



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

HB4947

Introduced 2/18/2020, by Rep. William Davis

#### SYNOPSIS AS INTRODUCED:

35 ILCS 200/Art. 9 Div. 6 heading new  
35 ILCS 200/9-280 new  
35 ILCS 200/9-281 new

Amends the Property Tax Code. Provides that, in counties with 3,000,000 or more inhabitants, taxpayers of income producing property shall submit income and expense data annually to the chief county assessment officer on or before July 1 of each year. Provides that, in counties of fewer than 3,000,000 inhabitants, the county board may provide by ordinance or resolution that taxpayers of income-producing property shall submit income and expense data annually to the chief county assessment officer on or before March 31 of each year. Contains certain exceptions. Effective immediately.

LRB101 18864 HLH 68322 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 adding  
5 Division 6 to Article 9 as follows:

6 (35 ILCS 200/Art. 9 Div. 6 heading new)

7 Division 6. Income-producing property

8 (35 ILCS 200/9-280 new)

9 Sec. 9-280. Definitions. As used in this Division 6:

10 "Expense" or "expenses" means expenditures necessitated by  
11 the operation of the real property itself that reduce the  
12 income to the property owner or lessee and includes management  
13 fees, reserves for replacement, maintenance, property taxes,  
14 and insurance, but does not include debt service, reserves for  
15 building additions, or income tax.

16 "Income" means real property revenue that is directed to or  
17 received by the property owner in the form of rent from  
18 unrelated persons or entities and ancillary revenue to the  
19 owner from unrelated persons or entities that is generated  
20 exclusively from the operation of the real property itself,  
21 such as revenue from parking or other amenities provided to or  
22 for the benefit of the property's tenants. "Income" does not

1 include revenue generated from personal property, including  
2 but not limited to, revenue from a business enterprise that is  
3 operated on the real property or improvements made to the  
4 property by a tenant.

5 "Income and expense data" means data that identifies income  
6 and expenses as defined in this Section. This data may be found  
7 in annual reports, income and expense statements, and Internal  
8 Revenue Service Schedule E or Schedule 8825 tax forms for  
9 income producing property for the immediately preceding year.  
10 It also includes data from rent rolls for the current and  
11 immediately preceding year. Data may be based on a calendar or  
12 fiscal year.

13 "Income producing property" means property that is not  
14 owner-occupied, as defined in this Section, and is owned for  
15 the purpose of generating income from the property itself,  
16 whether or not such property actually generates income in a  
17 particular year. "Income producing property" does not include:

18 (1) property with a market value of \$500,000 or less in  
19 the most recent assessment year for which an assessment is  
20 certified exclusive of any adjustments to assessed value by  
21 a board of review, the Property Tax Appeal Board, or the  
22 circuit court;

23 (2) residential property containing 6 or fewer  
24 dwelling units;

25 (3) property assessed under Article 10 of this Code and  
26 stadiums that are not qualified property under Section

1       10-215 that have a seating capacity of 20,000 or more and  
2       host major professional sporting events;

3           (4) property that is assessed by the Department under  
4       Article 11 of this Code;

5           (5) property that is owned or leased by a hospital  
6       licensed under the Hospital Licensing Act or operated under  
7       the University of Illinois Hospital Act, including any  
8       hospital affiliate that directly or indirectly controls,  
9       is controlled by, or is under common control with a  
10       hospital; or

11           (6) property that is owned or leased by a facility  
12       licensed under the Nursing Home Care Act that is an  
13       intermediate or skilled facility.

14       "Net rentable area" means the square footage of an  
15       improvement that may be leased or rented to tenants and  
16       excludes common areas such as elevators, stairways, and  
17       atriums.

18       "Owner-occupied" means real property that is used or  
19       occupied exclusively by a record owner or related entity, or  
20       real property where 80% or more of the net rentable area of the  
21       property is occupied or held for future use by the record owner  
22       of the property or a related person or entity as described in  
23       subsection (b) of Section 267 of the Internal Revenue Code. If  
24       more than 20% of the net rentable area of a property is subject  
25       to an existing lease or is subject to short term rental of the  
26       property by an unrelated entity, the property is not considered

1 owner-occupied for purposes of this Division.

2 "Property" has the meaning set forth in Section 1-130 of  
3 this Code and includes contiguous parcels or property index  
4 numbers that comprise one functional property location.

5 "Taxpayer" means the record owner of income producing  
6 property. The owner or lessee, whoever is contractually  
7 obligated to pay property taxes directly to the County  
8 Treasurer, shall be required under this Article to submit  
9 income and expense data that is within its possession and  
10 control to the chief county assessment officer for the relevant  
11 portion of the property over which it exercises control.

12  
13 (35 ILCS 200/9-281 new)

14 Sec. 9-281. Income producing properties.

15 (a) In counties with 3,000,000 or more inhabitants,  
16 taxpayers or lessees who are contractually obligated to pay  
17 property taxes of income producing property shall submit income  
18 and expense data annually to the chief county assessment  
19 officer on or before July 1 of each year, except as otherwise  
20 provided in this Division. In the first year following the  
21 effective date of this amendatory Act of the 101st General  
22 Assembly, income and expense data shall be submitted by  
23 September 1. If a taxpayer or party who is contractually  
24 obligated to pay property taxes is required to submit income  
25 and expense data under this Article in accordance with Section

1 9-280, the chief county assessment officer shall notify, by  
2 certified mail, the record owner of income-producing property  
3 at least 60 days prior to the date for submission of the  
4 obligation to submit income and expense data. Notice shall  
5 include the deadline for submission. If an owner of record  
6 claims that another party is obligated to pay property taxes  
7 directly to the county treasurer for all or a portion of the  
8 property, then the owner shall send to the obligated party a  
9 copy of the notice received from the chief county assessment  
10 officer of the obligation to submit income and expense data.  
11 The taxpayer or obligated party shall submit income and expense  
12 data to the chief county assessment officer in accordance with  
13 this Section for the relevant portion of the property for which  
14 the taxpayer or obligated party is required to pay the property  
15 taxes and exercises control over such property, identified by  
16 parcel and area.

17 The chief county assessment officer may extend the time  
18 within which taxpayers are required to submit income and  
19 expense data under this Section.

20 Where the taxpayer's books and records reflecting the  
21 operation of the property are maintained on a calendar year  
22 basis, the statement of income and expense data shall be for  
23 the last full calendar year preceding the date that the  
24 statement is submitted. Where the taxpayer's books and records  
25 reflecting the operation of the property are maintained on a  
26 fiscal year basis for federal income tax purposes, the

1 statement of income and expense data shall be the last full  
2 fiscal year preceding the date when the statement is submitted.

3 The taxpayer or obligated party shall certify under oath in  
4 a signed attestation that the statements set forth in income  
5 and expense data submitted under this Article are true,  
6 accurate, and complete to the best of his or her knowledge  
7 except as to matters stated to be upon information and belief  
8 and, as to such matters, the taxpayer or obligated party shall  
9 certify that he or she believes the same to be true, accurate,  
10 and complete.

11 (b) In counties of fewer than 3,000,000 inhabitants, the  
12 county board may provide by ordinance or resolution that  
13 taxpayers of income-producing property shall submit income and  
14 expense data annually to the chief county assessment officer on  
15 or before March 31 of each year. If a taxpayer or party who is  
16 contractually obligated to pay taxes is required to submit  
17 income and expense data under this Article, the chief county  
18 assessment officer shall notify the taxpayer of that fact by  
19 certified mail within 60 days of the due date for income and  
20 expense data. Notice shall include the deadline for such  
21 submission. If an owner of record claims that another party is  
22 obligated to pay property taxes directly to the county  
23 treasurer, then the owner shall send to the obligated party a  
24 copy of any notice received from the chief county assessment  
25 officer of the obligation to submit income and expense data.  
26 The taxpayer or obligated party shall submit income and expense

1 data to the chief county assessment officer in accordance with  
2 this Division for the relevant portion of the property for  
3 which the taxpayer or obligated party is required to pay the  
4 property taxes and exercises control over such property,  
5 identified by parcel and area.

6 The chief county assessment officer may extend the time  
7 within which taxpayers are required to submit income and  
8 expense data under this section.

9 Where the taxpayer's books and records reflecting the  
10 operation of the property are maintained on a calendar year  
11 basis, the statement of income and expense data shall be for  
12 the last full calendar year preceding the date that the  
13 statement is submitted. Where the taxpayer's books and records  
14 reflecting the operation of the property are maintained on a  
15 fiscal year basis for federal income tax purposes, the  
16 statement of income and expense data shall be the last full  
17 fiscal year preceding the date when the statement is submitted.

18 The taxpayer or obligated party shall certify under oath in  
19 a signed attestation that the statements set forth in income  
20 and expense data submitted under this Article are true,  
21 accurate, and complete, to the best of his or her knowledge  
22 except as to matters stated to be upon information and belief  
23 and, as to such matters, the taxpayer or obligated party shall  
24 certify that he or she believes the same to be true, accurate,  
25 and complete.

26 Subsections (c) through (i) of this Section shall also



1 apply in counties that have adopted by ordinance or resolution  
2 the requirements of this Section.

3 (c) The chief county assessment officer of a county that is  
4 subject to this Section shall establish rules that specify the  
5 manner of submission of income and expense data and provide for  
6 the administration of the provisions of this Section in the  
7 county. Income and expense data shall be submitted in  
8 electronic form unless waived by the chief county assessment  
9 officer.

10 The chief county assessment officer shall maintain a copy  
11 of its rules for public review and shall place a copy of those  
12 rules and any amended rules on his or her website.

13 (d) If a taxpayer or obligated party fails to submit income  
14 and expense data as required under this Section or as required  
15 after the adoption of a county board ordinance or resolution  
16 under this Section, within the time prescribed, or within an  
17 extended period as permitted by the chief county assessment  
18 officer, the assessor shall send notice by certified mail to  
19 such taxpayer of the failure to comply. If the taxpayer or  
20 obligated party fails to submit the required data within 60  
21 days after such notice is sent, fails to provide documentation  
22 of another taxpayer's obligation to submit income and expense  
23 data, or fails to adequately explain why no submission is  
24 required, the taxpayer or obligated party shall pay a penalty  
25 to the chief county assessment officer of 0.025% of the prior  
26 year's market value as indicated by the most recent certified

1 assessed value for the property at issue, but in no case shall  
2 the taxpayer or obligated party be required to pay more than  
3 its proportional share of a maximum penalty of \$10,000 per  
4 property. A taxpayer or obligated party who fails to submit  
5 income and expense data in accordance with this provision shall  
6 only be required to pay a penalty on the portion of the  
7 property's value for which the taxpayer or obligated party is  
8 required to pay taxes.

9 A taxpayer or obligated party may contest the penalty and  
10 requirement to report income and expense data in a particular  
11 year and submit evidence to the chief county assessment officer  
12 in support of a contention that the taxpayer or obligated party  
13 was not required to submit income and expense data, that  
14 another party was required to submit income and expense data  
15 for such property, or that the submission of income and expense  
16 data complies with this requirement based on available  
17 documentation. The chief county assessment officer shall  
18 review the taxpayer or obligated party's submission and other  
19 submissions for the property for the tax year at issue, and  
20 determine whether the taxpayer or obligated party provided  
21 sufficient evidence that he or she was not required to report  
22 income and expense data or that the submission complies based  
23 on available documentation.

24 If a taxpayer or obligated party is dissatisfied with a  
25 decision of the chief county assessment officer of the  
26 requirement to submit income and expense data, the taxpayer or

1 obligated party may request review of that decision. Upon such  
2 request, at least 30 days' notice shall be provided to the  
3 taxpayer or obligated party of a hearing to be conducted by a  
4 hearing officer designated by the chief county assessment  
5 officer. If dissatisfied with a hearing officer's decision, the  
6 taxpayer or obligated party may appeal such decision to the  
7 circuit court of the county where the property is located as a  
8 final administrative decision under Administrative Review Law.  
9 If a party is unsuccessful at hearing, the penalty imposed  
10 under this Section shall bear interest at 0.05% per month  
11 thereafter, beginning 21 days after the date of decision, or 21  
12 days after the date of the issuance of a final decision on  
13 administrative review.

14 The State's Attorney of the county in which the property is  
15 located shall have power to act on behalf of the people and the  
16 chief county assessment officer to enforce the provisions of  
17 this Section, including the power to compel by subpoena the  
18 production of taxpayer income and expense data that is required  
19 to be produced under this Section.

20 The chief county assessment officer may audit the income  
21 and expense data submitted by taxpayers to verify its accuracy  
22 by requesting documentation in support of submissions.

23 (e) Penalty and interest collected by the chief county  
24 assessment officer under this Section for a taxpayer's or  
25 obligated party's failure to timely submit income and expense  
26 data shall be collected in the same manner as other fees

1 collected by the chief county assessment officer. Such revenue  
2 shall be deposited with the county treasurer in the county  
3 general fund of the county in which the property is located,  
4 with 75% of the revenue to be used for the benefit of the  
5 office of the chief county assessment officer and 25% to be  
6 used for the benefit of the county.

7 (f) Any personal data such as federal identification or  
8 social security numbers and income tax forms or data that are  
9 included in income and expense data produced under this Section  
10 shall be deemed private information and exempt from disclosure  
11 under the Freedom of Information Act. Income and expense data  
12 submitted pursuant to this Article shall not be subject to  
13 disclosure by the chief county assessment officer in accordance  
14 with the Freedom of Information Act and other applicable law,  
15 or pursuant to court order in a tax or other matter. Nothing in  
16 this Section prohibits a chief county assessment officer from  
17 disclosing compiled and anonymized income and expense data as  
18 provided in this Section.

19 (g) The income and expense data submitted pursuant to this  
20 Section shall be processed and used as follows:

21 (1) Income and expense data in its original form in  
22 which the taxpayer, obligated party and the property in  
23 question is identified shall not be used for purposes of  
24 assessing individual properties. The chief county  
25 assessment officer shall compile and anonymize income and  
26 expense data that is collected under this Division and

1 shall cause such information to be published annually.  
2 Compiled and anonymized data may be used in the mass  
3 appraisal or assessment of property.

4 The chief county assessment officer shall cause the  
5 income and expense data to be compiled and anonymized in  
6 accordance with statistical disclosure controls accepted  
7 in the field that account for control of microdata and  
8 quantitative and frequency tables in a manner that  
9 considers individual property characteristics but prevents  
10 the disclosure of individual property identity. Such  
11 compilation and anonymization shall be performed by staff  
12 who are not directly involved in the valuation of the type  
13 of property for which the data has been submitted. The  
14 chief county assessment officer shall publish the  
15 procedures followed in compiling and anonymizing data.

16 (2)If a particular property is so unique in  
17 characteristics, features, or location that the property  
18 or its owner could be identified if the property's income  
19 and expense data are included in compiled and anonymized  
20 data that is made available to the public, township  
21 assessors, or boards of review under this Section, the  
22 income and expense data for that particular property shall  
23 not be included in compiled and anonymized data.

24 (3)Notwithstanding any other provision of this  
25 Section, the taxpayer or obligated party of any property  
26 for which income and expense data has been submitted shall

1 have the right at all times to: (i) obtain a copy of such  
2 income and expense data as submitted, in its original form,  
3 from the chief county assessment officer; (ii) file such  
4 income and expense data in any public forum; or (iii)  
5 authorize such filing or publication of the income and  
6 expense data in any other manner that the owner may choose.

7 The chief county assessment officer shall establish  
8 and maintain reasonable security measures consistent with  
9 state and local law and the Federal Information Security  
10 Management Act to protect income and expense data.

11 (h) All information received by the chief county assessment  
12 officer from income and expense data filed under this Article  
13 shall be used only for official purposes. Any person who  
14 divulges income and expense data submitted under this Article  
15 other than as permitted in this Article, in accordance with a  
16 proper judicial order, or as otherwise provided by law, shall  
17 be guilty of a Class B misdemeanor and subject to a fine not to  
18 exceed \$7,500.

19 (i) The chief county assessment officer shall prepare a  
20 summary report within 60 days of the completion of the first  
21 assessment cycle in which income expense data is compiled under  
22 this Section and used in the assessment process, and report  
23 findings to the Revenue committees of the Illinois Senate and  
24 House of Representatives within 45 days thereafter. The report  
25 shall document income and expense data collection, changes in  
26 assessed or equalized assessed values that followed the

1 collection and use of compiled and anonymized income and  
2 expense data for properties subject to reassessment, shall  
3 compare reassessment year assessed or equalized assessed  
4 values with values or equalized assessed values from the  
5 immediately preceding reassessment cycle. The report shall  
6 document any shifts in the percentage of commercial or  
7 residential properties that comprise a portion of the total  
8 assessed value or equalized assessed value of property within  
9 the county. This report shall be produced annually following  
10 the effective date of this amendatory Act of the 101st General  
11 Assembly until all property located within a county subject to  
12 this Section has been reassessed.

13 Section 99. Effective date. This Act takes effect upon  
14 becoming law.