

1 AN ACT concerning government.

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 9-195 and 15-35 and by adding Section 15-57 as  
6 follows:

7 (35 ILCS 200/9-195)

8 Sec. 9-195. Leasing of exempt property.

9 (a) Except as provided in Sections 15-35, 15-55, 15-57,  
10 15-60, 15-100, 15-103, and 15-185, when property which is  
11 exempt from taxation is leased to another whose property is not  
12 exempt, and the leasing of which does not make the property  
13 taxable, the leasehold estate and the appurtenances shall be  
14 listed as the property of the lessee thereof, or his or her  
15 assignee. Taxes on that property shall be collected in the same  
16 manner as on property that is not exempt, and the lessee shall  
17 be liable for those taxes. However, no tax lien shall attach to  
18 the exempt real estate. The changes made by this amendatory Act  
19 of 1997 and by this amendatory Act of the 91st General Assembly  
20 are declaratory of existing law and shall not be construed as a  
21 new enactment. The changes made by Public Acts 88-221 and  
22 88-420 that are incorporated into this Section by this  
23 amendatory Act of 1993 are declarative of existing law and are

1 not a new enactment.

2 (b) The provisions of this Section regarding taxation of  
3 leasehold interests in exempt property do not apply to any  
4 leasehold interest created pursuant to any transaction  
5 described in subsection (e) of Section 15-35, item (a) of  
6 Section 15-35, Section 15-57, subsection (c-5) of Section  
7 15-60, subsection (b) of Section 15-100, Section 15-103, or  
8 Section 15-185.

9 (Source: P.A. 92-844, eff. 8-23-02; 92-846, eff. 8-23-02;  
10 93-19, eff. 6-20-03.)

11 (35 ILCS 200/15-35)

12 Sec. 15-35. Schools. All property donated by the United  
13 States for school purposes, and all property of schools, not  
14 sold or leased or otherwise used with a view to profit, is  
15 exempt, whether owned by a resident or non-resident of this  
16 State or by a corporation incorporated in any state of the  
17 United States. Also exempt is:

18 (a) property, along with the leasehold interest in that  
19 property, of schools which is leased to the State, a unit  
20 of local government, or school district ~~municipality~~ to be  
21 used for governmental ~~municipal~~ purposes on a  
22 not-for-profit basis;

23 (b) property of schools on which the schools are  
24 located and any other property of schools used by the  
25 schools exclusively for school purposes, including, but

1 not limited to, student residence halls, dormitories and  
2 other housing facilities for students and their spouses and  
3 children, staff housing facilities, and school-owned and  
4 operated dormitory or residence halls occupied in whole or  
5 in part by students who belong to fraternities, sororities,  
6 or other campus organizations;

7 (c) property donated, granted, received or used for  
8 public school, college, theological seminary, university,  
9 or other educational purposes, whether held in trust or  
10 absolutely;

11 (d) in counties with more than 200,000 inhabitants  
12 which classify property, property (including interests in  
13 land and other facilities) on or adjacent to (even if  
14 separated by a public street, alley, sidewalk, parkway or  
15 other public way) the grounds of a school, if that property  
16 is used by an academic, research or professional society,  
17 institute, association or organization which serves the  
18 advancement of learning in a field or fields of study  
19 taught by the school and which property is not used with a  
20 view to profit;

21 (e) property owned by a school district. The exemption  
22 under this subsection is not affected by any transaction in  
23 which, for the purpose of obtaining financing, the school  
24 district, directly or indirectly, leases or otherwise  
25 transfers the property to another for which or whom  
26 property is not exempt and immediately after the lease or

1 transfer enters into a leaseback or other agreement that  
2 directly or indirectly gives the school district a right to  
3 use, control, and possess the property. In the case of a  
4 conveyance of the property, the school district must retain  
5 an option to purchase the property at a future date or,  
6 within the limitations period for reverters, the property  
7 must revert back to the school district.

8 (1) If the property has been conveyed as described  
9 in this subsection, the property is no longer exempt  
10 under this Section as of the date when:

11 (A) the right of the school district to use,  
12 control, and possess the property is terminated;

13 (B) the school district no longer has an option  
14 to purchase or otherwise acquire the property; and

15 (C) there is no provision for a reverter of the  
16 property to the school district within the  
17 limitations period for reverters.

18 (2) Pursuant to Sections 15-15 and 15-20 of this  
19 Code, the school district shall notify the chief county  
20 assessment officer of any transaction under this  
21 subsection. The chief county assessment officer shall  
22 determine initial and continuing compliance with the  
23 requirements of this subsection for tax exemption.  
24 Failure to notify the chief county assessment officer  
25 of a transaction under this subsection or to otherwise  
26 comply with the requirements of Sections 15-15 and

1           15-20 of this Code shall, in the discretion of the  
2           chief county assessment officer, constitute cause to  
3           terminate the exemption, notwithstanding any other  
4           provision of this Code.

5           (3) No provision of this subsection shall be  
6           construed to affect the obligation of the school  
7           district to which an exemption certificate has been  
8           issued under this Section from its obligation under  
9           Section 15-10 of this Code to file an annual  
10          certificate of status or to notify the chief county  
11          assessment officer of transfers of interest or other  
12          changes in the status of the property as required by  
13          this Code.

14          (4) The changes made by this amendatory Act of the  
15          91st General Assembly are declarative of existing law  
16          and shall not be construed as a new enactment; and

17          (f) in counties with more than 200,000 inhabitants  
18          which classify property, property of a corporation, which  
19          is an exempt entity under paragraph (3) of Section 501(c)  
20          of the Internal Revenue Code or its successor law, used by  
21          the corporation for the following purposes: (1) conducting  
22          continuing education for professional development of  
23          personnel in energy-related industries; (2) maintaining a  
24          library of energy technology information available to  
25          students and the public free of charge; and (3) conducting  
26          research in energy and environment, which research results

1           could be ultimately accessible to persons involved in  
2           education.

3           (Source: P.A. 91-513, eff. 8-13-99; 91-578, eff. 8-14-99;  
4           92-16, eff. 6-28-01.)

5           (35 ILCS 200/15-57 new)

6           Sec. 15-57. Government property leased to another  
7           government entity. If property is owned by the State, a unit of  
8           local government, or a school district and that property is  
9           leased to the State, a unit of local government, or a school  
10           district, then the property is exempt from taxation under this  
11           Code and the leasehold interest is exempt from taxation under  
12           this Code or under any other law. The provisions of this  
13           Section apply notwithstanding any other provision of law.

14           Section 90. The State Mandates Act is amended by adding  
15           Section 8.35 as follows:

16           (30 ILCS 805/8.35 new)

17           Sec. 8.35. Exempt mandate. Notwithstanding Sections 6 and 8  
18           of this Act, no reimbursement by the State is required for the  
19           implementation of any mandate created by this amendatory Act of  
20           the 96th General Assembly.

21           Section 95. Applicability. The changes made by this  
22           amendatory Act of the 96th General Assembly apply to taxable

1 years 2010 and thereafter. In addition, the changes made by  
2 this amendatory Act of the 96th General Assembly also apply to  
3 taxable years prior to 2010, but no such taxes paid for any  
4 taxable year prior to 2010 need be refunded.

5 Section 97. Severability. The provisions of this Act are  
6 severable under Section 1.31 of the Statute on Statutes.

7 Section 99. Effective date. This Act takes effect upon  
8 becoming law.