



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

HB0880

by Rep. Margo McDermed

#### SYNOPSIS AS INTRODUCED:

30 ILCS 105/6z-59  
35 ILCS 200/15-55  
70 ILCS 605/5-2

from Ch. 42, par. 5-2

Amends the State Finance Act. Provides that, beginning on January 1, 2028 (currently, January 1, 2021), moneys received from the rental of land, buildings, or improvements on property held for the development of an airport in Will County by the Department of Transportation shall be paid into the General Revenue Fund instead of the Tax Recovery Fund. Amends the Property Tax Code. Provides that, with respect to real property in Will County owned by the State for the purpose of developing an airport, payments made to compensate taxing districts for leasehold taxes shall be calculated based on the 2019 property tax year (currently, 2002). Effective immediately.

LRB101 06286 HLH 51312 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 State Finance Act is amended by changing  
5 Section 6z-59 as follows:

6 (30 ILCS 105/6z-59)

7 Sec. 6z-59. The Tax Recovery Fund. There is created in the  
8 State treasury the Tax Recovery Fund. Through December 31, 2027  
9 ~~2020~~, all moneys received from the rental, authorized under  
10 Section 2705-555 of the Department of Transportation Law of the  
11 Civil Administrative Code of Illinois, of land, buildings, or  
12 improvements on property held for development of an airport in  
13 Will County by the Department of Transportation shall be  
14 remitted to the State Treasurer for payment into the Tax  
15 Recovery Fund. Subject to appropriation, the moneys in the Fund  
16 shall be expended with the following priority: (1) to  
17 compensate taxing districts for leasehold taxes then (2) to the  
18 General Revenue Fund less any money necessary to pay  
19 maintenance and repair costs for that real property. The tax  
20 compensation shall be determined in accordance with Sections  
21 9-195 and 15-55 of the Property Tax Code. Expenditures for  
22 these purposes may be made by Department of Transportation  
23 without regard to the fiscal year in which tax compensation

1 liability and property maintenance and repair costs were  
2 incurred. Unexpended moneys in the Fund shall not be  
3 transferred or allocated by the Comptroller or Treasurer to any  
4 other fund nor shall the Governor authorize the transfer or  
5 allocation of those moneys to any other fund. After December  
6 31, 2027 ~~2020~~, all moneys received from the rental, authorized  
7 under Section 2705-555 of the Department of Transportation Law  
8 of the Civil Administrative Code of Illinois, of land,  
9 buildings, or improvements on property held for the development  
10 of an airport in Will County by the Department of  
11 Transportation shall not be remitted to the Tax Recovery Fund  
12 but shall instead be paid to the General Revenue Fund. The  
13 balance remaining in the Tax Recovery Fund on December 31, 2027  
14 ~~2020~~ shall first be expended to compensate taxing districts for  
15 leasehold taxes for the 2027 ~~2020~~ tax assessment year, and then  
16 transferred to the General Revenue Fund for the purpose of debt  
17 service on State bonds issued to provide funds for airport land  
18 acquisition in Will County.

19 (Source: P.A. 96-192, eff. 8-10-09.)

20 Section 10. The Property Tax Code is amended by changing  
21 Section 15-55 as follows:

22 (35 ILCS 200/15-55)

23 Sec. 15-55. State property.

24 (a) All property belonging to the State of Illinois is

1 exempt. However, the State agency holding title shall file the  
2 certificate of ownership and use required by Section 15-10,  
3 together with a copy of any written lease or agreement, in  
4 effect on March 30 of the assessment year, concerning parcels  
5 of 1 acre or more, or an explanation of the terms of any oral  
6 agreement under which the property is leased, subleased or  
7 rented.

8 The leased property shall be assessed to the lessee and the  
9 taxes thereon extended and billed to the lessee, and collected  
10 in the same manner as for property which is not exempt. The  
11 lessee shall be liable for the taxes and no lien shall attach  
12 to the property of the State.

13 For the purposes of this Section, the word "leases"  
14 includes licenses, franchises, operating agreements and other  
15 arrangements under which private individuals, associations or  
16 corporations are granted the right to use property of the  
17 Illinois State Toll Highway Authority and includes all property  
18 of the Authority used by others without regard to the size of  
19 the leased parcel.

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

- 25 (1) conservation, nature trail or any other  
26 charitable, scientific, educational or recreational

1 purposes with public benefit, including the preserving and  
2 aiding in the preservation of natural areas, objects,  
3 flora, fauna or biotic communities;

4 (2) the establishment of footpaths, trails and other  
5 protected areas;

6 (3) the conservation of the proper use of natural  
7 resources or the promotion of the study of plant and animal  
8 communities and of other phases of ecology, natural history  
9 and conservation;

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

12 (5) similar public recreational activities conducted  
13 by the Illinois Prairie Path Corporation.

14 No lien shall attach to the property of the State. No tax  
15 liability shall become the obligation of or be enforceable  
16 against Illinois Prairie Path Corporation.

17 (c) If the State sells the James R. Thompson Center or the  
18 Elgin Mental Health Center and surrounding land located at 750  
19 S. State Street, Elgin, Illinois, as provided in subdivision  
20 (a)(2) of Section 7.4 of the State Property Control Act, to  
21 another entity whose property is not exempt and immediately  
22 thereafter enters into a leaseback or other agreement that  
23 directly or indirectly gives the State a right to use, control,  
24 and possess the property, that portion of the property leased  
25 and occupied exclusively by the State shall remain exempt under  
26 this Section. For the property to remain exempt under this

1 subsection (c), the State must retain an option to purchase the  
2 property at a future date or, within the limitations period for  
3 reverters, the property must revert back to the State.

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

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

9 (2) the State no longer has an option to purchase or  
10 otherwise acquire the property and there is no provision  
11 for a reverter of the property to the State within the  
12 limitations period for reverters.

13 Pursuant to Sections 15-15 and 15-20 of this Code, the  
14 State shall notify the chief county assessment officer of any  
15 transaction under this subsection (c). The chief county  
16 assessment officer shall determine initial and continuing  
17 compliance with the requirements of this Section for tax  
18 exemption. Failure to notify the chief county assessment  
19 officer of a transaction under this subsection (c) or to  
20 otherwise comply with the requirements of Sections 15-15 and  
21 15-20 of this Code shall, in the discretion of the chief county  
22 assessment officer, constitute cause to terminate the  
23 exemption, notwithstanding any other provision of this Code.

24 (c-1) If the Illinois State Toll Highway Authority sells  
25 the Illinois State Toll Highway Authority headquarters  
26 building and surrounding land, located at 2700 Ogden Avenue,

1 Downers Grove, Illinois as provided in subdivision (a)(2) of  
2 Section 7.5 of the State Property Control Act, to another  
3 entity whose property is not exempt and immediately thereafter  
4 enters into a leaseback or other agreement that directly or  
5 indirectly gives the State or the Illinois State Toll Highway  
6 Authority a right to use, control, and possess the property,  
7 that portion of the property leased and occupied exclusively by  
8 the State or the Authority shall remain exempt under this  
9 Section. For the property to remain exempt under this  
10 subsection (c), the Authority must retain an option to purchase  
11 the property at a future date or, within the limitations period  
12 for reverters, the property must revert back to the Authority.

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

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

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

22 Pursuant to Sections 15-15 and 15-20 of this Code, the  
23 Authority shall notify the chief county assessment officer of  
24 any transaction under this subsection (c). The chief county  
25 assessment officer shall determine initial and continuing  
26 compliance with the requirements of this Section for tax

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

7 (d) The fair market rent of each parcel of real property in  
8 Will County owned by the State of Illinois for the purpose of  
9 developing an airport by the Department of Transportation and  
10 leased by a third party or third parties shall include the  
11 assessed value of leasehold tax. The lessee of each parcel of  
12 real property in Will County owned by the State of Illinois for  
13 the purpose of developing an airport by the Department of  
14 Transportation shall not be liable for the taxes thereon. In  
15 order for the State to compensate taxing districts, including,  
16 without limitation, drainage districts organized under the  
17 Illinois Drainage Code, for the leasehold tax under this  
18 paragraph the Will County Supervisor of Assessments shall  
19 certify, in writing, to the Department of Transportation: (i)  
20 for payments occurring on or before July 1, 2019, the amount of  
21 leasehold taxes extended for the 2002 property tax year for  
22 each such exempt parcel; and (ii) for payments after July 1,  
23 2019, the amount of leasehold taxes that would have been  
24 extended for the 2019 property tax year for each such exempt  
25 parcel. The Department of Transportation shall pay to the Will  
26 County Treasurer, from the Tax Recovery Fund, on or before July



1 of each year, the amount of leasehold taxes for each such  
2 exempt parcel as certified by the Will County Supervisor of  
3 Assessments under item (i) of this subsection (d) for payments  
4 on or before July 1, 2019 and under item (ii) of this  
5 subsection (d) for payments after July 1, 2019. The tax  
6 compensation shall terminate on December 31, 2027 ~~2020~~. It is  
7 the duty of the Department of Transportation to file with the  
8 Office of the Will County Supervisor of Assessments an  
9 affidavit stating the termination date for rental of each such  
10 parcel due to airport construction. The affidavit shall include  
11 the property identification number for each such parcel. In no  
12 instance shall tax compensation for property owned by the State  
13 be deemed delinquent or bear interest. In no instance shall a  
14 lien attach to the property of the State. In no instance shall  
15 the State be required to pay leasehold tax compensation in  
16 excess of the Tax Recovery Fund's balance.

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

19 (f) Notwithstanding anything to the contrary in this Code,  
20 all property owned by the State that is the Illiana Expressway,  
21 as defined in the Public Private Agreements for the Illiana  
22 Expressway Act, and that is used for transportation purposes  
23 and that is leased for those purposes to another entity whose  
24 property is not exempt shall remain exempt, and any leasehold  
25 interest in the property shall not be subject to taxation under  
26 Section 9-195 of this Act.

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

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

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

19 Section 15. The Illinois Drainage Code is amended by  
20 changing Section 5-2 as follows:

21 (70 ILCS 605/5-2) (from Ch. 42, par. 5-2)

22 Sec. 5-2. Original assessments - Property subject to  
23 assessment. Upon the Organization of the district, the  
24 commissioners shall proceed to make out their assessment roll

1 of benefits, damages and compensation, and they shall include  
2 therein all lands, lots, railroads, and other property within  
3 the district, including leasehold parcels in Will County owned  
4 by the State of Illinois as provided for under subsection (d)  
5 of Section 15-55 of the Property Tax Code, other than public  
6 highways, streets and alleys, which, in their opinion, will be  
7 benefited, taken or damaged by the proposed work. Whenever  
8 another district or a municipal corporation exercising  
9 drainage powers has been made a party to the proceedings to  
10 organize the district, then the commissioners shall also  
11 include such other district or municipal corporation in their  
12 assessment roll.

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

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