



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB1598

Introduced 2/9/2017, by Sen. Terry Link

SYNOPSIS AS INTRODUCED:

35 ILCS 200/10-365
35 ILCS 200/10-370
35 ILCS 200/10-375
35 ILCS 200/10-380

Amends the Property Tax Code. Provides that the valuation procedures for PPV leases sunsets on January 1, 2056 (currently, January 1, 2016). Provides that the definition of "net operating income" is the same for naval training facilities as it is for other military training facilities. Makes changes concerning the calculation of the fair cash value of a PPV Lease. Effective immediately.

LRB100 11175 HLH 21472 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

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 10-365, 10-370, 10-375 and 10-380 as follows:

6 (35 ILCS 200/10-365)

7 Sec. 10-365. U.S. Military Public/Private Residential
8 Developments. PPV Leases must be classified and valued as set
9 forth in Sections 10-370 through 10-380 during the period
10 beginning January 1, 2006 and ending January 1, 2056 ~~January 1,~~
11 ~~2017~~.

12 (Source: P.A. 98-494, eff. 1-1-14; 99-738, eff. 8-5-16.)

13 (35 ILCS 200/10-370)

14 Sec. 10-370. Definitions. For the purposes of this Division
15 14:

16 (a) "PPV Lease" means a leasehold interest in property that
17 is exempt from taxation under Section 15-50 of this Code and
18 that is leased, pursuant to authority set forth in Chapter 10
19 of the United States Code, to another whose property is not
20 exempt for the purpose of, after January 1, 2006, the design,
21 finance, construction, renovation, management, operation, and
22 maintenance of rental housing units and associated

1 improvements at military training facilities, military bases,
2 and related military support facilities in the State of
3 Illinois. All interests enjoyed pursuant to the authority set
4 forth in Chapter 159 or Chapter 169 of Title 10 of the United
5 States Code are considered leaseholds for the purposes of this
6 Division. The changes to this Section made by this amendatory
7 Act of the 97th General Assembly apply beginning on January 1,
8 2006.

9 (b) ~~For naval training facilities, naval bases, and naval~~
10 ~~support facilities, "net operating income" means all revenues~~
11 ~~received minus the lesser of (i) 62% of all revenues or (ii)~~
12 ~~actual expenses before interest, taxes, depreciation, and~~
13 ~~amortization.~~ For all ~~other~~ military training facilities,
14 military bases, and related military support facilities, "net
15 operating income" means all revenues received minus the ~~lesser~~
16 ~~of (i) 42% of all revenues or (ii)~~ actual expenses before
17 interest, taxes, depreciation, and amortization.

18 (c) "Tax load factor" means the level of assessment, as set
19 forth under item (b) of Section 9-145 or under Section 9-150,
20 multiplied by the cumulative tax rate for the current taxable
21 year.

22 (Source: P.A. 97-942, eff. 8-10-12; 98-494, eff. 1-1-14.)

23 (35 ILCS 200/10-375)

24 Sec. 10-375. Valuation.

25 (a) A PPV Lease must be valued at its fair cash value, as

1 provided under item (b) of Section 9-145 or under Section
2 9-150.

3 (b) The fair cash value of a PPV Lease must be determined
4 by using an income capitalization approach.

5 (c) To determine the fair cash value of a PPV Lease, the
6 net operating income is divided by (i) a rate of 12% ~~7.75%~~ plus
7 (ii) the actual or most recently ascertainable tax load factor
8 for the subject year.

9 (d) By April 15 of each year, the holder of a PPV Lease
10 must report to the chief county assessment officer in each
11 county in which the leasehold property is located the annual
12 gross income and expenses derived and incurred from the PPV
13 Lease, including the rental of leased property for each
14 military housing facility subject to a PPV Lease.

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

16 (35 ILCS 200/10-380)

17 Sec. 10-380. For the taxable years 2006 through 2055 ~~2016~~,
18 the chief county assessment officer in the county in which
19 property subject to a PPV Lease is located shall apply the
20 provisions of Sections 10-370(b)(i) and 10-375(c)(i) of this
21 Division 14 in assessing and determining the value of any PPV
22 Lease for purposes of the property tax laws of this State.

23 (Source: P.A. 98-463, eff. 8-16-13; 98-494, eff. 1-1-14;
24 99-738, eff. 8-5-16.)

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

1 becoming law.