

AN ACT concerning revenue.

**Be it enacted by the People of the State of Illinois,
represented in the General Assembly:**

Section 5. The Property Tax Code is amended by changing Sections 21-310 and 21-315 as follows:

(35 ILCS 200/21-310)

Sec. 21-310. Sales in error.

(a) When, upon application of the county collector, the owner of the certificate of purchase, or a municipality which owns or has owned the property ordered sold, it appears to the satisfaction of the court which ordered the property sold that any of the following subsections are applicable, the court shall declare the sale to be a sale in error:

(1) the property was not subject to taxation, or all or any part of the lien of taxes sold has become null and void pursuant to Section 21-95 or unenforceable pursuant to subsection (c) of Section 18-250 or subsection (b) of Section 22-40,

(2) the taxes or special assessments had been paid prior to the sale of the property,

(3) there is a double assessment,

(4) the description is void for uncertainty,

(5) the assessor, chief county assessment officer, board of review, board of appeals, or other county official has made an error (other than an error of judgment as to the value of any property),

(5.5) the owner of the homestead property had tendered timely and full payment to the county collector that the owner reasonably believed was due and owing on the homestead property, and the county collector did not apply the payment to the homestead property; provided that this provision applies only to homeowners, not their agents or

third-party payors,

(6) prior to the tax sale a voluntary or involuntary petition has been filed by or against the legal or beneficial owner of the property requesting relief under the provisions of 11 U.S.C. Chapter 7, 11, 12, or 13, or

(7) the property is owned by the United States, the State of Illinois, a municipality, or a taxing district.

(b) When, upon application of the owner of the certificate of purchase only, it appears to the satisfaction of the court which ordered the property sold that any of the following subsections are applicable, the court shall declare the sale to be a sale in error:

(1) A voluntary or involuntary petition under the provisions of 11 U.S.C. Chapter 7, 11, 12, or 13 has been filed subsequent to the tax sale and prior to the issuance of the tax deed.

(2) The improvements upon the property sold have been substantially destroyed or rendered uninhabitable or otherwise unfit for occupancy subsequent to the tax sale and prior to the issuance of the tax deed.

(3) There is an interest held by the United States in the property sold which could not be extinguished by the tax deed.

(4) The real property contains a hazardous substance, hazardous waste, or underground storage tank that would require cleanup or other removal under any federal, State, or local law, ordinance, or regulation, only if the tax purchaser purchased the property without actual knowledge of the hazardous substance, hazardous waste, or underground storage tank. This paragraph (4) applies only if the owner of the certificate of purchase has made application for a sale in error at any time before the issuance of a tax deed.

(c) When the county collector discovers, prior to the expiration of the period of redemption ~~within one year after the date of sale if taxes were sold at an annual tax sale or~~

~~within 180 days after the date of sale if taxes were sold at a scavenger tax sale,~~ that a tax sale should not have occurred for one or more of the reasons set forth in subdivision (a)(1), (a)(2), (a)(6), or (a)(7) of this Section, the county collector shall notify the last known owner of the certificate of purchase by certified and regular mail, or other means reasonably calculated to provide actual notice, that the county collector intends to declare an administrative sale in error and of the reasons therefor, including documentation sufficient to establish the reason why the sale should not have occurred. The owner of the certificate of purchase may object in writing within 28 days after the date of the mailing by the county collector. If an objection is filed, the county collector shall not administratively declare a sale in error, but may apply to the circuit court for a sale in error as provided in subsection (a) of this Section. Thirty days following the receipt of notice by the last known owner of the certificate of purchase, or within a reasonable time thereafter, the county collector shall make a written declaration, based upon clear and convincing evidence, that the taxes were sold in error and shall deliver a copy thereof to the county clerk within 30 days after the date the declaration is made for entry in the tax judgment, sale, redemption, and forfeiture record pursuant to subsection (d) of this Section. The county collector shall promptly notify the last known owner of the certificate of purchase of the declaration by regular mail and shall promptly pay the amount of the tax sale, together with interest and costs as provided in Section 21-315, upon surrender of the original certificate of purchase.

(d) If a sale is declared to be a sale in error, the county clerk shall make entry in the tax judgment, sale, redemption and forfeiture record, that the property was erroneously sold, and the county collector shall, on demand of the owner of the certificate of purchase, refund the amount paid, pay any interest and costs as may be ordered under Sections 21-315 through 21-335, and cancel the certificate so far as it relates

to the property. The county collector shall deduct from the accounts of the appropriate taxing bodies their pro rata amounts paid.

(Source: P.A. 91-177, eff. 1-1-00; 91-357, eff. 7-29-99; 91-924, eff. 1-1-01; 92-224, eff. 1-1-02; 92-729, eff. 7-25-02.)

(35 ILCS 200/21-315)

Sec. 21-315. Refund of costs; interest on refund.

(a) If a sale in error under Section 21-310, 22-35, or 22-50 is declared, the amount refunded shall also include all costs paid by the owner of the certificate of purchase or his or her assignor which were posted to the tax judgment, sale, redemption and forfeiture record.

(b) In those cases which arise solely under grounds set forth in Section 21-310, the amount refunded shall also include interest on the refund of the amount paid for the certificate of purchase, except as otherwise provided in this Section. Interest shall be awarded and paid to the tax purchaser at the rate of 1% per month from the date of sale to the date of payment, or in an amount equivalent to the penalty interest which would be recovered on a redemption at the time of payment pursuant to the order for sale in error, whichever is less. Interest shall not be paid when the sale in error is made pursuant to paragraph (2) or (4) of subsection (b) of Section 21-310, Section 22-35, Section 22-50, any ground not enumerated in Section 21-310, or in any other case where the court determines that the tax purchaser had actual knowledge prior to the sale of the grounds on which the sale is declared to be erroneous.

(c) When the county collector files a petition for sale in error under Section 21-310 and mails a notice thereof by certified or registered mail to the last known owner of the certificate of purchase, any interest otherwise payable under this Section shall cease to accrue as of the date the petition is filed, unless the tax purchaser agrees to an order for sale

in error upon the presentation of the petition to the court. Notices under this subsection may be mailed to the last known owner of the certificate of purchase. When the owner of the certificate of purchase contests the collector's petition solely to determine whether the grounds for sale in error are such as to support a claim for interest, the court may direct that the principal amount of the refund be paid to the owner of the certificate of purchase forthwith. If the court thereafter determines that a claim for interest lies under this Section, it shall award such interest from the date of sale to the date the principal amount was paid. If the owner of the certificate of purchase files an objection to the county collector's intention to declare an administrative sale in error, as provided under subsection (c) of Section 21-310, and, thereafter, the county collector elects to apply to the circuit court for a sale in error under subsection (a) of Section 21-310, then, if the circuit court grants the county collector's application for a sale in error, the court may not award interest to the owner of the certificate of purchase for the period after the mailing date of the county collector's notice of intention to declare an administrative sale in error.

(Source: P.A. 92-224, eff. 1-1-02; 92-729, eff. 7-25-02.)