

HB2613



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB2613

by Rep. Margo McDermed

SYNOPSIS AS INTRODUCED:

35 ILCS 200/15-55
70 ILCS 605/5-2

from Ch. 42, par. 5-2

Amends the Property Tax Code. Provides that property in Will County owned by the Illinois Department of Transportation shall be subject to taxation for the 2017 to 2027 levy years by the drainage district in which the property is located. Amends the Illinois Drainage Code making conforming changes. Effective immediately.

LRB100 10550 AWJ 20766 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

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 Section 15-55 as follows:

6 (35 ILCS 200/15-55)

7 Sec. 15-55. State property.

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

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

21 For the purposes of this Section, the word "leases"
22 includes licenses, franchises, operating agreements and other
23 arrangements under which private individuals, associations or

1 corporations are granted the right to use property of the
2 Illinois State Toll Highway Authority and includes all property
3 of the Authority used by others without regard to the size of
4 the leased parcel.

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

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

15 (2) the establishment of footpaths, trails and other
16 protected areas;

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

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

23 (5) similar public recreational activities conducted
24 by the Illinois Prairie Path Corporation.

25 No lien shall attach to the property of the State. No tax
26 liability shall become the obligation of or be enforceable

1 against Illinois Prairie Path Corporation.

2 (c) If the State sells the James R. Thompson Center or the
3 Elgin Mental Health Center and surrounding land located at 750
4 S. State Street, Elgin, Illinois, as provided in subdivision
5 (a)(2) of Section 7.4 of the State Property Control Act, to
6 another entity whose property is not exempt and immediately
7 thereafter enters into a leaseback or other agreement that
8 directly or indirectly gives the State a right to use, control,
9 and possess the property, that portion of the property leased
10 and occupied exclusively by the State shall remain exempt under
11 this Section. For the property to remain exempt under this
12 subsection (c), the State must retain an option to purchase the
13 property at a future date or, within the limitations period for
14 reverters, the property must revert back to the State.

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

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

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

24 Pursuant to Sections 15-15 and 15-20 of this Code, the
25 State shall notify the chief county assessment officer of any
26 transaction under this subsection (c). The chief county

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

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

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

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

3 (2) the Authority no longer has an option to purchase
4 or otherwise acquire the property and there is no provision
5 for a reverter of the property to the Authority within the
6 limitations period for reverters.

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

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

1 Supervisor of Assessments shall certify, in writing, to the
2 Department of Transportation, the amount of leasehold taxes
3 extended for the 2002 property tax year for each such exempt
4 parcel. The Department of Transportation shall pay to the Will
5 County Treasurer, from the Tax Recovery Fund, on or before July
6 1 of each year, the amount of leasehold taxes for each such
7 exempt parcel as certified by the Will County Supervisor of
8 Assessments. The tax compensation shall terminate on December
9 31, 2020. It is the duty of the Department of Transportation to
10 file with the Office of the Will County Supervisor of
11 Assessments an affidavit stating the termination date for
12 rental of each such parcel due to airport construction. The
13 affidavit shall include the property identification number for
14 each such parcel. In no instance shall tax compensation for
15 property owned by the State be deemed delinquent or bear
16 interest. In no instance shall a lien attach to the property of
17 the State. In no instance shall the State be required to pay
18 leasehold tax compensation in excess of the Tax Recovery Fund's
19 balance.

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

22 (f) Notwithstanding anything to the contrary in this Code,
23 all property owned by the State that is the Illiana Expressway,
24 as defined in the Public Private Agreements for the Illiana
25 Expressway Act, and that is used for transportation purposes
26 and that is leased for those purposes to another entity whose

1 property is not exempt shall remain exempt, and any leasehold
2 interest in the property shall not be subject to taxation under
3 Section 9-195 of this Act.

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

13 (h) Notwithstanding anything to the contrary in this Code,
14 all property owned by the State that is the South Suburban
15 Airport, as defined in the Public-Private Agreements for the
16 South Suburban Airport Act, and that is used for airport
17 purposes and that is leased for those purposes to another
18 entity whose property is not exempt shall remain exempt, and
19 any leasehold interest in the property shall not be subject to
20 taxation under Section 9-195 of this Act.

21 (i) Notwithstanding any other provision of this Code, for
22 the levy years 2017 through 2027, property in Will County owned
23 by the Illinois Department of Transportation located within a
24 drainage district under the Illinois Drainage Code previously
25 exempt from taxation under this Code shall be subject to
26 taxation by any drainage district in which the property is

1 located.

2 (Source: P.A. 97-502, eff. 8-23-11; 98-109, eff. 7-25-13.)

3 Section 10. The Illinois Drainage Code is amended by
4 changing Section 5-2 as follows:

5 (70 ILCS 605/5-2) (from Ch. 42, par. 5-2)

6 Sec. 5-2. Original assessments - Property subject to
7 assessment. Upon the Organization of the district, the
8 commissioners shall proceed to make out their assessment roll
9 of benefits, damages and compensation, and they shall include
10 therein all lands, lots, railroads, and other property within
11 the district, including property in Will County owned by the
12 Illinois Department of Transportation as provided for under
13 subsection (i) of Section 15-55 of the Property Tax Code, other
14 than public highways, streets and alleys, which, in their
15 opinion, will be benefited, taken or damaged by the proposed
16 work. Whenever another district or a municipal corporation
17 exercising drainage powers has been made a party to the
18 proceedings to organize the district, then the commissioners
19 shall also include such other district or municipal corporation
20 in their assessment roll.

21 (Source: P.A. 83-726.)

22 Section 99. Effective date. This Act takes effect upon
23 becoming law.