



## 93RD GENERAL ASSEMBLY

### State of Illinois

### 2003 and 2004

Introduced 2/6/2004, by Frank C. Watson

#### SYNOPSIS AS INTRODUCED:

35 ILCS 200/10-235  
35 ILCS 200/10-245  
35 ILCS 200/10-250

Amends the Property Tax Code. Restores special valuation procedures for low-income housing developed under Section 515 of the federal Housing Act as they existed prior to January 1, 2004 (the effective date of Public Act 93-533). Effective immediately.

LRB093 21128 SJM 47182 b

FISCAL NOTE ACT  
MAY APPLY

1 AN ACT concerning taxes.

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 10-235, 10-245, and 10-250 as follows:

6 (35 ILCS 200/10-235)

7 Sec. 10-235. Low-income housing project valuation policy;  
8 intent. It is the policy of this State that low-income housing  
9 projects developed under Section 515 of the federal Housing Act  
10 or that qualify for the low-income housing tax credit under  
11 Section 42 of the Internal Revenue Code shall be valued at 33  
12 and one-third percent of the fair market value of their  
13 economic productivity to the owners of the projects to help  
14 insure that their valuation for property taxation does not  
15 result in taxes so high that rent levels must be raised to  
16 cover this project expense, which can cause excess vacancies,  
17 project loan defaults, and eventual loss of rental housing  
18 facilities for those most in need of them, low-income families  
19 and the elderly. It is the intent of this State that the  
20 valuation required by this Division is the closest  
21 representation of cash value required by law and is the method  
22 established as proper and fair.

23 (Source: P.A. 92-16, eff. 6-28-01; 93-533, eff. 1-1-04.)

24 (35 ILCS 200/10-245)

25 Sec. 10-245. Method of valuation of low-income housing  
26 projects. Notwithstanding Section 1-55 and except in counties  
27 with a population of more than 200,000 that classify property  
28 for the purposes of taxation, to determine 33 and one-third  
29 percent of the fair cash value of any low-income housing  
30 project developed under the Section 515 program or that  
31 qualifies for the low-income housing tax credit under Section

1 42 of the Internal Revenue Code, in assessing the project,  
2 local assessment officers must consider the actual or probable  
3 net operating income attributable to the project, using a  
4 vacancy rate of not more than 5%, capitalized at normal market  
5 rates. The interest rate to be used in developing the normal  
6 market value capitalization rate shall be one that reflects the  
7 prevailing cost of cash for other types of commercial real  
8 estate in the geographic market in which the low-income housing  
9 project is located.

10 (Source: P.A. 93-533, eff. 1-1-04.)

11 (35 ILCS 200/10-250)

12 Sec. 10-250. Certification procedure and effective date of  
13 implementation.

14 (a) After (i) an application for a Section 515 low-income  
15 housing project certificate is filed with the State Director of  
16 the United States Department of Agriculture Rural Development  
17 Office in a manner and form prescribed in regulations issued by  
18 the office and (ii) the certificate is issued certifying that  
19 the housing is a Section 515 low-income housing project as  
20 defined in Section 2 of this Act, the certificate must be  
21 presented to the appropriate local assessment officer to  
22 receive the property assessment valuation under this Division.  
23 The local assessment officer must assess the property according  
24 to this Act. Beginning on January 1, 2000 ~~and through taxable~~  
25 ~~year 2003~~, all certified Section 515 low-income housing  
26 projects shall be assessed in accordance with Section 10-245.

27 (b) Beginning with taxable year 2004, all low-income  
28 housing projects that qualify for the low-income housing tax  
29 credit under Section 42 of the Internal Revenue Code shall be  
30 assessed in accordance with Section 10-245 if the owner or  
31 owners of the low-income housing project certify to the  
32 appropriate local assessment officer that the owner or owners  
33 qualify ~~owner that qualifies~~ for the low-income housing tax  
34 credit under Section 42 of the Internal Revenue Code for the  
35 property.

1 (Source: P.A. 93-533, eff. 1-1-04.)

2 Section 99. Effective date. This Act takes effect upon  
3 becoming law.