



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB2219

Introduced 6/23/2017, by Sen. Daniel Biss - Jacqueline Y. Collins - Bill Cunningham

SYNOPSIS AS INTRODUCED:

- 10 ILCS 5/9-50 new
- 35 ILCS 200/1-50
- 35 ILCS 200/4-35 new
- 35 ILCS 200/8-11 new
- 35 ILCS 200/17-10

Amends the Election Code. Provides that it is unlawful for any individual who is engaged in the business of providing legal representation in real estate tax assessment appeals to make campaign contributions of more than \$750, in the aggregate, to any political committee established to promote the candidacy of a candidate for township or multi-township assessor, county assessor, county supervisor of assessments, or member of the board of review in any jurisdiction where that individual provides such legal representation. Provides that it is unlawful for any candidate, political committee, or other person to knowingly accept or receive such a contribution. Amends the Property Tax Code. Requires assessment officials to transmit to the chief county assessment officer valuation models for the assessor's jurisdiction, and requires the chief county assessment officer to post that information on his or her Internet website. Makes changes to the definition of "fair cash value". Makes changes concerning sales ratio studies. Requires the Department of Revenue to conduct audits of assessment practices. Provides that, if the county or township is deemed to be persistently non-compliant with the audit, then the assessment official shall be removed from office, and the vacancy shall be filled by the county board.

LRB100 13161 HLH 27557 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 Election Code is amended by adding Section
5 9-50 as follows:

6 (10 ILCS 5/9-50 new)

7 Sec. 9-50. Property tax appeal contributions. It is
8 unlawful for any individual who is engaged in the business of
9 providing legal representation in real estate tax assessment
10 appeals to make campaign contributions of more than \$750, in
11 the aggregate, to any political committee established to
12 promote the candidacy of a candidate for township or
13 multi-township assessor, county assessor, county supervisor of
14 assessments, or member of the board of review in any
15 jurisdiction where that individual provides such legal
16 representation. It is unlawful for any candidate, political
17 committee, or other person to knowingly accept or receive any
18 contribution prohibited by this Section.

19 Section 10. The Property Tax Code is amended by changing
20 Sections 1-50 and 17-10 and by adding Sections 4-35 and 8-11 as
21 follows:

1 (35 ILCS 200/1-50)

2 Sec. 1-50. Fair cash value.

3 (a) "Fair cash value" means the amount in terms of money
4 that a well-informed buyer is justified in paying and a
5 well-informed seller is justified in accepting for property in
6 an open and competitive market, assuming that the parties are
7 acting without undue compulsion. In determining the fair cash
8 value of any real property which is subject to any special
9 assessment, such value shall not be determined by adding the
10 present value of the special assessment to the sales price.

11 (b) Sales in and of themselves shall not be the sole
12 criteria of fair cash value, but shall be used in connection
13 with cost, income, and other factors, including, but not
14 limited to:

15 (1) the proper classification of lands and
16 improvements;

17 (2) the size thereof;

18 (3) the effect of location on value;

19 (4) depreciation, including physical deterioration or
20 functional, economic, or social obsolescence;

21 (5) cost of reproduction of improvements;

22 (6) productivity, taking into account all restrictions
23 imposed by the State, the federal government, or units of
24 local government, including, but not limited to,
25 restrictions on property rented or leased to low income
26 individuals and families as authorized by Section 42 of the

1 federal Internal Revenue Code;

2 (7) earning capacity as indicated by lease price, by
3 capitalization of net income, or by absorption or sell-out
4 period;

5 (8) rental or reasonable rental values or rental values
6 restricted by the State, the federal government, or a unit
7 of local government, including, but not limited to,
8 restrictions on property rented or leased to low income
9 individuals and families, as authorized by Section 42 of
10 the federal Internal Revenue Code;

11 (9) sale value on open market with due allowance to
12 abnormal inflationary factors influencing such values;

13 (10) restrictions or requirements imposed upon the use
14 of real estate by the State, the federal government, or a
15 unit of local government, including zoning and planning
16 boards or commissions, and including, but not limited to,
17 restrictions or requirements imposed upon the use of real
18 estate rented or leased to low income individuals and
19 families, as authorized by Section 42 of the federal
20 Internal Revenue Code; and

21 (11) comparison with values of other property of known
22 or recognized value; sales ratio studies shall not be used
23 as an appraisal for appraisal purposes.

24 ~~The amount for which a property can be sold in the due course~~
25 ~~of business and trade, not under duress, between a willing~~
26 ~~buyer and a willing seller.~~

1 (Source: P.A. 88-455.)

2 (35 ILCS 200/4-35 new)

3 Sec. 4-35. Publication of valuation models. Each
4 assessment official, including each township or multi-township
5 assessor, shall, on an annual basis, transmit to the chief
6 county assessment officer valuation models for his or her
7 jurisdiction, including methodologies, assumptions, and
8 property values themselves. The chief county assessment
9 officer shall post that information on his or her office's
10 Internet website.

11 (35 ILCS 200/8-11 new)

12 Sec. 8-11. Department audits. Each year, the Department
13 shall conduct an audit of each county, township, or
14 multi-township assessment office to develop an accurate and
15 credible mass appraisal system. The audit shall examine the
16 following components of each office:

17 (1) each office's organizational plan; each county,
18 township, or multi-township assessment official shall
19 produce for his or her jurisdiction a plan for the current
20 and next assessment cycle, including an organizational
21 chart and budget;

22 (2) independently-validated sales data;

23 (3) detailed parcel information, including, but not
24 limited to:

- 1 (A) market factors;
2 (B) classification requirements; and
3 (C) use of the property;
4 (4) the valuation model or models used by the assessor;
5 (5) each officer's internal review process; and
6 (6) whether or not the assessor's office is in
7 compliance with the factors set forth in subsections (d),
8 (e), and (f) of Section 17-10.

9 Upon completion of the audit, the Department shall weigh
10 each of the preceding components and shall make public a
11 compliance list, detailing whether counties and townships are
12 substantially compliant, partially compliant, or
13 non-compliant. If a county or township is found to be
14 non-compliant for a period of 6 consecutive years, then the
15 county or township shall be deemed to be persistently
16 non-compliant. If a county or township is persistently
17 non-compliant, then the assessment official shall be removed
18 from office, and the office shall be vacant. The county board,
19 by an affirmative majority vote, shall appoint a replacement
20 assessment official to serve for the remainder of the former
21 assessment official's unexpired term.

22 (35 ILCS 200/17-10)

23 Sec. 17-10. Sales ratio studies.

24 (a) The Department shall monitor the quality of local
25 assessments by designing, preparing and using ratio studies,

1 and shall use the results as the basis for equalization
2 decisions. In compiling sales ratio studies, the Department
3 shall exclude from the reported sales price of any property any
4 amounts included for personal property and, for sales occurring
5 through December 31, 1999, shall exclude seller paid points.
6 The Department shall not include in its sales ratio studies
7 sales of property which have been platted and for which an
8 increase in the assessed valuation is restricted by Section
9 10-30. The Department shall not include in its sales ratio
10 studies the initial sale of residential property that has been
11 converted to condominium property. The Department shall
12 include compulsory sales occurring on or after January 1, 2011
13 in its sales ratio studies. The Department shall also consider
14 whether the compulsory sale would otherwise be considered an
15 arm's length transaction, based on existing sales ratio study
16 standards.

17 (b) When the declaration required under the Real Estate
18 Transfer Tax Law contains financing information required under
19 Section 31-25, the Department shall adjust sales prices to
20 exclude seller-paid points and shall adjust sales prices to
21 "cash value" when seller related financing is used that is
22 different than the prevailing cost of cash. The prevailing cost
23 of cash for sales occurring on or after January 1, 1992 shall
24 be established as the monthly average 30-year fixed Primary
25 Mortgage Market Survey rate for the North Central Region as
26 published weekly by the Federal Home Loan Mortgage Corporation,

1 as computed by the Department, or such other rate as determined
2 by the Department. This rate shall be known as the survey rate.
3 For sales occurring on or after January 1, 1992, through
4 December 31, 1999, adjustments in the prevailing cost of cash
5 shall be made only after the survey rate has been at or above
6 13% for 12 consecutive months and will continue until the
7 survey rate has been below 13% for 12 consecutive months. For
8 sales occurring on or after January 1, 2000, adjustments for
9 seller paid points and adjustments in the prevailing cost of
10 cash shall be made only after the survey rate has been at or
11 above 13% for 12 consecutive months and will continue until the
12 survey rate has been below 13% for 12 consecutive months. The
13 Department shall make public its adjustment procedure upon
14 request.

15 (c) The sales ratio studies shall conform with the most
16 recent standards and statistical measures developed by the
17 International Association of Assessing Officers. All data used
18 to develop the sales ratio studies shall be made public.

19 (d) The median ratio measure for each township must fall
20 between 0.9 and 1.1. If the median ratio measure does not fall
21 within that range, then the appraisal level shall be found to
22 be out of compliance unless, at a 95% level of confidence, the
23 range estimate overlaps 1.

24 (e) The average deviation of ratios from the median level
25 shall be measured by the coefficient of dispersion. A deviation
26 that does not exceed the following value for each property type

1 shall be considered in compliance:

2 (1) for single family residential, 20;

3 (2) for commercial or industrial property in a county
4 with a population of 500,000 or more, 15; and

5 (3) for commercial or industrial property in a county
6 with a population of less than 500,000, 25.

7 If, at a 95% level of confidence, the range estimate
8 overlaps the maximum, then the appraisal level shall be found
9 to be in compliance.

10 (f) The Department shall also determine the coefficient of
11 the price-related bias for each township, which shall fall
12 between -0.05 and 0.05. If, at a 95% level of confidence, the
13 range estimate falls between -0.01 or 0.01, then the appraisal
14 level shall be found to be in compliance.

15 (g) The sample size for each sales ratio study shall be not
16 less than (i) 30 parcels or (ii) 10% of parcels in each
17 property class within the jurisdiction, whichever is lower.

18 (h) The sales ratio study shall be subjected to a test of
19 distribution such as Shapiro-Wilk, D'Agostino-Pearson K^2 , or
20 Anderson-Darling A^2 .

21 (Source: P.A. 96-1083, eff. 7-16-10.)