

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.